



NEWARK PUBLIC RADIO, INC.

Financial Statements

September 30, 2009 and 2008

With Independent Auditors' Reports

Newark Public Radio, Inc.
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Independent Auditors' Report

To the Board of Trustees,
Newark Public Radio, Inc.:

We have audited the accompanying statements of financial position of Newark Public Radio, Inc. as of September 30, 2009 and 2008 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of Newark Public Radio, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newark Public Radio, Inc. as of September 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009 on our consideration of Newark Public Radio, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Newark Public Radio, Inc. taken as a whole. The accompanying schedule of expenditures of Federal awards and state financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

December 17, 2009

Independent Auditors' Report

To the Board of Trustees,
Newark Public Radio, Inc.:

We have audited the accompanying statements of financial position of Newark Public Radio, Inc. as of September 30, 2009 and 2008 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of Newark Public Radio, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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December 17, 2009

Newark Public Radio, Inc.
Statements of Financial Position
September 30, 2009 and 2008

	2009	2008
Assets		
Current assets		
Cash and cash equivalents	\$ 2,460,044	\$ 1,804,299
Investments	592,648	1,471,811
Underwriting receivables, less allowance for uncollectible accounts of \$22,000 and \$34,500 in 2009 and 2008, respectively	129,140	188,577
Pledges receivable, less allowance for uncollectible accounts of \$10,000 and \$-0- in 2009 and 2008, respectively	278,561	245,381
Grants receivable	139,449	142,349
Prepaid expenses	32,203	60,524
Total current assets	<u>3,632,045</u>	<u>3,912,941</u>
Property and equipment, net	1,646,094	1,723,287
Other assets		
Investments	805,000	790,000
Debt financing costs, net	23,871	27,850
	<u>\$ 6,107,010</u>	<u>\$ 6,454,078</u>
Liabilities and Net Assets		
Current liabilities		
Bonds payable	\$ 106,843	\$ 101,390
Accounts payable and accrued expenses	97,384	157,328
Deferred revenue	25,075	237,227
Total current liabilities	<u>229,302</u>	<u>495,945</u>
Bonds payable, net of current portion	664,859	770,931
Security deposits payable	5,000	1,500
Total liabilities	<u>899,161</u>	<u>1,268,376</u>
Net assets		
Unrestricted		
Board designated for future expansion	400,000	400,000
Board designated education fund	205,500	205,500
Board designated technical innovation fund	205,500	205,500
Available for general operations	<u>2,553,584</u>	<u>2,572,510</u>
	3,364,584	3,383,510
Investment in property and equipment	<u>898,263</u>	<u>878,816</u>
Total unrestricted net assets	4,262,847	4,262,326
Temporarily restricted	140,002	133,376
Permanently restricted	805,000	790,000
Total net assets	<u>5,207,849</u>	<u>5,185,702</u>
	<u>\$ 6,107,010</u>	<u>\$ 6,454,078</u>

The Notes to Financial Statements are an integral part of these statements.

Newark Public Radio, Inc.
Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Changes in net assets	\$ 22,147	\$ (132,675)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	106,613	117,154
Net realized/unrealized losses on investments	117,585	189,434
Donated investments	(522)	
Bad debt expense (recovery)	14,014	(59)
Changes in assets and liabilities		
Underwriting receivables	45,423	(7,556)
Pledges receivable	(33,180)	(106,608)
Grants receivable	2,900	1,930
Prepaid expenses	28,321	(25,135)
Accounts payable and accrued expenses	(59,944)	68,330
Deferred revenue	(212,152)	223,337
Security deposit payable	3,500	1,500
Net cash provided by operating activities	<u>34,705</u>	<u>329,652</u>
Cash flows from investing activities		
Property and equipment additions	(25,441)	(48,255)
Purchase of investments	(1,267,507)	(800,500)
Proceeds from sale of investments	<u>2,014,607</u>	<u>149,254</u>
Net cash provided (used) by investing activities	721,659	(699,501)
Cash flows from financing activities		
Repayments of bonds payable	<u>(100,619)</u>	<u>(95,329)</u>
Net cash used by financing activities	<u>(100,619)</u>	<u>(95,329)</u>
Net increase (decrease) in cash and cash equivalents	655,745	(465,178)
Cash and cash equivalents		
Beginning of year	<u>1,804,299</u>	<u>2,269,477</u>
End of year	<u>\$ 2,460,044</u>	<u>\$ 1,804,299</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 44,079</u>	<u>\$ 49,369</u>
Noncash investing and financing activities		
Donated equipment and services	<u>\$ 207,951</u>	<u>\$ 70,650</u>

No amounts were paid for income taxes for the years ended September 30, 2009 and 2008.

