

**WNCU AUDITED
FINANCIAL
STATEMENTS
FYE JUNE 30, 2022**

WNCU-FM, North Carolina Central University
Durham, North Carolina

Audited Financial Statements

Years Ended June 30, 2022 and 2021

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
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Report of Independent Auditors

To the Board of Trustees
WNCU-FM, North Carolina Central University
Durham, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of WNCU-FM, North Carolina Central University (the "Station"), a public telecommunications entity operated by North Carolina Central University (the "University") as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Station as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Station's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 the Station'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 the Station'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.

Emphasis of a matter

We draw attention to Note 1, which explains that these financial statements present only WNCU-FM Radio Station, a department of North Carolina Central University, and do not purport to, and do not, present fairly the financial position of North Carolina Central University as of June 30, 2022, the changes in its financial position, or changes in its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023, on our consideration of the Station'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 solely 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 effectiveness of the Station's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Durham, North Carolina
February 8, 2023

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2022 and 2021

Introduction to the Reporting Entity

The following discussion and analysis is an overview of the financial position and activities of WNCU-FM, North Carolina Central University (the "Station"), a public radio station operated by North Carolina Central University (the "University"), during the fiscal year ended June 30, 2022 with comparative information for the fiscal year ended June 30, 2021. The discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow. The Station is an instrumentality of the University and is therefore not a separate legal entity from the University.

Overview of the Financial Statements

The Station's financial report includes three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements of the Station were prepared in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

The Statement of Net Position presents the financial position of the Station and includes all assets and liabilities of the Station. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the Station's financial health when considered with nonfinancial facts.

The Statement of Net Position provides information about assets and liabilities in a format that distinguishes between current and noncurrent. Individual assets and liabilities are classified as current or noncurrent based on whether they are expected to generate or use cash within the next 12 months after the end of the fiscal period.

Net position, or the difference between total assets and total liabilities, are divided into three major components. The first component, net investment in capital assets, consists of capital assets, net of accumulated depreciation. The next component, restricted net position, is divided into two categories: expendable and nonexpendable. Net position are assets restricted when constraints are placed on them by either external parties (creditors, grantors, donors, etc.) or by enabling legislation or constitutional provisions. Nonexpendable net position is required to be retained in perpetuity. The final component is unrestricted net position, which are available to the Station for any lawful purpose of the University.

The Station's current assets continue to cover its current liabilities which support the Station's ability to meet financial obligations as they occur. The statement of cash flows presents information related to cash inflows and outflows summarized by operating and investing activities.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2022 and 2021

A summary of the Station's assets, liabilities, and net position at June 30, 2022 and 2021 is as follows:

Comparative, Condensed Statements of Net Position

At June 30,

| | 2022 | 2021 | Dollar Change | Percentage Change |
|----------------------------------|--------------|------------|---------------|-------------------|
| Assets: | | | | |
| Current assets | \$ 1,012,126 | \$ 896,880 | \$ 115,246 | 13% |
| Capital assets, net | 406,728 | 339,717 | 67,011 | 20% |
| Total assets | 1,418,854 | 1,236,597 | 182,257 | 33% |
| Liabilities | | | | |
| Current liabilities | 438,077 | 358,386 | 79,691 | 22% |
| Noncurrent liabilities | 27,755 | 32,811 | (5,056) | -15% |
| Total liabilities | 465,832 | 391,197 | 74,635 | 7% |
| Net position: | | | | |
| Net investment in capital assets | 406,728 | 339,717 | 67,011 | 20% |
| Unrestricted | 546,294 | 505,683 | 40,611 | 8% |
| Total net position | \$ 953,022 | \$ 845,400 | \$ 107,622 | 28% |

**Net position categories are defined in Note 2 of the notes to the financial statements.*

Fiscal Year 2022 to Fiscal Year 2021 Comparison

Current assets increased \$115,246 (13%) during fiscal year 2022 from fiscal year 2021. Current assets consist primarily of cash and cash equivalents, which represents the Station's net claim on cash held in the State Institutional Trust Fund account by the University and in financial institutions maintained by the NCCU Foundation (the "Foundation"). As revenue and expense transactions occur, the Station's claim on cash increases or decreases. The cash and cash equivalents balance at June 30, 2022 and 2021 of \$1,012,126 and \$896,880, respectively, represents the Station's funds on deposit at the Foundation.

Capital assets, net increased by \$67,011 (20%), during fiscal year 2022 due to capital assets purchases and depreciation expense. Depreciation expense on capital assets was \$12,350 and \$17,163, for the years ended June 30, 2022 and 2021, respectively.

Current liabilities increased by \$79,691 (22%) during 2022. Current liabilities consist of the current portion of compensated absences and unearned revenue. Unearned revenue is grant revenue for which expenditures have not been incurred. The Station's unearned revenue totaled \$415,290 and \$350,391 at June 30, 2022 and 2021, respectively.

The Station's total net position increased by \$107,622 (28%) during the year ended June 30, 2022, compared to an increase in total net position of \$283,562 (50%) during the year ended June 30, 2021.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2022 and 2021

Comparison of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing goods and services and the cost of providing those goods and services. Non-operating revenues are revenues for which goods and services are not provided.

Comparative, Condensed Statement of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2022 and 2021

| | 2022 | 2021 | Dollar Change | Percentage Change |
|--|------------|------------|---------------|-------------------|
| Operating revenues: | | | | |
| Federal contracts and grants | \$ 502,058 | \$ 469,916 | \$ 32,142 | 7% |
| CPB Community Service grants | 98,460 | 111,980 | (13,520) | -12% |
| Other operating revenues | 95,956 | 112,007 | (16,051) | -14% |
| Total operating revenues | 696,474 | 693,903 | 2,571 | 0% |
| Operating expenses: | | | | |
| Salaries, wages and benefits | 641,644 | 603,650 | 37,994 | 6% |
| Depreciation expense | 12,350 | 17,163 | (4,813) | -28% |
| Dues and subscriptions | 40,146 | - | 40,146 | 100% |
| Other operating expenses | 607,918 | 384,574 | 223,344 | 58% |
| Total operating expenses | 1,302,058 | 1,005,387 | 296,671 | 30% |
| Operating loss | (605,584) | (311,484) | (294,100) | 94% |
| Non-operating revenue: | | | | |
| University and administrative support - direct | 37,402 | 62,720 | (25,318) | -40% |
| University and administrative support - indirect | 365,287 | 232,031 | 133,256 | 57% |
| Loss on disposal of equipment | (8,639) | - | (8,639) | 100% |
| Private contributions | 319,156 | 300,295 | 18,861 | 6% |
| Total non-operating revenues | 713,206 | 595,046 | 143,478 | 24% |
| Change in net position | 107,622 | 283,562 | (150,622) | -53% |
| Net position, beginning of year | 845,400 | 561,838 | 283,562 | 50% |
| Net position, end of year | \$ 953,022 | \$ 845,400 | \$ 107,622 | 13% |

Fiscal Year 2022 to Fiscal Year 2021 Comparison

Total operating revenues increased by \$2,571 (<1%) during fiscal year 2022 due primarily to the \$32,142 (7%) increase in federal contracts and grants. Federal contracts and grants consist of a Title III funding from the University.

Total operating expenses increased by \$296,671 (30%) to \$1,302,058 for the year ended June 30, 2022 compared to \$1,005,387 for the year ended June 30, 2021. Operating expenses fall into three categories: 1) Program services which represented 65% and 65%, 2) Support services represented 20% and 20%, and 3) Fundraising which represented 15% and 15% of total operating expenses for fiscal years ended June 30, 2022 and 2021, respectively.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended June 30, 2022 and 2021

Condensed Statements of Cash Flows

A very useful measure of financial operations is the statement of cash flows. This statement provides the sources of cash inflows and outflows for major activities: operating, financing, and investing activities. The ending cash and cash equivalents on the statement of cash flows corresponds directly with the sum of the cash and cash equivalents balances on the statement of net position.

Comparative, Condensed Statement of Cash Flows

| | Years Ended June 30, | | | Percentage |
|--|----------------------|-------------------|-------------------|------------|
| | 2022 | 2021 | Dollar Change | Change |
| Net cash used by operating activities | \$ (518,599) | \$ (37,280) | \$ (481,319) | 1291% |
| Net cash used by financing activities | (88,000) | (79,007) | (8,993) | 100% |
| Net cash provided by noncapital financing activities | 721,845 | 595,046 | 126,799 | 21% |
| Net change in cash and cash equivalents | 115,246 | 478,759 | (363,513) | -76% |
| Cash and cash equivalents - beginning of year | 896,880 | 418,121 | 478,759 | 115% |
| Cash and cash equivalents - end of year | <u>\$ 1,012,126</u> | <u>\$ 896,880</u> | <u>\$ 115,246</u> | <u>13%</u> |

Net cash used by operating activities shows net outflows of \$518,599 and \$37,280 for the years ended June 30, 2022 and 2021, respectively. The major outflows were payments to employees of \$645,933 and \$604,510 for the years ended June 30, 2022 and 2021, respectively. The major source of operating inflow was the receipt of Federal contracts and grants of \$502,058 and \$469,916 for the years ended June 30, 2022 and 2021, respectively.

Economic Factors for the Future

There are constant challenges to the success and growth of the Station. The economic outlook for the Station is dependent on various influences of the Station's funding sources.

