



WFDD-FM RADIO
(A Public Telecommunications Entity Operated by
Wake Forest University)
Financial Statements
June 30, 2023
(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 800
500 W 5th St
Winston-Salem, NC 27101

Independent Auditors' Report

The Board of Trustees
Wake Forest University:

Opinion

We have audited the financial statements of WFDD-FM Radio, a public telecommunications entity operated by Wake Forest University, which comprise the balance sheet as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WFDD-FM Radio as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WFDD-FM Radio and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WFDD-FM Radio's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WFDD-FM Radio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WFDD-FM Radio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited WFDD-FM Radio's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

Winston-Salem, North Carolina
November 27, 2023

WFDD-FM RADIO
(A Public Telecommunications Entity Operated by
Wake Forest University)

Balance Sheet

June 30, 2023

(with comparative information as of June 30, 2022)

Assets	2023	2022
Cash held by Wake Forest University	\$ 4,012,598	3,681,544
Accounts receivable (net of allowance for doubtful accounts of \$11,894 and \$8,571 at June 30, 2023 and 2022, respectively)	117,254	163,373
Contributions receivable, net (note 1(c))	108	664
Investments, net	116,568	100,753
Other assets	17,633	19,062
Property and equipment:		
Land	214,524	144,200
Studio improvements	903,319	895,034
Transmission, antenna and tower equipment	351,158	351,158
Studio and broadcast equipment	375,013	166,885
Other	42,575	42,575
Construction in progress	26,388	88,038
Total property and equipment	1,912,977	1,687,890
Less accumulated depreciation	(1,433,991)	(1,349,654)
Net property and equipment	478,986	338,236
Total assets	\$ 4,743,147	4,303,632
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accruals	\$ 145,251	102,582
Other liabilities and deferrals	73,387	57,960
Total liabilities	218,638	160,542
Net assets:		
Without donor restrictions	4,489,133	4,094,356
With donor restrictions	35,376	48,734
Total net assets	4,524,509	4,143,090
Total liabilities and net assets	\$ 4,743,147	4,303,632

See accompanying notes to financial statements.

WFDD-FM RADIO
(A Public Telecommunications Entity Operated by
Wake Forest University)

Statement of Activities

Year ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022
Revenues:				
General appropriation from Wake Forest University	\$ 150,000	—	150,000	150,000
Underwriting	802,365	—	802,365	811,062
Contributions and fund-raising events	1,954,679	—	1,954,679	1,959,218
Investment income, net	489	—	489	519
Realized gains and losses on investment, net	1,036	—	1,036	3,162
Unrealized gains and losses on investment, net	2,380	—	2,380	(2,929)
Donated facilities and administrative support from Wake Forest University	740,618	—	740,618	754,487
Community service grant from the Corporation for Public Broadcasting	257,309	—	257,309	215,961
Other grant revenue	124,214	—	124,214	58,834
In-kind contributions	123,542	—	123,542	117,430
Other	26,674	—	26,674	19,999
Total revenues	4,183,306	—	4,183,306	4,087,743
Net assets released from restrictions	13,358	(13,358)	—	—
Total revenues and other support	4,196,664	(13,358)	4,183,306	4,087,743
Expenses:				
Program services:				
Programming and production	2,295,150	—	2,295,150	2,189,446
Broadcasting	355,155	—	355,155	291,528
Supporting services:				
Fund-raising	339,684	—	339,684	432,420
Management and general	397,755	—	397,755	309,789
Underwriting and grant solicitation	199,914	—	199,914	225,778
Program information and promotion	214,229	—	214,229	193,676
Total expenses	3,801,887	—	3,801,887	3,642,637
Change in net assets	394,777	(13,358)	381,419	445,106
Net assets at beginning of year	4,094,356	48,734	4,143,090	3,697,984
Net assets at end of year	\$ 4,489,133	35,376	4,524,509	4,143,090

See accompanying notes to financial statements.

WFDD-FM RADIO(A Public Telecommunications Entity Operated by
Wake Forest University)

Statement of Cash Flows

Year ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 381,419	445,106
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	84,337	56,622
Net gains on investments	(4,254)	(752)
Changes in operating assets and liabilities:		
Accounts receivable, net	46,119	(45,771)
Contributions receivable, net	556	(664)
Other assets	1,429	(5,087)
Accounts payable and accruals	42,669	(17,482)
Other liabilities and deferrals	15,427	2,774
Net cash provided by operating activities	<u>567,702</u>	<u>434,746</u>
Cash flows from investing activity:		
Purchases of property and equipment	(225,087)	(8,339)
Purchases of investments	(15,922)	(103,860)
Net proceeds from sales and maturities of investments	4,361	3,859
Net cash used in investing activities	<u>(236,648)</u>	<u>(108,340)</u>
Change in cash and cash equivalents	331,054	326,406
Cash at beginning of year	<u>3,681,544</u>	<u>3,355,138</u>
Cash at end of year	\$ <u>4,012,598</u>	<u>3,681,544</u>
Capital expenditures included in accounts payable	\$ —	85,581

See accompanying notes to financial statements.

WFDD-FM RADIO
(A Public Telecommunications Entity Operated by
Wake Forest University)

Notes to Financial Statements

June 30, 2023

(1) Organization and Summary of Significant Accounting Policies

(a) Description of Entity

WFDD-FM Radio (WFDD) is a public telecommunications entity operated by Wake Forest University (the University). The public media outlet serves the 32-county Winston-Salem, Greensboro, High Point market with a primary format of news and information. Its digital channels, which are also streamed worldwide on the Internet, feature classical and eclectic music formats.

(b) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles.

Net assets are reported based on the existence or absence of donor-imposed restrictions and serve as the foundation of the accompanying financial statements.