**Newark Public Radio, Inc.
Statements of Functional Expenses
Years Ended September 30, 2009 and 2008**

	2009			2008										
	Program Services		Supporting Services	Program Services		Supporting Services								
	Station	Operations	Administrative	Fundraising	Total	Station	Operations	Administrative	Fundraising	Total				
Salaries	\$	1,393,868	\$	411,352	\$	2,166,839	\$	2,213,394	\$	1,502,355	\$	436,884	\$	274,155
Payroll taxes and fringe benefits		235,327		58,955		373,037		418,544		278,991		65,532		74,021
Artist fees		84,743		--		84,743		80,161		80,161		--		--
Professional services		324,320		182,640		559,359		364,524		294,010		44,079		26,435
Audience research		21,435		--		21,435		18,275		18,275		--		--
Office expense		51,890		3,014		57,619		57,851		48,867		6,899		2,085
Broadcast supplies		14,704		--		14,704		16,549		16,549		--		--
Program purchases		48,788		--		48,788		51,420		51,420		--		--
Telephone		38,985		10,789		59,161		57,876		40,725		10,192		6,959
Printing		49,924		--		49,924		69,772		69,772		--		--
Fundraising supplies		--		--		66,889		60,021		--		--		60,021
Premiums		9,656		--		96,411		125,382		2,973		--		122,409
Postage and shipping		30,689		5,352		96,972		115,050		42,616		4,713		67,721
Dues and subscriptions		17,132		5,943		37,282		38,614		16,402		7,021		15,191
Satellite fee		7,100		--		7,100		6,900		6,900		--		--
Newswire		20,425		--		20,425		22,283		22,283		--		--
Credit and administrative fees		82		5,157		44,668		52,333		(19)		13,051		39,301
Travel and entertainment		37,822		7,406		46,662		75,303		56,056		9,451		9,796
Meetings and conferences		656		1,332		1,988		3,327		1,669		1,658		--
Advertising and public relations		12,947		110		50,673		85,161		28,008		1,064		56,089
Advertising and public relations - trade		131,825		--		131,825		318,745		318,745		--		--
Staff development		1,559		495		8,176		8,888		1,214		603		7,071
Utilities		32,931		9,849		51,349		50,510		34,658		9,596		6,256
Space and equipment rental		125,385		6,019		136,642		161,449		153,672		4,215		3,562
Space and equipment rental - trade		98,100		--		98,100		20,050		20,050		--		--
Repairs and maintenance		21,268		23,615		44,883		45,418		17,460		27,958		--
Insurance		25,405		7,598		39,614		40,111		27,523		7,620		4,968
Depreciation and amortization		59,063		23,665		106,613		117,154		66,773		28,614		23,767
Interest expense		28,269		8,454		44,079		49,369		33,875		9,379		6,115
Special events		--		--		218,481		128,117		--		--		128,117
Bad debt expense		24,014		--		24,014		--		--		--		--
Miscellaneous		2,210		10,655		12,865		5,779		1,293		4,486		--
	\$	2,950,522	\$	782,400	\$	4,821,320	\$	4,878,330	\$	3,253,276	\$	691,015	\$	934,039

The Notes to Financial Statements are an integral part of these statements.

Newark Public Radio, Inc.
Notes to Financial Statements
September 30, 2009 and 2008

1. Organization and Purpose

Newark Public Radio, Inc. is a not-for-profit corporation authorized to operate and distribute non-commercial WBGO FM (the "Station") locally at 88.3MHz and worldwide via the internet at www.wbgo.org. The Station is a publicly-supported cultural institution that champions jazz and presents news through radio and other technologies. An affiliate of National Public Radio, the Station's significant sources of revenue are received from contributions, membership fees and grants.

2. Summary of Significant Accounting Policies

Basis of Presentation

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. The unrestricted net asset category represents net assets that are not subject to donor imposed restrictions, the temporarily restricted net asset category represents net assets that are subject to donor imposed time or purpose restrictions and the permanently restricted net asset category represents net assets that are subject to donor imposed restrictions that cannot be satisfied by either time or by actions of the Station. For the years ended September 30, 2009 and 2008 the Station had accounting transactions in all three net asset categories.