- Corporation for Public Broadcasting: Eligibility for receipt of the Community Service Grant (CSG) is dependent upon stations meeting certain community service goals, successfully submitting the Station Activity Survey (SAS), and attaining Non-Federal Funding Support (NFFS). Based on these factors, the overall grant will either increase or decrease.
- Underwriting support: The Station has worked for a number of years to increase private business sponsorship and will continue towards an annual increase in underwriting revenue.
- Special event fund: WNCU-FM holds an on-air pledge drive annually. If the opportunity presents itself, management will evaluate whether the Station will hold additional special fundraising events.
- Support from North Carolina Central University: The Station does not foresee a dramatic change in funding for future years. Indirect funding is dependent on Institutional Support expenditures.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2022 and 2021

Request for Information

The financial report is designed to provide a general overview of the Station's finances for all those who have an interest in its finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to North Carolina Central University's Comptroller's Office, at 1801 Fayetteville Street, Durham, NC 27707, or by calling 919-530-7432.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
STATEMENTS OF NET POSITION
June 30, 2022 and 2021

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents (note 3) | \$ 1,012,126 | \$ 896,880 |
| Total current assets | 1,012,126 | 896,880 |
| Noncurrent assets: | | |
| Capital assets, net (note 4) | 406,728 | 339,717 |
| Total assets | <u>\$ 1,418,854</u> | <u>\$ 1,236,597</u> |
| Liabilities and net position: | | |
| Current liabilities: | | |
| Accounts payable and other liabilities (note 5) | \$ 14,025 | \$ - |
| Compensated absences, current portion (note 6) | 8,762 | 7,995 |
| Unearned revenue (note 7) | 415,290 | 350,391 |
| Total current liabilities | 438,077 | 358,386 |
| Noncurrent liabilities: | | |
| Compensated absences, noncurrent portion (note 6) | 27,755 | 32,811 |
| Total noncurrent liabilities | 27,755 | 32,811 |
| Total liabilities | 465,832 | 391,197 |
| Net position: | | |
| Net investment in capital assets | 406,728 | 339,717 |
| Unrestricted | 546,294 | 505,683 |
| Total net position | <u>\$ 953,022</u> | <u>\$ 845,400</u> |

The accompanying notes are an integral part of these financial statements.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2022 and 2021

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Operating revenues: | | |
| Federal contracts and grants (note 8) | \$ 502,058 | \$ 469,916 |
| Center for Public Broadcasting (CPB) | | |
| Community Service grants (note 7) | 98,460 | 111,980 |
| Program underwriting | 69,456 | 76,041 |
| Other grants | 26,500 | 35,966 |
| Total operating revenues | <u>696,474</u> | <u>693,903</u> |
| Operating expenses: | | |
| Salaries, wages and benefits | 641,643 | 603,650 |
| Contract services | 288,935 | 114,796 |
| Lease expense | 76,527 | 76,528 |
| Equipment | 49,914 | 31,923 |
| Supplies | 43,255 | 30,000 |
| Dues and subscriptions | 40,146 | - |
| Depreciation expense | 12,350 | 17,163 |
| Utilities expense | 14,429 | 18,173 |
| Fees and licenses | 34,621 | 8,402 |
| Telephone | 7,585 | 7,115 |
| Travel and lodging | 14,358 | - |
| Advertising | 29,279 | 1,242 |
| Conferences and meetings | 1,878 | - |
| Administrative fees | 2,228 | - |
| Printing and copying | 612 | - |
| Postage | 42,918 | 19,916 |
| Miscellaneous | 1,379 | 76,479 |
| Total operating expenses | <u>1,302,057</u> | <u>1,005,387</u> |
| Operating loss | (605,583) | (311,484) |
| Non-operating revenues: | | |
| University and administrative support - direct (note 11) | 37,402 | 62,720 |
| University and administrative support - indirect (note 11) | 365,287 | 232,031 |
| Loss on disposal of equipment | (8,639) | - |
| Private contributions | 319,156 | 300,295 |
| Total non-operating revenues | <u>713,206</u> | <u>595,046</u> |
| Change in net position | 107,623 | 283,562 |
| Net position, beginning of year (note 19) | <u>845,400</u> | <u>561,838</u> |
| Net position, end of year | <u>\$ 953,023</u> | <u>\$ 845,400</u> |

The accompanying notes are an integral part of these financial statements.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

| | 2022 | 2021 |
|--|----------------------------|---------------------------|
| Cash flows from operating activities: | | |
| Federal contract and grants | \$ 502,058 | \$ 469,916 |
| CPB Community Service grants | 163,359 | 369,881 |
| Program underwriting | 69,456 | 76,041 |
| Others Grant | 26,500 | 35,966 |
| Payments to employees | (645,933) | (604,510) |
| Payments to suppliers | (630,483) | (384,574) |
| Net cash provided (used) by operating activities | <u>(515,043)</u> | <u>(37,280)</u> |
| Cash flows from financing activities: | | |
| Purchase of fixed assets | <u>(88,000)</u> | <u>(79,007)</u> |
| Net cash provided (used) by financing activities | <u>(88,000)</u> | <u>(79,007)</u> |
| Cash flows from noncapital financing activities: | | |
| University and administrative support- indirect and direct | 399,133 | 294,751 |
| Private contributions | <u>319,156</u> | <u>300,295</u> |
| Net cash provided (used) by noncapital financing activities | <u>718,289</u> | <u>595,046</u> |
| Net change in cash and cash equivalents | 115,246 | 478,759 |
| Cash and cash equivalents, beginning of year | <u>896,880</u> | <u>418,121</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 1,012,126</u></u> | <u><u>\$ 896,880</u></u> |
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | |
| Operating loss | (602,028) | (311,484) |
| Adjustments to reconcile to net cash provided (used) by operating activities: | | |
| Depreciation expense | 12,350 | 17,163 |
| Increase (decrease) in liabilities: | | |
| Unearned revenue | 64,899 | 257,901 |
| Accounts payable and other liabilities | 14,025 | - |
| Compensated absences | <u>(4,289)</u> | <u>(860)</u> |
| Net cash provided (used) by operating activities | <u><u>\$ (515,043)</u></u> | <u><u>\$ (37,280)</u></u> |

The accompanying notes are an integral part of these financial statements.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 1 – Organization

WNCU-FM (the “Station”) is operated by North Carolina Central University (the “University”). The administrative offices and studio facilities are located on the University's campus. Additional broadcasting equipment is located in Durham County, North Carolina. The Station broadcasts mainly jazz and informational programming to listeners in Durham, North Carolina and surrounding communities. The Station is primarily supported by contributions from the listening public, underwriting agreements with local businesses, and University support through allocation of Title III grants provided by the U.S. Department of Education. The Station also received annual funding from the Corporation for Public Broadcasting through its participation in the Radio Community Service Grant program. The University includes the Station in its annual audited financial statements in the applicable funds but does not present the Station's activities separately in the audit report.

Note 2 – Significant accounting policies

Basis of Accounting - The financial statements of the Station have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Basis of Presentation - The accompanying financial statements are presented in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

Pursuant to the provisions of GASB Statement Number 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, as amended by GASB Statement Number 35, Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities, the full scope of the Station’s activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

In accordance with GASB Statement Number 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Station does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Cash and cash equivalents – This classification includes un-deposited receipts, petty cash, cash on deposit with private bank accounts, savings accounts, money market accounts, cash on deposit with fiscal agents, and deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

This classification also includes cash balances belonging to the Station that are held in pooled accounts by the NCCU Foundation. The NCCU Foundation’s accounts are deposited with financial institutions.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 2 – Significant accounting policies (continued)

Income taxes – Under Internal Revenue Code Section 115, the operations of the Station are exempt from income taxes as part of the overall operations of the University.

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

Accounts receivable, net – Receivables consist of amounts due from the federal government, State and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, and pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts.

Capital assets – Capital assets are stated at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Capital assets are stated at estimated historical cost at date of acquisition or estimated acquisition value at date of donation in the case of gifts. The Station, consistent with the University, capitalizes assets that have a value or cost in excess of \$5,000 at the date of acquisition and an expected useful life of one or more years.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 15 years for radio and office equipment.

Compensated absences – All employees of the Station are University employees, thus all employees are able to participate in the benefit programs offered by the University.

The University's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment.

When classifying compensated absences into current and noncurrent, leave is considered taken using a last-in, first-out (LIFO) method. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous December 31 plus the leave earned, less the leave taken between January 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 2 – Significant accounting policies (continued)

There is no liability for unpaid accumulated sick leave because the University has no obligation to pay sick leave upon termination or retirement. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

Net position – The Station’s net position is classified as follows:

Net investment in capital assets – This represents the Station’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Unrestricted Net Position – Unrestricted net position are all assets not invested in capital assets or restricted by external parties.

Revenue and expense recognition – The Station classifies its revenues and expenses as operating or non-operating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Station’s principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) sales and broadcast services, and (2) certain federal, state, and local grants and contracts that are essentially contracts for services. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Non-operating revenues include activities that have the characteristics of non-exchange transactions. Revenues from non-exchange transactions and state appropriations that represent subsidies or gifts to the Station, as well as investment income, are considered non-operating since these are investing, capital, or noncapital financing activities.

Corporation for Public Broadcasting Funding - The Corporation for Public Broadcasting (the “CPB”) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations, funded by federal appropriations authorized by the United States Congress and other sources. CPB distributes annual Community Service Grants (the “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 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.

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Note 2 – Significant accounting policies (continued)

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 in the accompanying financial statements as increases in unearned revenue when received and are transferred to operating revenue when qualifying expenses are incurred.

Unearned revenue – Unearned revenue consists of amounts received for underwriting and for fixed fee grant funds received prior to the end of the fiscal year that will be earned in subsequent years when related expenses are incurred. At June 30, 2022 and 2021, unearned revenue relates to CPB grant funds.

Contributed in-kind support – Contributed support represents expenses paid on behalf of the Station by others outside the reporting entity, and includes contributed professional services and donated materials or facilities. The amount of contributed services is reflected as revenues in the accompanying statements of revenues, expenses and changes in net position. As expenses of an equivalent amount are also recognized, there is no impact on net position.

No contributed in-kind support meeting these requirements for recognition in the financial statements were received during the years ended June 30, 2022 and 2021.

University contributed services and facilities – Contributed services and facilities from the University consist of direct services provided to the Station and an allocation of costs and certain other indirect expenses incurred by the University on behalf of the Station.

Functional allocation of expenses – The costs of providing the various program services and other activities have been summarized on a functional basis in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services using allocation rates, based on allocation of time, for payroll and payroll related expenses.