Accordingly, net assets of WFDD and changes therein are classified and reported as follows:

- *Without donor restrictions* – net assets that are not subject to donor-imposed stipulations. All revenues, gains and losses that are not subject to restrictions by donors are included in this classification. All expenses reduce net assets without donor restrictions.
- *With donor restrictions* – net assets subject to donor-imposed stipulations that will be met either by actions of the University and/or the passage of time. Generally, the donors of these assets permit the University to use all, or part of, the income earned on related investments for general or specific purposes.

Contributions which impose restrictions that are met in the same fiscal year they are received are reported as increases in net assets without donor restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the statement of activities.

(c) Contributions and Contributions Receivable

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. An allowance for uncollectible contributions receivable is provided based upon management's judgment considering such factors as prior collection history, type of contribution, and nature of fund-raising activity. At June 30, 2023, gross contributions receivable of \$641 are recorded net of uncollectible accounts of \$533. At June 30, 2022, gross contributions receivable of \$2,143 were recorded net of uncollectible accounts of \$1,479.

WFDD-FM RADIO
(A Public Telecommunications Entity Operated by
Wake Forest University)

Notes to Financial Statements

June 30, 2023

(d) Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at the estimated fair value at date of receipt. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives for studio improvements and other equipment range between 5 and 40 years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

(e) In-Kind Contributions

In-kind contributions are recorded as revenue and expense in the accompanying statement of activities at estimated fair value.

(f) Donated Facilities and Administrative Support

Donated facilities from the University consist of office and studio space together with related occupancy costs and are recorded in revenues and expenses at estimated fair rental values. Administrative support from the University consists of costs and expenses incurred by the University on behalf of WFDD.

(g) Functional Expense Classification

Expenses are reported in the accompanying statement of activities based on their functional categories. WFDD's primary program services are broadcasting and programming and production. Expenses reported as fund-raising, management and general, underwriting and grant solicitation, and program information and promotion are incurred in support of the primary program services.

(h) Use of Estimates

Management of WFDD has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(i) Income Taxes

WFDD is a division of the University. The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes is made on the financial statements.

(j) Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over

WFDD-FM RADIO
(A Public Telecommunications Entity Operated by
Wake Forest University)

Notes to Financial Statements

June 30, 2023

one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as increases in net assets with donor restrictions until satisfaction of the time and purpose restrictions, after which they are reported as a release from net assets with donor restrictions and an increase in net assets without donor restrictions.

(k) Subsequent Events

WFDD has evaluated subsequent events (events occurring after June 30, 2023) through November 27, 2023, which represents the date the financial statements were available to be issued and determined that all significant events and disclosures are included in the financial statements.

(2) Liquidity and Availability

Financial assets available for general expenditure within one year of June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,012,598	3,681,544
Accounts receivable, net	<u>117,254</u>	<u>163,373</u>
Total financial assets available within one year	\$ <u><u>4,129,852</u></u>	<u><u>3,844,917</u></u>

WFDD-FM RADIO
(A Public Telecommunications Entity Operated by
Wake Forest University)

Notes to Financial Statements

June 30, 2023

(3) Grants by the Corporation for Public Broadcasting

WFDD receives a CSG from the CPB annually. The grants from the CPB received and expended during the past two fiscal years were as follows:

Grant year	Description	Grant received	Expended		Unexpended balance at June 30, 2023	Unexpended balance at June 30, 2022
			2023	2022		
2023	Community Service Grant \$	257,309	257,309	—	—	—
2022	Community Service Grant	215,961	—	215,961	—	—
		<u>\$ 473,270</u>	<u>257,309</u>	<u>215,961</u>	<u>—</u>	<u>—</u>

(4) Retirement Plans

WFDD's employees are eligible to participate in the University's defined contribution benefit plan. In addition, the University sponsors a defined benefit postretirement medical and dental plan that covers all of its full-time employees (including WFDD employees) who elect coverage and satisfy the plan's eligibility requirements when they retire.

It is not possible to present separately the employer contributions under the defined contribution benefit plan or to present separately the net postretirement benefit cost or the actuarially determined accumulated benefit obligation for WFDD for the postretirement medical and dental plan because no determination has been made of the allocation of such amounts between the University and WFDD.

(5) Functional Expenses

Expenses are reported in the accompanying statement of activities based on their functional categories. WFDD's primary program services are broadcasting and programming and production. Expenses reported as fund-raising, management and general, underwriting and grant solicitation, and program information and promotion are incurred in support of the primary program services. Plant operation and maintenance expense is allocated to program and supporting activities based upon direct costing or allocated using a variety of allocation techniques such as square footage.

WFDD-FM RADIO
(A Public Telecommunications Entity Operated by
Wake Forest University)

Notes to Financial Statements

June 30, 2023

Functional expenses for the years ended June 30, 2023 and 2022 are categorized as follows:

		2023		
		Program services	Supporting services	Total
Salaries and wages	\$	759,568	546,813	1,306,381
Employee benefits		219,702	157,305	377,007
Depreciation and amortization		84,337	—	84,337
Services		123,536	105,113	228,649
Other operating expenses		1,463,162	342,351	1,805,513
Total expenses	\$	<u>2,650,305</u>	<u>1,151,582</u>	<u>3,801,887</u>

		2022		
		Program services	Supporting services	Total
Salaries and wages	\$	651,481	583,278	1,234,759
Employee benefits		184,215	167,016	351,231
Depreciation and amortization		56,622	—	56,622
Services		127,265	82,316	209,581
Other operating expenses		1,461,391	329,053	1,790,444
Total expenses	\$	<u>2,480,974</u>	<u>1,161,663</u>	<u>3,642,637</u>

(6) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of gifts received for donor specified programming and support of the radio education initiatives.