



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

Financial Statements

June 30, 2021

(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:

We have audited the accompanying financial statements of WFDD-FM Radio, a public telecommunications entity operated by Wake Forest University, which comprise the balance sheet as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WFDD-FM Radio as of June 30, 2021, 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.



Report on Summarized Comparative Information

We have previously audited WFDD-FM Radio's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

Greensboro, North Carolina
November 19, 2021

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Balance Sheet

June 30, 2021

(with comparative information as of June 30, 2020)

Assets	2021	2020
Cash held by Wake Forest University	\$ 3,355,138	2,290,813
Accounts receivable (net of allowance for doubtful accounts of \$14,934 and \$9,343 at June 30, 2021 and 2020, respectively)	117,602	87,403
Other assets	13,975	98,390
Property and equipment:		
Land	144,200	144,200
Studio improvements	895,034	895,034
Transmission, antenna and tower equipment	345,276	328,928
Studio and broadcast equipment	166,885	358,313
Other	42,575	42,575
Total property and equipment	1,593,970	1,769,050
Less accumulated depreciation	(1,293,032)	(1,435,999)
Net property and equipment	300,938	333,051
Total assets	\$ 3,787,653	2,809,657
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accruals	\$ 34,483	39,777
Other liabilities and deferrals	55,186	35,726
Total liabilities	89,669	75,503
Net assets:		
Without donor restrictions	3,607,042	2,732,018
With donor restrictions	90,942	2,136
Total net assets	3,697,984	2,734,154
Total liabilities and net assets	\$ 3,787,653	2,809,657

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2021

(with summarized comparative financial information for the year ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues:				
General appropriation from Wake Forest University	\$ 150,000	—	150,000	150,000
Underwriting	901,938	—	901,938	839,341
Contributions and fund-raising events	1,964,031	117,210	2,081,241	1,621,800
Donated facilities and administrative support from Wake Forest University	680,598	—	680,598	585,478
Community service grant from the Corporation for Public Broadcasting	407,418	—	407,418	296,984
Other grant revenue	2,407	—	2,407	—
In-kind contributions	65,803	—	65,803	72,216
Other	11,926	—	11,926	21,235
Total revenues	4,184,121	117,210	4,301,331	3,587,054
Net assets released from restrictions	28,404	(28,404)	—	—
Total revenues and other support	4,212,525	88,806	4,301,331	3,587,054
Expenses:				
Program services:				
Programming and production	1,952,226	—	1,952,226	1,877,593
Broadcasting	298,785	—	298,785	292,993
Supporting services:				
Fund-raising	427,296	—	427,296	332,064
Management and general	295,906	—	295,906	282,159
Underwriting and grant solicitation	226,098	—	226,098	194,019
Program information and promotion	137,190	—	137,190	173,184
Total expenses	3,337,501	—	3,337,501	3,152,012
Change in net assets	875,024	88,806	963,830	435,042
Net assets at beginning of year	2,732,018	2,136	2,734,154	2,299,112
Net assets at end of year	\$ 3,607,042	90,942	3,697,984	2,734,154

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended June 30, 2021

(with summarized comparative financial information for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 963,830	435,042
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	48,461	30,975
Changes in operating assets and liabilities:		
Accounts receivable, net	(30,199)	16,329
Contributions receivable, net	—	250
Other assets	84,415	(6,010)
Accounts payable and accruals	(5,294)	2,881
Other liabilities and deferrals	19,460	(1,458)
Net cash provided by operating activities	<u>1,080,673</u>	<u>478,009</u>
Cash flows from investing activity:		
Purchases of property and equipment	<u>(16,348)</u>	<u>(136,270)</u>
Net cash used in investing activities	<u>(16,348)</u>	<u>(136,270)</u>
Change in cash and cash equivalents	1,064,325	341,739
Cash at beginning of year	<u>2,290,813</u>	<u>1,949,074</u>
Cash at end of year	<u>\$ 3,355,138</u>	<u>2,290,813</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2021

(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, 2021 and 2020, gross contributions receivable net of uncollectible accounts were immaterial and have not been reported.

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June 30, 2021

(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 one or two federal fiscal years as described in the Communications Act, 47 United States Code

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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) Comparative Financial Information

The financial statements include certain prior year information for comparative purposes, which does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with WFDD's financial statements for the year ended June 30, 2020 from which this information was derived.

(l) Subsequent Events

WFDD has evaluated subsequent events (events occurring after June 30, 2021) through November 19, 2021, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,355,138	2,290,813
Accounts receivable, net	<u>117,602</u>	<u>87,403</u>
Total financial assets available within one year	\$ <u><u>3,472,740</u></u>	<u><u>2,378,216</u></u>

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(3) Grants by the Corporation for Public Broadcasting

WFDD receives a CSG from the CPB annually. In addition, in FY20, WFDD received a Stabilization Grant from CPB as a part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act.) 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, 2021	Unexpended balance at June 30, 2020
			2021	2020		
2021	Community Service Grant \$	219,141	219,141	—	—	—
2021	Stabilization Grant	188,277	188,277	—	—	—
2020	Community Service Grant	221,984	—	221,984	—	—
2020	Stabilization Grant	75,000	—	75,000	—	—
		\$ 704,402	407,418	296,984	—	—

(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.

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June 30, 2021

Functional expenses for the years ended June 30, 2021 and 2020 are categorized as follows:

		2021		
		Program services	Supporting services	Total
	\$	578,939	549,576	1,128,515
Salaries and wages		163,817	154,005	317,822
Employee benefits		48,461	—	48,461
Depreciation and amortization		96,464	111,568	208,032
Services		1,363,330	271,341	1,634,671
Other operating expenses		<u>2,251,011</u>	<u>1,086,490</u>	<u>3,337,501</u>
Total expenses	\$			
		2020		
		Program services	Supporting services	Total
	\$	602,946	460,947	1,063,893
Salaries and wages		174,437	130,678	305,115
Employee benefits		30,975	—	30,975
Depreciation and amortization		57,815	93,192	151,007
Services		1,304,413	296,609	1,601,022
Other operating expenses		<u>2,170,586</u>	<u>981,426</u>	<u>3,152,012</u>
Total expenses	\$			

(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.