Note 3 – Cash and cash equivalents

Deposits consist of the following at June 30:

| | 2022 | 2021 |
|-------------------------------------|---------------------|-------------------|
| State Treasurer's STIF - University | \$ 503,042 | \$ 484,658 |
| Cash in bank - Foundation | 509,084 | 412,222 |
| Total cash and cash equivalents | <u>\$ 1,012,126</u> | <u>\$ 896,880</u> |

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Note 4 - Capital assets, net

A summary of the changes in capital assets is presented as follows for the year ended June 30, 2022:

| | Balance June 30, 2021 | Increases | Decreases | Balance June 30, 2022 |
|---|--------------------------|-------------------|--------------------|--------------------------|
| Capital assets, depreciable | | | | |
| Broadcast, production, and transmission | \$ 646,251 | \$ 88,000 | \$ (28,794) | \$ 705,457 |
| Total capital assets, depreciable | 646,251 | 88,000 | (28,794) | 705,457 |
| Less accumulated depreciation | 306,534 | 12,350 | (20,155) | 298,729 |
| Capital assets, net | <u>\$ 339,717</u> | <u>\$ 100,350</u> | <u>\$ (48,949)</u> | <u>\$ 406,728</u> |

A summary of the changes in capital assets is presented as follows for the year ended June 30, 2021:

| | Balance June 30, 2020 | Increases | Decreases | Balance June 30, 2021 |
|---|--------------------------|------------------|-------------|--------------------------|
| Capital assets, depreciable | | | | |
| Broadcast, production, and transmission | \$ 567,244 | \$ 79,007 | \$ - | \$ 646,251 |
| Total capital assets, depreciable | 567,244 | 79,007 | - | 646,251 |
| Less accumulated depreciation | 289,371 | 17,163 | - | 306,534 |
| Capital assets, net | <u>\$ 277,873</u> | <u>\$ 96,170</u> | <u>\$ -</u> | <u>\$ 339,717</u> |

Depreciation expense charged to operations was \$12,350 and \$17,163 for the years ended June 30, 2022 and 2021, respectively.

Note 5 – Noncurrent liabilities

A summary of changes is as follows:

| | Balance July 1, 2021 | Additions | Reduction | Balance June 30, 2022 | Current Portion | Noncurrent Portion |
|------------------------------|-------------------------|-------------|------------------|--------------------------|--------------------|-----------------------|
| Compensated absences | \$ 40,806 | \$ - | \$ 45,095 | \$ 36,517 | \$ 8,762 | \$ 27,755 |
| Total noncurrent liabilities | <u>\$ 40,806</u> | <u>\$ -</u> | <u>\$ 45,095</u> | <u>\$ 36,517</u> | <u>\$ 8,762</u> | <u>\$ 27,755</u> |

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Note 6 – Unearned revenue

Unearned revenue represent the Station's financial equity in unused cash balances provided by grantors and donors for specific purposes not yet fulfilled.

A summary of changes in unearned revenue, which consist solely of CPB grant funds, for the years ended June 30, 2022 and 2021 is as follows:

| | 2022 | 2021 |
|-----------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 350,391 | \$ 92,490 |
| Additional amounts received | 189,859 | 369,881 |
| Revenue recognized | (124,960) | (111,980) |
| Balance, end of year | <u>\$ 415,290</u> | <u>\$ 350,391</u> |

Note 7 – Federal contracts and grants

The Station receives Department of Education (DOE) Title III grant funds from the University for various programmatic and administrative expenses. The amounts were \$502,058 and \$469,916 for the years ended June 30, 2022 and 2021, respectively.

Note 8 – Nonfederal financial support

The Corporation for Public Broadcasting (CPB) is a private, nonprofit corporation, funded by federal appropriations authorized by the United States Congress and other sources. The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on Nonfederal Financial Support (NFFS). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in Digital Television (DTV), all capital contributions received for purposes of acquiring new equipment or upgrading existing facilities or building new facilities regardless of source or form of the contribution are not included in calculating NFFS. This change excludes all revenues received for any capital purchases.

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Note 8 – Nonfederal financial support (continued)

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station.

Note 10 – Community service grants

The CPB also distributes annual CSGs to qualifying public telecommunications entities. These grants are used to augment the financial resources of public television stations and thereby to enhance the quality of programming and expand the scope of public television services. Each grant may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. 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. The Station uses these funds 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.

The grants are reported in the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

Note 11 – University and administrative support

Indirect support

Indirect University and administrative support is calculated based on the ratio of the University’s administrative and plant facilities cost to total operating cost. For years ended June 30, 2022 and 2021, the Station used rates of 39% and 26%, respectively.

Additionally, the Station receives indirect occupancy support from the University. This support is the value of the Station’s pro-rata share of studio costs (operations and maintenance of the studio). Occupancy support is based on the square footage of the Station’s studio and a comparable fair market value per square foot cost for the studio space.

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Note 11 – University and administrative support (continued)

For the years ended June 30, 2022 and 2021, total indirect University and administrative support was from the following sources:

| | 2022 | 2021 |
|---------------------------------|-------------------|-------------------|
| Indirect administrative support | \$ 292,315 | \$ 159,059 |
| University occupancy support | 72,972 | 72,972 |
| Total | <u>\$ 365,287</u> | <u>\$ 232,031</u> |

Direct support

During the year ended June 30, 2022 and 2021, the Station received direct support from the University in the form of an allocation of state appropriation funds in the amount of \$19,421 and \$40,991 and utility payments in the amount \$14,425 and \$21,729, respectively.

In July 1994, the Station entered into an agreement to lease a radio tower and a tract of land over 45 years. The total lease cost of \$160,000 was paid by the University at the inception of the lease in July 1994. The annual charge to lease expense was \$3,556 for the years ended June 30, 2022 and 2021.

Note 12 – Description of program and supporting services

The following program and supporting services are included in the accompanying financial statements:

Programming and Production - The production and/or acquisition of programming and conducting program operations.

Management and General - Supervising and controlling overall, day-to-day operations.

Fundraising - Inducing others to contribute money, time, materials, or facilities for operations.

Note 13 – Concentrations

The Station receives a substantial portion of its support from two sources, the Department of Education (DOE) and the University.

During the years ended June 30, 2022 and 2021, the Station received \$502,058 (72%) and \$469,916 (68%) of its total operating revenue in the form of Title III grants from the DOE.

During the years ended June 30, 2022 and 2021, the Station received \$98,460 (14%) and \$111,980 (15%) of its total operating revenue in the form of CSG grants from the CPB.

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Note 13 – Concentrations (continued)

During the years ended June 30, 2022 and 2021, the Station received \$365,287 (51%) and \$232,031 (39%), respectively, of its total non-operating revenues in the form of indirect university support from the University. If future DOE, CPB and University support were significantly reduced, it could have a severe impact on the Station's ability to continue its operations. The Station does not expect that the support from these sources will be substantially reduced in the near term.

Note 14 – Commitments and contingencies

The Station's June 30, 2022 Annual Financial Report (AFR) and Financial Summary Report (FSR), were originally due to the CPB no later than November 30, 2022 with extensions until February 13, 2023. The Station's AFR and FSR were submitted to the CPB on February 10, 2022. No provision has been made in the financial statements for the outcome of the CPB's review of the Station's AFR and FSR.

Note 15 – Pension plans

All employees of the Station are University employees, thus all employees are able to participate in the pension plans offered by the University.

A. *Defined benefit plan*

Plan Administration: The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the LEAs and charter schools that elect to join the Retirement System. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

Benefits Provided: TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed five years of service and have reached age 60.

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Note 15 – Pension plans (continued)

Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases.

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Employees are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act based on the actuarially-determined rate recommended by the actuary. The University's contractually-required contribution rate for the year ended June 30, 2021 was 14.78% of covered payroll. Employee contributions to the pension plan were \$3,661,142, and the University's contributions were \$9,994,919 for the year ended June 30, 2022.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2021 Comprehensive Annual Financial Report. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <https://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

TSERS Basis of Accounting: The financial statements of the TSERS plan were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the TSERS plan, and additions to/deductions from the TSERS plan's fiduciary net position have been determined on the same basis as they are reported by TSERS.

Methods Used to Value TSERS Investment: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its External Investment Pool. TSERS and other pension plans of the State of North Carolina participate in the Long-Term Investment, Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment Portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment Portfolios. The Global Equity Asset Class includes the Equity Investment Portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2020 Comprehensive Annual Financial Report.

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Note 15 – Pension plans (continued)

Net Pension Liability: At June 30, 2022, the University reported a liability of \$15,755,079 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, and update procedures were used to roll forward the total pension liability to June 30, 2021. The University's proportion of the net pension liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2021, the University's proportion was 0.336%, which was a decrease of 0.005 from its proportion measured as of June 30, 2020, which was 0.341%.

B. Defined contribution plan

The Optional Retirement Program (ORP) is a defined contribution pension plan that provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Faculty and staff of the University may join the ORP instead of TSERS. The ORP is administered by the UNC System.

Benefits are provided by means of contracts issued and administered by the privately-operated Teachers' Insurance and Annuity Association and Fidelity Investments. Participants' eligibility and contributory requirements are established in General Statute 135-5.1 and may be amended only by the North Carolina General Assembly. Participants are always fully vested in their own contributions to the plan and their investment earnings.

Participants are fully vested in the University's contributions and earnings after five years of participating in the ORP. Participants contribute 6% of compensation and the University contributes 6.84%. For the current fiscal year, the University had a total payroll of \$102,084,250, of which \$28,279,688 was covered under ORP. Total employee and employer contributions for pension benefits for the year were \$1,696,781 and \$1,934,331, respectively. The amount of expense recognized in the current year related to ORP is equal to the employer contributions.

Note 16 - Other postemployment benefits

The University participates in two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina, that are administered by the State of North Carolina as pension and other employee benefit trust funds. Each plan's financial information, including all information about the plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2021 Comprehensive Annual Financial Report. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <https://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

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Note 16 - Other postemployment benefits (continued)

A. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The financial statements of these plans were prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of each plan, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the plans.

Methods Used to Value Plan Investments: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefits funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan of North Carolina is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. The investment balance of each other employee benefit trust fund represents its share of the fair value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2020 Comprehensive Annual Financial Report.

B. Plan Descriptions

1. Health Benefits

Plan Administration: The State of North Carolina administers the North Carolina State Health Plan for Teachers and State Employees, referred to as the State Health Plan (the Plan), a healthcare plan exclusively for the benefit of employees of the State, the University of North Carolina System, community colleges, and certain other component units. In addition, Local Education Agencies (LEAs), charter schools, and some select local governments that are not part of the State's financial reporting entity also participate. Health benefit programs and premium rates are determined by the State Treasurer upon approval of the Plan Board of Trustees.