Revenue and Support Recognition

Contributions, including membership fees, are recognized as revenue when they are received or unconditionally pledged and revenues are recorded as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

The Station accounts for those contract revenues which have been determined to be exchange transactions in the statements of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Program revenues received in advance of their usage are classified as liabilities in the statements of financial position. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

Unrestricted revenues are obtained from underwriting revenues, special events, program fees and investment income. These revenues are used to offset program expenses as well as the cost of property and equipment acquisitions and supporting services expenses.

Investments

Investments, primarily consisting of certificates of deposit, mutual funds, and equity securities, are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless the use was restricted by explicit donor stipulations or by law.

Income Taxes

The Station is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect provisions for Federal income taxes. There are no uncertain tax positions at the Station.

The Station, in accordance with the accounting pronouncement on uncertainty in income taxes, has deferred the application of the pronouncement until its fiscal year beginning after December 15, 2008. The Station's accounting policy is to evaluate uncertain tax positions in accordance with the accounting pronouncement on accounting for contingencies.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Newark Public Radio, Inc.
Notes to Financial Statements
September 30, 2009 and 2008

Property and Equipment and Depreciation

Property and equipment purchases are recorded at cost, except for donated items which are recorded at the fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets which range from five to thirty five years, using the straight-line method.

The principal rates for computing depreciation by major asset categories are as follows:

Description	Estimated Life (Years)
Buildings	40
Building improvements	5-40
Office equipment	5-7
Broadcasting equipment	5-10

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

Functional Allocation of Expenses

Costs of providing program and supporting services have been summarized on a functional basis based on a combination of a direct costing method for charging certain expenses to each function which is consistent with the benefit derived, and using salaries to allocate those expenses that do not have a direct association to a particular function.

Advertising

Advertising is expensed in the period incurred. Advertising amounted to \$50,673 and \$85,161 in 2009 and 2008, respectively. Additionally, during the years ended September 30, 2009 and 2008 the Station had \$131,825 and \$318,745, respectively, of advertising trade, which represented a reciprocal arrangement between the Station and other cultural organizations for promoting each other, based on the fair market value of the services provided and received.

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment or disposal of long-lived assets, the Station reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, grants and contracts contribution and other receivables, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

Cash and Cash Equivalents

Cash and cash equivalents include funds held in money market accounts and other instruments with an initial maturity of three months or less.

3. Grants and Pledges Receivable

The Station was due certain amounts at September 30, 2009 and 2008 from funding sources which resulted from expenditures incurred in excess of payments received or from donors' notifications of intent to give as follows:

Grants Receivable	2009	2008
New Jersey State Council on the Arts	\$ 103,116	\$ 122,349
National Public Radio	13,000	--
Oris Watches	5,000	--
National Endowment for the Arts	18,333	20,000
	<u>\$ 139,449</u>	<u>\$ 142,349</u>

Newark Public Radio, Inc.
Notes to Financial Statements
September 30, 2009 and 2008

Pledges receivable amounted to \$278,561 and \$245,381 at September 30, 2009 and 2008, respectively, all of which are expected to be collected in the subsequent fiscal year.

4. Investments

The following summarizes the relationship between the market value and cost of investments at September 30:

	2009		2008	
	Cost	Market	Cost	Market
Stocks	\$ 2,191	\$ 5,979	\$ 1,579	\$ 5,136
Certificates of deposit	1,390,091	1,391,669	989,105	989,709
Mutual funds	--	--	1,382,098	1,266,966
	<u>\$ 1,392,282</u>	<u>\$ 1,397,648</u>	<u>\$ 2,372,782</u>	<u>\$ 2,261,811</u>

The annual return on investments inclusive of unrealized gains (losses) of \$115,829 and \$(189,568), based on market value, was approximately 9.18 percent and (1.50) percent for the years ended September 30, 2009 and 2008, respectively.