The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of eligible former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments that are not part of the State's financial reporting entity also participate.

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Note 16 - Other postemployment benefits (continued)

By statute, RHBF is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System (TSERS). RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the Plan. The State Treasurer, with the approval of the Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the Plan.

Benefits Provided: Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees as described in Note 16. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan options or the self-funded Traditional 70/30 Preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of TSERS, the Consolidated Judicial Retirement System, the Legislative Retirement System, the Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the North Carolina General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the North Carolina General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium.

Section 35.21 (c) & (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired on or after January 1, 2021. The legislation amends Chapter 135, Article 3B of the General Statutes to require that retirees must earn contributory retirement service in the Teachers' and State Employees' Retirement System (or in an allowed local system unit), the Consolidated Judicial Retirement System, or the Legislative Retirement System prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

The Plan's and RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

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Note 16 - Other postemployment benefits (continued)

Contributions: Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Bill. The University's contractually-required contribution rate for the year ended June 30, 2022 was 6.29% of covered payroll. The University's contributions to the RHBF were \$5,616,890 for the year ended June 30, 2022. In fiscal year 2021, the State Health Plan (the Plan) transferred \$187.0 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution. The contribution was allocated among RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2022, the University recognized noncapital contributions for RHBF of \$806,531.

C. Disability income

Plan Administration: As discussed in Note 16, short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer, defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain participating component units, LEAs which are not part of the reporting entity, and the ORP. By statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

Benefits Provided: Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or the ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing five years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

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Note 16 - Other postemployment benefits (continued)

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month.

After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under TSERS or the ORP.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the North Carolina General Assembly and coincide with the State's fiscal year. The University's contractually-required contribution rate for the year ended June 30, 2021 was 0.09% of covered payroll. The University's contributions to DIPNC were \$80,993 for the year ended June 30, 2021.

Note 17 - Risk management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 17 - Risk management (continued)

A. Employee Benefit Plans

State Health Plan

University employees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer and employee contributions. The Plan has contracted with third parties to process claims. See Note 15, Other Postemployment Benefits, for additional information regarding retiree health benefits.

Death Benefit Plan of North Carolina

Term life insurance (death benefits) of \$25,000 to \$50,000 is provided to eligible workers who enroll in the Teachers' and State Employees' Retirement System. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.13% for the current fiscal year.

Disability Income Plan

Short-term and long-term disability benefits are provided to University employees through the Disability Income Plan of North Carolina (DIPNC), part of the State's Pension and Other Employee Benefit Trust Funds. Short-term benefits are paid by the University for up to twelve months. The Board of Trustees of the DIPNC may extend the short-term disability benefits for up to an additional twelve months. During the extended period of short-term disability benefits, payments are made directly by the DIPNC to the beneficiary. As discussed in Note 15, long-term disability benefits are payable as other postemployment benefits from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled.

B. Other Risk Management and Insurance Activities

Automobile, Fire, and Other Property Losses

The University is required to maintain all risk coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Fire and lightning coverage is provided at no cost to the University for operations supported by the State's General Fund. Other operations not supported by the State's General Fund are charged for the fire and lightning coverage. Coverage for all remaining risks for all buildings is charged to the University. Losses covered by the Fund are subject to a \$5,000 per occurrence deductible. However, some agencies have chosen a higher deductible for a reduction in premium. The University maintains Broad Form Coverage on all University buildings, including those not supported by the General Fund. Broad Form covers loss from fire and lightning as well as, falling objects, weight of snow, ice or sleet, water damage, collapse, and glass breakage. All buildings have a \$5,000 deductible.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 17 - Risk management (continued)

All state-owned vehicles are covered by liability insurance through a private insurance company and handled by the North Carolina Department of Insurance. The liability limits for losses are \$1,000,000 per claim and \$10,000,000 per occurrence. The University pays premiums to the North Carolina Department of Insurance for the coverage.

Public Officers' and Employees' Liability Insurance

The risk of tort claims of up to \$1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to \$2,000,000 per claim and \$10,000,000 in the aggregate per fiscal year via contract with a private insurance company. The University pays the premium, based on a composite rate, directly to the private insurer.

Employee Dishonesty and Computer Fraud

The University is protected for losses from employee dishonesty and computer fraud. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. Universities are charged a premium by the private insurance company. Coverage limit is \$5,000,000 per occurrence. The private insurance company pays 90% of each loss less a \$100,000 deductible.

Statewide Workers' Compensation Program

The North Carolina Workers' Compensation Program provides benefits to workers injured on the job. All employees of the State and its component units are included in the program. When an employee is injured, the University's primary responsibility is to arrange for and provide the necessary treatment for work related injury. The University is responsible for paying medical benefits and compensation in accordance with the North Carolina Workers' Compensation Act. The University retains the risk for workers' compensation.

Additional details on the state-administered risk management programs are disclosed in the State's *Annual Comprehensive Financial Report*, issued by the Office of the State Controller.

Other Insurance Held by the University

The University purchased other authorized coverage from private insurance companies through the North Carolina Department of Insurance. These types of insurance include master musical insurance to cover musical instruments owned by the University; fine art insurance to protect items considered works of art; boiler and machinery insurance to cover heavy equipment; and postal bond insurances to cover possible losses of United States Postal Service property.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 17 - Risk management (continued)

The University also carries professional internship insurance on students working in health fields. Departments that secure this coverage include Nursing, Psychology, Communication Disorders, Physical Education and Recreation, Athletic Training, and Social Work. Medical liability insurance is carried on employees of the University who are accredited medical professionals and who practice in a clinical setting on campus.

Note 18 – Related party transactions

The Foundation and the University provide support to the Station, in the form of administrative and financial support. The Foundation collects and processes receipts from donors and disburses funds upon request from the Station. The University provides facilities, utilities, and accounting services for the Station's grant funds, and collects funds on behalf of the Station for services rendered.

During the years ended June 30, 2022 and 2021 the Foundation transferred funds on deposit for the Station to the Station's claim on cash account at the University in the amount of \$125,000 and \$75,745 respectively.

Note 19 – Prior period adjustments

During the year ended June 30, 2022, the Organization identified an error in the depreciation schedule. Resulting in an understatement in the ending balance of capital assets, net and net assets. Below is a summary of the impact of the correction:

| | <u>Capital Assets, net</u> | <u>Net assets</u> |
|--|----------------------------|-------------------|
| June 30, 2021 net assets, as previously stated | \$ 315,508 | \$ 821,191 |
| Prior period adjustment | <u>24,209</u> | <u>24,209</u> |
| June 30, 2021 net assets, as restated | <u>\$ 339,717</u> | <u>\$ 845,400</u> |

Note 20 – Subsequent events

After the year ended June 30, 2022, the Station was awarded a Community Service Grant in the amount of \$163,975 from the Corporation for Public Broadcasting for FY2023.

The Station has evaluated subsequent events from the date of the statement of net position through February 8, 2023, the date the report is available to be issued which is the date of the auditors' report. During this period, there were no material subsequent events requiring disclosure.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

| | Programming and Production | Engineering | Management and General | Fundraising | Total Expenses |
|-----------------------------|----------------------------------|------------------|------------------------------|-------------------|---------------------|
| EPA salaries | \$ 129,765 | \$ - | \$ 39,928 | \$ 29,946 | \$ 199,639 |
| SPA salaries | 167,086 | - | 51,411 | 38,558 | 257,055 |
| Payroll taxes | 21,421 | - | 6,591 | 4,943 | 32,955 |
| State retirement | 60,821 | - | 18,714 | 14,036 | 93,570 |
| Medical insurance | 37,976 | - | 11,685 | 8,764 | 58,424 |
| Total salaries and benefits | 417,068 | - | 128,329 | 96,246 | 641,643 |
| Advertising | 29,279 | - | - | - | 29,279 |
| Contract services | 167,734 | 20,074 | 57,787 | 43,340 | 288,935 |
| Depreciation expense | 8,028 | - | 2,470 | 1,853 | 12,350 |
| Dues and subscriptions | 26,095 | - | 8,029 | 6,022 | 40,146 |
| Postage | 27,897 | - | 8,584 | 6,438 | 42,918 |
| Printing and copying | 398 | - | 122 | 92 | 612 |
| Conferences and meetings | 1,221 | - | 376 | 282 | 1,878 |
| Fees and licenses | 22,504 | - | 6,924 | 5,193 | 34,621 |
| Miscellaneous | 896 | - | 276 | 207 | 1,379 |
| Supplies | 28,116 | - | 8,651 | 6,488 | 43,255 |
| Telephone | 4,930 | - | 1,517 | 1,138 | 7,585 |
| Lease expense | 49,743 | - | 15,305 | 11,479 | 76,527 |
| Administrative fees | - | - | 2,228 | - | 2,228 |
| Travel and lodging | 9,333 | - | 2,872 | 2,154 | 14,358 |
| Equipment | 32,444 | - | 9,983 | 7,487 | 49,914 |
| Total expenses | <u>\$ 835,063</u> | <u>\$ 20,074</u> | <u>\$ 256,338</u> | <u>\$ 190,583</u> | <u>\$ 1,302,057</u> |

The accompanying notes are an integral part of these financial statements.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

| | Programming and Production | Engineering | Management and General | Fundraising | Total Expenses |
|-----------------------------|----------------------------------|-------------|------------------------------|-------------|-------------------|
| EPA salaries | \$ 130,491 | \$ - | \$ 40,151 | \$ 30,113 | \$ 200,755 |
| SPA salaries | 151,143 | - | 46,506 | 34,879 | 232,528 |
| Payroll taxes | 20,196 | - | 6,214 | 4,661 | 31,071 |
| State retirement | 57,702 | - | 17,755 | 13,316 | 88,773 |
| Medical insurance | 31,428 | - | 9,670 | 7,253 | 48,350 |
| Other employee benefits | - | - | 2,173 | - | 2,173 |
| Total salaries and benefits | 390,960 | - | 122,468 | 90,222 | 603,650 |
| Advertising | 1,242 | - | - | - | 1,242 |
| Contract services | 66,642 | 7,975 | 22,959 | 17,219 | 114,796 |
| Depreciation expense | 11,156 | - | 3,433 | 2,574 | 17,163 |
| Postage | 12,945 | - | 3,983 | 2,987 | 19,916 |
| Fees and licenses | 5,461 | - | 1,680 | 1,260 | 8,402 |
| Miscellaneous | 49,711 | - | 15,296 | 11,472 | 76,479 |
| Supplies | 19,500 | - | 6,000 | 4,500 | 30,000 |
| Telephone | 4,625 | - | 1,423 | 1,067 | 7,115 |
| Utilities expense | 11,812 | - | 3,635 | 2,726 | 18,173 |
| Lease expense | 49,743 | - | 15,306 | 11,479 | 76,528 |
| Equipment | 20,750 | - | 6,385 | 4,788 | 31,923 |
| Total expenses | \$ 644,548 | \$ 7,975 | \$ 202,567 | \$ 150,296 | \$ 1,005,387 |

The accompanying notes are an integral part of these financial statements



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Certified Public Accountants
and Consultants

To the Board of Trustees
WNCU-FM, North Carolina Central University
Durham, North Carolina

This letter is intended to inform the Board of Trustees of WNCU-FM, North Carolina Central University (the "Station") about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and that we comply with our professional responsibilities to the Board of Trustees.

Professional standards require that we provide you with information about our responsibilities under general accepted auditing standards, as well as certain information related to the planned scope and timing of the audit. We have communicated such information in our letter to you dated November 4, 2021.

In addition to our report on your financial statements dated February 8, 2023, we have issued a communication required under Statement on Auditing Standards AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit*. This Statement establishes standards and provides guidance on the auditor's responsibilities for identifying, evaluating, and communicating matters related to an entity's internal control over financial reporting identified in an audit of the financial statements.

The following summarizes various matters which must be communicated to you under auditing standards generally accepted in the United States of America.

Our responsibilities under U.S. Generally Accepted Auditing Standards (GAAS)

As stated in our engagement letter dated November 4, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Station are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of the existing policies was not changed during the year ended June 30, 2022. We noted no transactions entered into by the Station during the year for which there was a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Management judgments and accounting estimates

Accounting estimates are an integral part of the preparation of financial statements and are based on management's current judgment. The process used by management encompasses their knowledge and experience about past and future events. Management has informed us that they used all relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. We did not identify any estimates significant to the financial statements. The financial statement disclosures are neutral consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with the Station's management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Corrected misstatements - audit adjustments

Professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Station's financial reporting process (that is, cause future financial statements to be materially misstated).

There were seven (7) corrected misstatements (audit adjustments) recorded to the original trial balance presented to us to begin our audit for the year ended June 30, 2022. See the enclosed journal entry report.

Uncorrected misstatements – passed audit adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

There were no material uncorrected misstatements (passed audit adjustments) for the year ended June 30, 2022.

Accounting Policies and Alternative Treatments

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Station. Note 2 to the financial statements of the Station contain a summary of significant accounting policies.

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited financial statements of the Station.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Independence

We are familiar with Rule 101 of the AICPA's Code of Conduct and its interpretations and rulings. Our Firm has been, for the year covered by the financial statements under report and thereafter to date, independent as contemplated by such Rule.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 8, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Station's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Station's auditors.

However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the WNCU-FM, North Carolina Central University.

This information is intended solely for the information and use of the management, the Board of Trustees and others within WNCU-FM, North Carolina Central University and is not intended to be, and should not be, used by anyone other than these specified parties.

Thomas F. Gibbs CAE, FCC

Durham, North Carolina
February 8, 2023

Attachments: Seven (7) June 30, 2022 audit adjustments



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INDEPENDENT AUDITOR'S 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 of
WNCU-FM, North Carolina Central University
Durham, North Carolina

We have audited, in accordance with the 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, the financial statements of WNCU-FM, North Carolina Central University (the "Station", a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Station's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified item 2022-01 that we consider to be a significant deficiency in internal controls.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free from 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 financial statements. 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.

The Station's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Station's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Station's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

2022-01: Financial reporting

The financial statements presented to us contained misstatements that were corrected as a result of seven (7) audit adjustments that were individually significant to the Station's financial statements.

These misstatements indicate the Station's internal control over financial reporting was not effective, and without these corrections, the financial statements could have been misleading to the reader.

Management's response: See management's letter

Thomas F. Gibbs CMR, PLLC

Durham, North Carolina
February 8, 2023

Client: NC-01485.0 - WNCU-FM, North Carolina Central University
Period Ending: 6/30/2022
Workpaper: 3700.01 - Adjusting Journal Entries Report

| Account | Description | W/P Ref | Debit | Credit | Change in NA |
|---|------------------------------------|-----------|-------------------|--------------------|--------------|
| Adjusting Journal Entries JE # 1 | | | | | |
| To correct the opening balance of net assets | | | | | |
| | | 6000.05 1 | | | |
| 111000U-C | Claim on Cash | | 231,811.00 | | |
| 159997-TG | Construction in Progress | | 54,500.00 | | |
| 159999-TG | Radio equipment | | 567,244.00 | | |
| 331100U-C | Fund Balance Unrestricted | | 6,444.00 | | |
| 169999-TG | Accumulated Depreciation | | | 306,236.00 | |
| 224300U-C | Unearned Revenue | | | 238,255.00 | |
| 300000-TG | Net assets (Fixed Assets) | | | 315,508.00 | |
| Total | | | 859,999.00 | 0.00 | |
| Adjusting Journal Entries JE # 2 | | | | | |
| To adjust fixed assets for additions and disposals | | | | | |
| | | 4600.05 2 | | | |
| 159997-TG | Construction in Progress | | 88,000.00 | | |
| 169999-TG | Accumulated Depreciation | | 20,155.00 | | |
| 9997-TG | (Gain)/ Loss on Disposal | | 8,639.00 | | (8,639) |
| 159999-TG | Radio equipment | | | 13,089.00 | |
| 159999-TG | Radio equipment | | | 15,705.00 | |
| 784000U-T | Nonmandatory Transfer Out | | | 88,000.00 | 88,000 |
| Total | | | 116,794.00 | 79,361.00 | |
| Adjusting Journal Entries JE # 3 | | | | | |
| To record 2022 Depreciation expense | | | | | |
| | | 3 | | | |
| 999999-TG | Depreciation expense | | 12,350.00 | | (12,350) |
| 169999-TG | Accumulated Depreciation | | | 12,350.00 | |
| Total | | | 12,350.00 | (12,350.00) | |
| Adjusting Journal Entries JE # 4 | | | | | |
| To capitalize a 2021 Asset | | | | | |
| | | | | | |
| 159999-TG | Radio equipment | | 24,507.00 | | |
| 169999-TG | Accumulated Depreciation | | | 298.00 | |
| 300000-TG | Net assets (Fixed Assets) | | | 24,209.00 | |
| Total | | | 24,507.00 | 0.00 | |
| Adjusting Journal Entries JE # 5 | | | | | |
| To eliminate a intercompany transfer | | | | | |
| | | | | | |
| 507900U-S | Miscellaneous Income | | 125,000.00 | | |
| 20-50568-00 | University Expense-- | | | 125,000.00 | |
| Total | | | 125,000.00 | 0.00 | |
| Adjusting Journal Entries JE # 6 | | | | | |
| To recognize the direct and indirect support provided by the University | | | | | |
| | | PBC | | | |
| 613100U-S | EPA Academic Salary | | 6,589.00 | | |
| 618100U-S | Social Security | | 480.00 | | |
| 618200U-S | State Retirement | | 1,588.00 | | |
| 618300U-S | Medical Insurance | | 635.00 | | |
| 737000U-S | Advertising | | 10,125.00 | | |
| 90000-TG | Transfer to the University | | 365,287.00 | | |
| 9998TG | In-kind expense | | 14,429.00 | | |
| 40000-TG | University Indirect Support | | | 365,287.00 | |
| 42000-TG | Direct University Support | | | 33,846.00 | |
| Total | | | 399,133.00 | 0.00 | |
| Adjusting Journal Entries JE # 7 | | | | | |
| To adjust deferred revenue and related income accounts | | | | | |
| | | 7100.02a | | | |
| 224300U-C | Unearned Revenue | | 123,126.00 | | |
| 224300U-S | Unearned Revenue | | 86,636.00 | | |
| 502410U-S | Federal C&G Direct Cost - Exchange | | 1,000.00 | | (1,000) |
| 502630U-C | Private C&G Non-Exchange | | 33,288.00 | | (33,288) |

Client: NC-01485.0 - WNCU-FM, North Carolina Central University
Period Ending: 6/30/2022
Workpaper: 3700.01 - Adjusting Journal Entries Report

| | Account | Description | W/P Ref | Debit | Credit | Change in NA |
|-------|-----------|--|---------|-------------------|--------------------|----------------|
| | 502630U-S | Private C&G Non-Exchange | | 12,000.00 | | (12,000) |
| | 111000U-C | Claim on Cash | | | 256,050.00 | |
| Total | | | | <u>256,050.00</u> | <u>(46,288.00)</u> | |
| | | Total adjusting entries | | | | 20,723 |
| | | Unadjusted Change in Net Position | | | | 86,899 |
| | | Final Adjusted Change in Net Position | | | | <u>107,622</u> |
| | | Final Adjusted Change in Net Position per TB | | | | <u>107,622</u> |
| | | Check | | | | - |