Investment income (loss) related to these investments is included with investment income earned by cash and cash equivalents on the statements of activities and changes in net assets at September 30, 2009 and 2008 and was comprised of the following:

	2009	2008
Interest and dividend income	\$ 56,782	\$ 170,717
Realized gain	(233,414)	134
Unrealized gain (loss)	115,829	(189,568)
Investment fees	(1,996)	(11,860)
	<u>\$ (62,799)</u>	<u>\$ (30,577)</u>

5. Recurring Fair Value Measurements

The Station has provided fair value disclosure information for relevant assets and liabilities in these combined financial statements. The following table summarizes assets which have been accounted for at fair value on a recurring basis as of September 30, 2009, along with the basis for the determination of fair value:

	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Stocks	\$ 5,979	\$ 5,979	\$ --	\$ --
Certificate of deposit	1,391,669	--	1,391,669	--
Total investments	<u>\$ 1,397,648</u>	<u>\$ 5,979</u>	<u>\$ 1,391,669</u>	<u>\$ --</u>

For applicable assets subject to this pronouncement, the Station will value such assets using quoted market prices in active markets for identical assets to the extent possible (level 1). To the extent that such market prices are not available, the Station will next attempt to value such assets using observable measurement criteria, including quoted market prices of similar assets in active and inactive markets and other corroborated factors (level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Station will develop measurement criteria based on the best information available (level 3).

Newark Public Radio, Inc.
Notes to Financial Statements
September 30, 2009 and 2008

6. Property and Equipment

Property and equipment at September 30, consisted of the following:

	2009	2008
Land	\$ 47,855	\$ 47,855
Buildings	82,684	82,684
Building improvements	2,250,372	2,242,475
Broadcasting equipment	1,307,738	1,296,071
Office equipment	<u>552,200</u>	<u>546,323</u>
	4,240,849	4,215,408
Less: Accumulated depreciation	<u>2,594,755</u>	<u>2,492,121</u>
	<u>\$ 1,646,094</u>	<u>\$ 1,723,287</u>

Depreciation expense totaled \$102,634 and \$113,175 for the years ended September 30, 2009 and 2008, respectively.

7. Deferred Financing Costs

The Station incurred bond financing costs of \$59,678 in conjunction with the issuance of New Jersey Economic Development Agency Bonds which are being amortized over fifteen years at an amount of \$3,979 annually. Bond financing costs shown net of accumulated amortization were \$23,871 and \$27,850 at September 30, 2009 and 2008, respectively. Amortization expense amounted to \$3,979 for each of the years ended September 30, 2009 and 2008. The subsequent five year amortization of the deferred financing costs are as follows:

Years Ending September 30,	
2010	\$ 3,979
2011	3,979
2012	3,979
2013	3,979
2014	3,979
Thereafter	<u>3,976</u>
	<u>\$ 23,871</u>

8. Operating Leases

The Station leases a portion of its radio frequency to two other radio stations under one lease that expires in November 2010 and one month-to-month lease. Rental income from these leases was \$148,450 and \$132,260 for the years ended September 30, 2009 and 2008, respectively. Minimum future annual rentals under these agreements are as follows:

Years Ending September 30,	Amount
2010	\$ 15,742

The Station leases office equipment under various non-cancelable operating leases expiring through 2010. Rental expenses related to these leases amounted to \$17,868 and \$19,979 for the years ended September 30, 2009 and 2008, respectively. Minimum future annual rentals for the remaining lease terms are as follows:

Years Ending September 30,	Amount
2010	\$ 8,934

Newark Public Radio, Inc.
Notes to Financial Statements
September 30, 2009 and 2008

9. Bonds Payable

In November 2000 the New Jersey Economic Development Authority ("NJEDA") issued \$1,500,000 of variable rate, tax exempt revenue bonds (Newark Public Radio, Inc. – 2000 Project) to help pay for a portion of the estimated costs to construct, equip and staff the facility, renovate the administrative offices and radio station, acquire machinery and equipment and refinance existing debt.

Under the terms of the bond indenture agreement and the loan agreement between the Station and NJEDA the bonds require the monthly payment of principal and interest. The interest rate is currently 5.25 percent, pegged to the average U.S. Treasury five-year note yield plus 2 percent and resets every five years. The bonds mature in October 2015 and are secured by a mortgage on land and building.

Scheduled principal repayments of the bonds are as follows:

Years Ending September 30,	Amount
2010	\$ 106,843
2011	112,590
2012	118,645
2013	125,026
2014	131,750
Thereafter	<u>176,848</u>
	<u>\$ 771,702</u>

10. Employee Retirement Plan

All full time employees of the Station who have completed minimum service requirements are eligible to participate in Newark Public Radio, Inc.'s Retirement Plan (the "Plan"), a defined contribution plan. Participants in the Plan may contribute a percentage of their compensation up to the maximum allowed by I.R.S. regulations. The Station makes discretionary contributions to each participant's account of up to 4 percent of the participant's compensation. Participants become vested immediately upon entry into the Plan. It is the Station's policy to fund contributions currently. The Station's discretionary contribution was approximately \$42,000 and \$42,600 for the years ended September 30, 2009 and 2008, respectively.