Client: NC-01485.0 - WNCU-FM, North Carolina Central University
Engagement: AUD - 2022 - WNCU-FM
Period Ending: 6/30/2022
Trial Balance: 3000.01 - TB
Worksheet: 3600.01 - Financial Statement Grouping Report

| Account | Description | 1st-Final 6/30/2021 | UNADJ 06/30/2022 | JE Ref # | AJE | FINAL 06/30/2022 | % VAR | \$ VAR |
|--|---|------------------------|---------------------|----------|---------------------|---------------------|----------------|-------------------|
| Group : [4100] | Cash and Cash Equivalents | | | | | | | |
| Subgroup : [4100.00] | Cash and Cash Equivalents-Unrestricted | | | | | | | |
| 10000F | 345 Cash held by Foundation - Op Acct | 357,449.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (357,449.00) |
| 10001F | 598 Cash held by Foundation - UnderWrit | 54,773.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (54,773.00) |
| 20-10013-00 | SunTrust Checking Ac- | 0.00 | 65,921.00 | | 0.00 | 65,921.00 | 0.00% | 65,921.00 |
| 20-10020-00 | First National Bank - | 0.00 | 358,359.00 | | 0.00 | 358,359.00 | 0.00% | 358,359.00 |
| 20-10156-00 | Accounts Receivable- | 0.00 | 15.00 | | 0.00 | 15.00 | 0.00% | 15.00 |
| 60-10013-00 | SunTrust Checking Ac- | 0.00 | 13,990.00 | | 0.00 | 13,990.00 | 0.00% | 13,990.00 |
| 60-10020-00 | First National Bank - | 0.00 | 70,799.00 | | 0.00 | 70,799.00 | 0.00% | 70,799.00 |
| Subtotal [4100.00] Cash and Cash Equivalents-Unrestricted | | 412,222.00 | 509,084.00 | | 0.00 | 509,084.00 | 23.50% | 96,862.00 |
| Subgroup : [4100.01] | Due from university | | | | | | | |
| 111000 | Claim on Cash | 96,168.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (96,168.00) |
| 111000U-C | Claim on Cash | 343,124.00 | 270,469.00 | | (24,239.00) | 246,230.00 | (28.24%) | (96,894.00) |
| | | | | AJE - 1 | 231,811.00 | | | |
| | | | | AJE - 7 | (256,050.00) | | | |
| 111000U-S | Claim on Cash | 0.00 | 215,252.00 | | 0.00 | 215,252.00 | 0.00% | 215,252.00 |
| 113220 | Non-Exchange Contract and Grant A/R | 45,366.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (45,366.00) |
| 113220U-C | Non-Exchange Contract & Grant A/R | 0.00 | 5,043.00 | | 0.00 | 5,043.00 | 0.00% | 5,043.00 |
| 113220U-T | Non-Exchange Contract & Grant A/R | 0.00 | 36,517.00 | | 0.00 | 36,517.00 | 0.00% | 36,517.00 |
| Subtotal [4100.01] Due from university | | 484,658.00 | 527,281.00 | | (24,239.00) | 503,042.00 | 3.79% | 18,384.00 |
| Total [4100] Cash and Cash Equivalents | | 896,880.00 | 1,036,365.00 | | (24,239.00) | 1,012,126.00 | 12.85% | 115,246.00 |
| Current Assets | | 896,880.00 | 1,036,365.00 | | (24,239.00) | 1,012,126.00 | 12.85% | 115,246.00 |
| Group : [4600] | Property, Plant and Equipment | | | | | | | |
| Subgroup : [4600.05] | Fixed Assets | | | | | | | |
| 159997-TG | Construction in Progress | 54,500.00 | 0.00 | | 142,500.00 | 142,500.00 | 161.47% | 88,000.00 |
| | | | | AJE - 1 | 54,500.00 | | | |
| | | | | AJE - 2 | 88,000.00 | | | |
| 159999-TG | Radio equipment | 567,244.00 | 0.00 | | 562,957.00 | 562,957.00 | (0.76%) | (4,287.00) |
| | | | | AJE - 1 | 567,244.00 | | | |
| | | | | AJE - 2 | (13,089.00) | | | |
| | | | | AJE - 2 | (15,705.00) | | | |
| | | | | AJE - 4 | 24,507.00 | | | |
| Subtotal [4600.05] Fixed Assets | | 621,744.00 | 0.00 | | 705,457.00 | 705,457.00 | 13.46% | 83,713.00 |
| Subgroup : [4600.60] | Accumulated Depreciation | | | | | | | |
| 169999-TG | Accumulated Depreciation | (306,236.00) | 0.00 | | (298,729.00) | (298,729.00) | (2.45%) | 7,507.00 |
| | | | | AJE - 1 | (298,729.00) | | | |
| | | | | AJE - 2 | (306,236.00) | | | |
| | | | | AJE - 3 | 20,155.00 | | | |
| | | | | AJE - 4 | (12,350.00) | | | |
| Subtotal [4600.60] Accumulated Depreciation | | (306,236.00) | 0.00 | | (298,729.00) | (298,729.00) | (2.45%) | 7,507.00 |
| Total [4600] Property, Plant and Equipment | | 315,508.00 | 0.00 | | 406,728.00 | 406,728.00 | 28.91% | 91,220.00 |

Client: NC-01485.0 - WNCU-FM, North Carolina Central University
Engagement: AUD - 2022 - WNCU-FM
Period Ending: 6/30/2022
Trial Balance: 3000.01 - TB
Workpaper: 3600.01 - Financial Statement Grouping Report

| Account | Description | 1st-Final 6/30/2021 | UNADJ 06/30/2022 | JE Ref # | AJE | FINAL 06/30/2022 | % VAR | \$ VAR |
|--|----------------------------------|------------------------|---------------------|----------|--------------------|---------------------|-----------------|--------------------|
| | Non-Current Assets | 315,508.00 | 0.00 | | 406,728.00 | 406,728.00 | 28.91% | 91,220.00 |
| | TOTAL ASSET | 1,212,388.00 | 1,036,365.00 | | 382,489.00 | 1,418,854.00 | 17.03% | 206,466.00 |
| Group : [5100] | Accounts Payable | 0.00 | (982.00) | | 0.00 | (982.00) | 0.00% | (982.00) |
| Subgroup : [5100.00] | Accounts Payable | 0.00 | (11,560.00) | | 0.00 | (11,560.00) | 0.00% | (11,560.00) |
| 221100U-C | Due to Vendors | 0.00 | (1,400.00) | | 0.00 | (1,400.00) | 0.00% | (1,400.00) |
| 221100U-S | Due to Vendors | 0.00 | (83.00) | | 0.00 | (83.00) | 0.00% | (83.00) |
| 221100U-T | Due to Vendors | 0.00 | (14,025.00) | | 0.00 | (14,025.00) | 0.00% | (14,025.00) |
| Subtotal [5100.00] Accounts Payable | | 0.00 | (14,025.00) | | 0.00 | (14,025.00) | 0.00% | (14,025.00) |
| Total [5100] Accounts Payable | | 0.00 | (14,025.00) | | 0.00 | (14,025.00) | 0.00% | (14,025.00) |
| Group : [5200] | Accrued Liabilities | | | | | | | |
| Subgroup : [5200.15] | Accrued Vacation | | | | | | | |
| 223600 | Accrued Vacation Leave-current | (7,995.00) | 0.00 | | 0.00 | 0.00 | (100.00%) | 7,995.00 |
| 223600U-T | Accrued Vacation Leave - Current | 0.00 | (8,762.00) | | 0.00 | (8,762.00) | 0.00% | (8,762.00) |
| 227200 | Vacation Leave-Noncurrent | (32,811.00) | 0.00 | | 0.00 | 0.00 | (100.00%) | 32,811.00 |
| 227200U-T | Vacation Leave - Noncurrent | 0.00 | (27,755.00) | | 0.00 | (27,755.00) | 0.00% | (27,755.00) |
| Subtotal [5200.15] Accrued Vacation | | (40,806.00) | (36,517.00) | | 0.00 | (36,517.00) | (10.51%) | 4,289.00 |
| Total [5200] Accrued Liabilities | | (40,806.00) | (36,517.00) | | 0.00 | (36,517.00) | (10.51%) | 4,289.00 |
| Group : [5300] | Deferred Revenue | | | | | | | |
| Subgroup : [5300.00] | Deferred Revenue | | | | | | | |
| 20000TG-C | Deferred revenue | (350,391.00) | 0.00 | | 0.00 | 0.00 | (100.00%) | 350,391.00 |
| 224300U-C | Unearned Revenue | 0.00 | (274,661.00) | | (115,129.00) | (389,790.00) | 0.00% | (389,790.00) |
| | | | | AJE - 1 | (238,255.00) | | | |
| | | | | AJE - 7 | 123,126.00 | | | |
| 224300U-S | Unearned Revenue | 0.00 | (112,136.00) | | 86,636.00 | (25,500.00) | 0.00% | (25,500.00) |
| Subtotal [5300.00] Deferred Revenue | | (350,391.00) | (386,797.00) | | (28,493.00) | (415,290.00) | 18.52% | (64,899.00) |
| Total [5300] Deferred Revenue | | (350,391.00) | (386,797.00) | | (28,493.00) | (415,290.00) | 18.52% | (64,899.00) |
| Group : [5400] | Current Liabilities | | | | | | | |
| Subgroup : [5400.00] | Current Liabilities | | | | | | | |
| 20-30000-00 | Net Assets - Unrestricted | (391,197.00) | (437,339.00) | | (28,493.00) | (465,832.00) | 19.08% | (74,635.00) |
| 300000-TG | Fund Balance— | (391,197.00) | (437,339.00) | | (28,493.00) | (465,832.00) | 19.08% | (74,635.00) |
| | Net assets (Fixed Assets) | | | | | | | |
| | | | | AJE - 1 | 0.00 | | | |
| | | | | AJE - 4 | (339,717.00) | | | |
| | | | | | (315,508.00) | | | |
| | | | | | (24,209.00) | | | |
| 30000F | 345 Operating account Net assets | (210,099.00) | 0.00 | | 0.00 | 0.00 | (100.00%) | 210,099.00 |
| 30001F | 598 Underwriting Net assets | (25,275.00) | 0.00 | | 0.00 | 0.00 | (100.00%) | 25,275.00 |
| 331100 | Fund Balance Unrestricted | (81,519.00) | 0.00 | | 0.00 | 0.00 | (100.00%) | 81,519.00 |

Client: NC-01485.0 - WNCU-FM, North Carolina Central University
 Engagement: AUD - 2022 - WNCU-FM
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 Trial Balance: 3000.01 - TB
 Worksheet: 3600.01 - Financial Statement Grouping Report

| Account | Description | 1st-Final 6/30/2021 | UNADJ | JE Ref # | AJE | FINAL 06/30/2022 | % VAR | \$ VAR |
|---|--|------------------------|----------------|----------|--------------|---------------------|-----------|--------------|
| 331100U-C | Fund Balance Unrestricted | 0.00 | (1,607.00) | AJE - 1 | 6,444.00 | 4,837.00 | 0.00% | 4,837.00 |
| 331100U-S | Fund Balance Unrestricted | 0.00 | (130,010.00) | | 6,444.00 | (130,010.00) | 0.00% | (130,010.00) |
| 60-30000-00 | Fund Balance— | 0.00 | (256,682.00) | | 0.00 | (256,682.00) | 0.00% | (256,682.00) |
| Subtotal [6100.00] Net Assets - Unrestricted | | (694,766.00) | (545,055.00) | | (333,273.00) | (878,328.00) | 47.68% | (283,562.00) |
| Subgroup : [6100.15] | Net Assets - Permanently Restricted | | | | | | | |
| 331300U-S | Fund Balance Permanently Restricted | 32,928.00 | 32,928.00 | | 0.00 | 32,928.00 | 0.00% | 0.00 |
| Subtotal [6100.15] Net Assets - Permanently Restricted | | 32,928.00 | 32,928.00 | | 0.00 | 32,928.00 | 0.00% | 0.00 |
| Total [6100] Net Assets | | (661,838.00) | (512,127.00) | | (333,273.00) | (845,400.00) | 50.47% | (283,562.00) |
| Equity | | (561,838.00) | (512,127.00) | | (333,273.00) | (845,400.00) | 50.47% | (283,562.00) |
| NET (INCOME) LOSS | | (259,353.00) | (86,899.00) | | (20,723.00) | (107,622.00) | (58.50%) | 151,731.00 |
| TOTAL EQUITY | | (821,191.00) | (599,026.00) | | (353,996.00) | (953,022.00) | 16.05% | (131,831.00) |
| TOTAL LIABILITY AND EQUITY | | (1,212,388.00) | (1,036,355.00) | | (382,489.00) | (1,418,854.00) | 17.03% | (206,466.00) |
| Grants and Contracts | | | | | | | | |
| Subgroup : [4260] | Grants and Contracts - Unrestricted | | | | | | | |
| 502440 | Federal C&G - Non-Exchange | (469,916.00) | 0.00 | | 0.00 | 0.00 | (100.00%) | 469,916.00 |
| 502440U-T | Federal C&G - Non-Exchange | 0.00 | (502,058.00) | | 0.00 | (502,058.00) | 0.00% | (502,058.00) |
| Subtotal [4260.00] Grants and Contracts - Unrestricted | | (469,916.00) | (502,058.00) | | 0.00 | (502,058.00) | 6.84% | (32,142.00) |
| Subgroup : [4260.01] CPB | | | | | | | | |
| 502620U-C | Private Gifts Restricted | 0.00 | (100,788.00) | | 0.00 | (100,788.00) | 0.00% | (100,788.00) |
| 502630U-C | Private C&G Non-Exchange | (111,980.00) | (11,541.00) | | 33,288.00 | 21,747.00 | (119.42%) | 133,727.00 |
| 507900U-C | Miscellaneous Income | 0.00 | (19,419.00) | AJE - 7 | 33,288.00 | (19,419.00) | 0.00% | (19,419.00) |
| Subtotal [4260.01] CPB | | (111,980.00) | (131,748.00) | | 33,288.00 | (98,460.00) | (12.07%) | 13,520.00 |
| Subgroup : [4260.02] | Station | | | | | | | |
| 502410U-S | Federal C&G Direct Cost - Exchange | 0.00 | (30,000.00) | AJE - 7 | 1,000.00 | (29,000.00) | 0.00% | (29,000.00) |
| 502630U-S | Private C&G Non-Exchange | (35,966.00) | (9,500.00) | AJE - 7 | 1,000.00 | 2,500.00 | (106.95%) | 38,466.00 |
| Subtotal [4260.02] Station | | (35,966.00) | (39,500.00) | | 12,000.00 | (26,500.00) | (26.32%) | 9,466.00 |
| Total [4260] Grants and Contracts | | (617,862.00) | (673,306.00) | | 46,288.00 | (627,018.00) | 1.48% | (9,156.00) |
| Group : [7100] | Pledges and Contributions | | | | | | | |
| Subgroup : [7100.00] | Pledges and Contributions - Unrestricted | | | | | | | |
| 20-40404-00 | Contributions— | (300,295.00) | (319,156.00) | | 0.00 | (319,156.00) | 6.28% | (18,861.00) |
| Subtotal [7100.00] Pledges and Contributions - Unrestricted | | (300,295.00) | (319,156.00) | | 0.00 | (319,156.00) | 6.28% | (18,861.00) |
| Total [7100] Pledges and Contributions | | (300,295.00) | (319,156.00) | | 0.00 | (319,156.00) | 6.28% | (18,861.00) |
| Group : [7140] | In-Kind Contributions | | | | | | | |

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Workpaper: 3600.01 - Financial Statement Grouping Report

| Account | Description | 1st-Final 6/30/2021 | UNADJ 06/30/2022 | JE Ref # | AJE | FINAL 06/30/2022 | % VAR | \$ VAR |
|----------------------|-----------------------------|------------------------|-----------------------|----------|---------------------|-----------------------|-----------------|---------------------|
| Subgroup : [7140.00] | Direct Uni. Support | | | | | | | |
| 42000-TG | Direct University Support | (62,720.00) | 0.00 | AJE - 6 | (33,846.00) | (33,846.00) | (46.04%) | 28,874.00 |
| Subtotal [7140.00] | Direct Uni. Support | <u>(62,720.00)</u> | <u>0.00</u> | | <u>(33,846.00)</u> | <u>(33,846.00)</u> | <u>(46.04%)</u> | <u>28,874.00</u> |
| Total [7140] | In-Kind Contributions | <u>(62,720.00)</u> | <u>0.00</u> | | <u>(33,846.00)</u> | <u>(33,846.00)</u> | <u>(46.04%)</u> | <u>28,874.00</u> |
| Group : [7170] | Unrestricted Revenue | | | | | | | |
| Subgroup : [7170.40] | Underwriting | | | | | | | |
| 507900 | Miscellaneous Income | 75,745.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (75,745.00) |
| 507900U-S | Miscellaneous Income | (119,411.00) | (161,999.00) | | 125,000.00 | (36,999.00) | (69.02%) | 82,412.00 |
| 60-40413-00 | Non-Gift Income-- | (32,375.00) | (32,457.00) | AJE - 5 | 0.00 | (32,457.00) | 0.25% | (82.00) |
| Subtotal [7170.40] | Underwriting | <u>(76,041.00)</u> | <u>(194,456.00)</u> | | <u>125,000.00</u> | <u>(69,456.00)</u> | <u>(8.66%)</u> | <u>6,585.00</u> |
| Subgroup : [7170.35] | Indirect support | | | | | | | |
| 40000-TG | University Indirect Support | (232,031.00) | 0.00 | AJE - 6 | (365,287.00) | (365,287.00) | 57.43% | (133,256.00) |
| Subtotal [7170.35] | Indirect support | <u>(232,031.00)</u> | <u>0.00</u> | | <u>(365,287.00)</u> | <u>(365,287.00)</u> | <u>57.43%</u> | <u>(133,256.00)</u> |
| Subgroup : [7170.05] | (Gain)/Loss on Disposal | | | | | | | |
| 9997-TG | (Gain)/ Loss on Disposal | 0.00 | 0.00 | AJE - 2 | 8,639.00 | 8,639.00 | 0.00% | 8,639.00 |
| Subtotal [7170.05] | (Gain)/Loss on Disposal | <u>0.00</u> | <u>0.00</u> | | <u>8,639.00</u> | <u>8,639.00</u> | <u>0.00%</u> | <u>8,639.00</u> |
| Total [7170] | Unrestricted Revenue | <u>(308,072.00)</u> | <u>(194,456.00)</u> | | <u>(231,648.00)</u> | <u>(426,104.00)</u> | <u>38.31%</u> | <u>(118,032.00)</u> |
| Revenues | | <u>(1,288,949.00)</u> | <u>(1,186,918.00)</u> | | <u>(219,206.00)</u> | <u>(1,406,124.00)</u> | <u>9.09%</u> | <u>(117,175.00)</u> |
| TOTAL REVENUE | | <u>(1,288,949.00)</u> | <u>(1,186,918.00)</u> | | <u>(219,206.00)</u> | <u>(1,406,124.00)</u> | <u>9.09%</u> | <u>(117,175.00)</u> |
| Group : [7310] | Expense | | | | | | | |
| Subgroup : [7310.00] | EPA Salaries | | | | | | | |
| 611100 | EPA Administrative Salary | 150,239.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (150,239.00) |
| 611100U-C | EPA Administrative Salary | 0.00 | 32,369.00 | | 0.00 | 32,369.00 | 0.00% | 32,369.00 |
| 611100U-S | EPA Administrative Salary | 0.00 | 19,657.00 | | 0.00 | 19,657.00 | 0.00% | 19,657.00 |
| 611100U-T | EPA Administrative Salary | 0.00 | 85,616.00 | | 0.00 | 85,616.00 | 0.00% | 85,616.00 |
| 613100 | EPA Academic Salary | 11,434.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (11,434.00) |
| 613100U-S | EPA Academic Salary | 0.00 | 6,589.00 | AJE - 6 | 6,589.00 | 13,178.00 | 0.00% | 13,178.00 |
| Subtotal [7310.00] | EPA Salaries | <u>161,673.00</u> | <u>144,231.00</u> | | <u>6,589.00</u> | <u>150,820.00</u> | <u>(6.71%)</u> | <u>(10,853.00)</u> |
| Subgroup : [7310.01] | SPA Salaries | | | | | | | |
| 612100U-T | SPA Regular Salaries | 183,326.00 | 190,074.00 | | 0.00 | 190,074.00 | 3.68% | 6,748.00 |
| 612700U-T | SPA Longevity Pay | 3,934.00 | 4,122.00 | | 0.00 | 4,122.00 | 4.78% | 188.00 |
| Subtotal [7310.01] | SPA Salaries | <u>187,260.00</u> | <u>194,196.00</u> | | <u>0.00</u> | <u>194,196.00</u> | <u>3.70%</u> | <u>6,936.00</u> |
| Subgroup : [7310.03] | Payroll Taxes | | | | | | | |
| 618100 | Social Security | 25,022.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (25,022.00) |