11. Net Assets

Components of temporarily and permanently restricted net assets at September 30, were as follows:

	2009	2008
Temporarily restricted –		
Restricted by donor for programmatic use as follows		
Internship Program	\$ --	\$ 3,938
Jazzset CD Project	19,438	19,438
Digitization Project	100,000	100,000
Business Plan Project	10,000	10,000
Special Projects	<u>10,564</u>	<u>--</u>
	<u>\$ 140,002</u>	<u>\$ 133,376</u>
Permanently restricted net assets –		
Donor restricted endowed principal		
National Endowment for the Arts	\$ 255,000	\$ 240,000
Jazznet Endowment	300,000	300,000
Prudential Financial	<u>250,000</u>	<u>250,000</u>
	<u>\$ 805,000</u>	<u>\$ 790,000</u>

Newark Public Radio, Inc.
Notes to Financial Statements
September 30, 2009 and 2008

Of the funds included in the permanently restricted net assets of the Station, \$430,000 represents donations certified by the New Jersey Cultural Trust.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2009	2008
Jazzset	\$ 188,250	\$ 278,064
Children's Jazz Series	15,000	15,350
Digital Music Project	--	55,494
My Source Project	--	20,000
Oris Concerts	--	42,600
Jazzset New Year's Eve	14,923	39,656
Heart of Brooklyn Event	--	2,000
Internship	3,938	--
Community Engagement Initiative	--	4,200
Computer Replacement Grant	--	20,000
Jazzset Calendar	--	6,600
Special Projects	1,436	6,093
	<u>\$ 223,547</u>	<u>\$ 490,057</u>

12. Concentrations of Credit Risk

Financial investments which potentially subject the Station to concentrations of credit risk consist of cash and cash equivalents, investments, and receivables. In an attempt to limit the credit risk, the Station places all funds with high quality financial institutions. At various times throughout the years, the Station had cash balances in excess of FDIC insurance coverage. The credit risk with regard to receivables is limited due to amounts being comprised of many immaterial balances from a wide range of individuals and organizations.

13. Endowment Funds

The Station's endowment consists of approximately 3 individual funds established to support the Station operations. The funds are donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Station has interpreted state law as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Station classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets in accordance with the donor agreements.

Return Objectives and Risk Parameters

The Station follows investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Station relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Newark Public Radio, Inc.
Notes to Financial Statements
September 30, 2009 and 2008

14. Subsequent Event

The Station has evaluated subsequent events occurring after the statement of financial position date through the date of December 17, 2009, the date the financial statements were available for release. Based upon this evaluation, the Station has determined that no subsequent events have occurred, which require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

**Newark Public Radio, Inc.
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 Year Ended September 30, 2009**

Grantor/Program Title	CFDA Number	Award Number	Award Period	Expenditures	<u>Questioned Costs</u>
Federal Awards					
National Endowment for the Arts	45.024	08-3446-7118	06/01/08-05/31/09	\$ 40,000	
	45.024	09-3488-7167	07/01/09-06/30/10	18,333	
	45.024	09-3488-7167	07/01/09-06/30/10	<u>12,500</u>	
Total Federal awards				<u>\$ 70,833</u>	
State Financial Assistance					
State of New Jersey – Department of State Pass-through New Jersey State Council on the Arts	N/A	0902X010107 1002X010189	07/01/08-06/30/09 07/01/09-06/30/10	\$ 171,861(A) <u>45,829(A)</u>	\$ -0- <u>-0-</u>
Total state financial assistance				<u>\$ 217,690</u>	<u>\$ -0-</u>

(A) In connection with our audit of Newark Public Radio, Inc. for the year ended September 30, 2009, nothing came to our attention that caused us to believe that the financial information submitted by the Station in the Final Report, relating to the New Jersey State Council on the Arts grant, required adjustment or contained unallowable costs.

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Newark Public Radio, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Government Auditing Standards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

To the Board of Trustees,
Newark Public Radio, Inc.:

We have audited the financial statements of Newark Public Radio, Inc. as of and for the year ended September 30, 2009, and have issued our report thereon dated December 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Newark Public Radio, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Newark Public Radio, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Newark Public Radio's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Newark Public Radio, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of Newark Public Radio, Inc. in a separate letter dated December 17, 2009.

This report is intended solely for the information and use of the audit committee, management of Newark Public Radio, Inc. and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

December 17, 2009