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| Account | Description | 1st-Final 6/30/2021 | UNADJ 06/30/2022 | JE Ref # | AJE | FINAL 06/30/2022 | % VAR | \$ VAR |
|---|----------------------------------|------------------------|---------------------|----------|-----------------|---------------------|------------------|--------------------|
| 618100U-C | Social Security | 0.00 | 2,342.00 | | 0.00 | 2,342.00 | 0.00% | 2,342.00 |
| 618100U-S | Social Security | 0.00 | 1,951.00 | | 480.00 | 2,431.00 | 0.00% | 2,431.00 |
| 618100U-T | Social Security | 0.00 | 20,123.00 | AJE - 6 | 480.00 | 20,123.00 | 0.00% | 20,123.00 |
| Subtotal [7310.03] Payroll Taxes | | 25,022.00 | 24,416.00 | | 480.00 | 24,896.00 | (0.50%) | (126.00) |
| Subgroup : [7310.04] | State retirement | | | | | | | |
| 618200 | State Retirement | 71,491.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (71,491.00) |
| 618200U-C | State Retirement | 0.00 | 5,051.00 | | 0.00 | 5,051.00 | 0.00% | 5,051.00 |
| 618200U-S | State Retirement | 0.00 | 1,588.00 | | 1,588.00 | 3,176.00 | 0.00% | 3,176.00 |
| 618200U-T | State Retirement | 0.00 | 64,153.00 | AJE - 6 | 1,588.00 | 64,153.00 | 0.00% | 64,153.00 |
| 618700U-S | TIAA Optional Retirement | 0.00 | 1,344.00 | | 0.00 | 1,344.00 | 0.00% | 1,344.00 |
| Subtotal [7310.04] State retirement | | 71,491.00 | 72,136.00 | | 1,588.00 | 73,724.00 | 3.12% | 2,233.00 |
| Subgroup : [7310.05] | Medical Insurance | | | | | | | |
| 618300 | Medical Insurance | 38,937.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (38,937.00) |
| 618300U-C | Medical Insurance | 0.00 | 7,145.00 | | 0.00 | 7,145.00 | 0.00% | 7,145.00 |
| 618300U-S | Medical Insurance | 0.00 | 635.00 | | 635.00 | 1,270.00 | 0.00% | 1,270.00 |
| 618300U-T | Medical Insurance | 0.00 | 35,722.00 | AJE - 6 | 635.00 | 35,722.00 | 0.00% | 35,722.00 |
| Subtotal [7310.05] Medical Insurance | | 38,937.00 | 43,502.00 | | 635.00 | 44,137.00 | 13.35% | 5,200.00 |
| Subgroup : [7310.06] | Other Employee Benefits | | | | | | | |
| 615990 | Change In Accr Vacation | (860.00) | 0.00 | | 0.00 | 0.00 | (100.00%) | 860.00 |
| 615990U-C | Change In Accr Vacation | 0.00 | (2,320.00) | | 0.00 | (2,320.00) | 0.00% | (2,320.00) |
| 615990U-T | Change In Accr Vacation | 0.00 | (1,969.00) | | 0.00 | (1,969.00) | 0.00% | (1,969.00) |
| 618700 | TIAA Optional Retirement | 1,312.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (1,312.00) |
| 618704 | ORP Disability & Retiree Health | 1,298.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (1,298.00) |
| 618704U-S | ORP Disability and retire health | 0.00 | 1,254.00 | | 0.00 | 1,254.00 | 0.00% | 1,254.00 |
| Subtotal [7310.06] Other Employee Benefits | | 1,750.00 | (3,035.00) | | 0.00 | (3,035.00) | (273.43%) | (4,785.00) |
| Subgroup : [7310.10] | Miscellaneous | | | | | | | |
| 20-50524-00 | Entertainment | 1,535.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (1,535.00) |
| 72990GU-T | Supplies and Materials | 0.00 | 1,382.00 | | 0.00 | 1,382.00 | 0.00% | 1,382.00 |
| 73990GU-T | Other Current Services | 27,723.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (27,723.00) |
| 749300 | Other Fix Chrg-Member Due | 21,336.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (21,336.00) |
| 74930G | Other Fix Chrg-Member Due | 15,790.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (15,790.00) |
| 749400 | Other Fix Chrg-Nonlib Sub | 8,555.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (8,555.00) |
| 749900 | Other Fix Chrg-Other | 1,540.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (1,540.00) |
| Subtotal [7310.10] Miscellaneous | | 76,479.00 | 1,382.00 | | 0.00 | 1,382.00 | (98.19%) | (75,097.00) |
| Subgroup : [7310.15] | Admin Fees | | | | | | | |
| 60-50502-00 | Management Fee-- | 0.00 | 1,683.00 | | 0.00 | 1,683.00 | 0.00% | 1,683.00 |
| Subtotal [7310.15] Admin Fees | | 0.00 | 1,683.00 | | 0.00 | 1,683.00 | 0.00% | 0.00 |
| Subgroup : [7310.20] | Telephone | | | | | | | |
| 732113U-S | Comm-Telephone Local | 5,730.00 | 5,730.00 | | 0.00 | 5,730.00 | 0.00% | 0.00 |
| Subtotal [7310.20] Telephone | | 5,730.00 | 5,730.00 | | 0.00 | 5,730.00 | 0.00% | 0.00 |

Client: NC-01485.0 - WNCU-FM, North Carolina Central University
 Engagement: AUD - 2022 - WNCU-FM
 Period Ending: 6/30/2022
 Trial Balance: 3000.01 - TB
 Worksheet: 3600.01 - Financial Statement Grouping Report

| Account | Description | 1st-Final 6/30/2021 | UNADJ 06/30/2022 | JE Ref # | AJE | FINAL 06/30/2022 | % VAR | \$ VAR |
|---|----------------------------------|------------------------|---------------------|----------|-------------|---------------------|-----------------|--------------------|
| Subgroup : [7310.25] Supplies | | | | | | | | |
| 20-50506-00 | Office Expense-- | 0.00 | 9,084.00 | | 0.00 | 9,084.00 | 0.00% | 9,084.00 |
| 20-50507-00 | Office Supplies-- | 0.00 | 1,832.00 | | 0.00 | 1,832.00 | 0.00% | 1,832.00 |
| 20-50546-00 | Program Supplies-- | 12,827.00 | 20,867.00 | | 0.00 | 20,867.00 | 62.68% | 8,040.00 |
| 72601G | Office Supplies Outside Vendor | 11,333.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (11,333.00) |
| 72601GU-T | Supplies and Materials | 0.00 | 895.00 | | 0.00 | 895.00 | 0.00% | 895.00 |
| Subtotal [7310.25] Supplies | | 24,160.00 | 32,678.00 | | 0.00 | 32,678.00 | 35.26% | 8,518.00 |
| Subgroup : [7310.30] Rental and Maintenance of Equipment | | | | | | | | |
| 20-50510-00 | Equipment Maintenance-- | 0.00 | 121.00 | | 0.00 | 121.00 | 0.00% | 121.00 |
| 20-50517-00 | Office Equipment-- | 0.00 | 430.00 | | 0.00 | 430.00 | 0.00% | 430.00 |
| 743240 | Rent Of Equip-Gen Offic | 3,764.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (3,764.00) |
| 743240U-S | Rent Of Equip-Gen Offic | 0.00 | 3,469.00 | | 0.00 | 3,469.00 | 0.00% | 3,469.00 |
| 744410 | Maint Cont-Slvr | 2,385.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (2,385.00) |
| 74990GU-C | Other Fix Chrg-Other | 0.00 | 16,443.00 | | 0.00 | 16,443.00 | 0.00% | 16,443.00 |
| 75230GU-T | Non-Wan EDP Equip 100- 999 | 0.00 | 2,136.00 | | 0.00 | 2,136.00 | 0.00% | 2,136.00 |
| 75235GU-S | Non-Wan EDP Equip 1000- 4999 | 0.00 | 3,705.00 | | 0.00 | 3,705.00 | 0.00% | 3,705.00 |
| 75237GU-T | Wan EDP Equipment 1000- 4999 | 0.00 | 4,870.00 | | 0.00 | 4,870.00 | 0.00% | 4,870.00 |
| 75251GU-T | Wan CPU Software 100- 999 | 0.00 | 6,534.00 | | 0.00 | 6,534.00 | 0.00% | 6,534.00 |
| 75339G | Ed Equip-Or Instruction 100- 999 | 2,765.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (2,765.00) |
| 75528G | Other Equip-Commun | 41,322.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (41,322.00) |
| Subtotal [7310.30] Rental and Maintenance of Equipment | | 50,216.00 | 37,708.00 | | 0.00 | 37,708.00 | (24.91%) | (12,508.00) |
| Subgroup : [7310.35] Printing and Publications | | | | | | | | |
| 20-50508-00 | Printing-- | 0.00 | 462.00 | | 0.00 | 462.00 | 0.00% | 462.00 |
| Subtotal [7310.35] Printing and Publications | | 0.00 | 462.00 | | 0.00 | 462.00 | 0.00% | 462.00 |
| Subgroup : [7310.40] Postage and Shipping | | | | | | | | |
| 20-50515-00 | Postage-- | 0.00 | 30,352.00 | | 0.00 | 30,352.00 | 0.00% | 30,352.00 |
| 732400 | Comm-Postage/Mail Serv | 16,039.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (16,039.00) |
| 732400U-S | Comm-Postage/Mail Serv | 0.00 | 2,071.00 | | 0.00 | 2,071.00 | 0.00% | 2,071.00 |
| Subtotal [7310.40] Postage and Shipping | | 16,039.00 | 32,423.00 | | 0.00 | 32,423.00 | 102.15% | 16,384.00 |
| Subgroup : [7310.45] Conferences and Meetings | | | | | | | | |
| 20-50513-00 | Meeting Expense-- | 0.00 | 219.00 | | 0.00 | 219.00 | 0.00% | 219.00 |
| 749900U-S | Other Fix Chrg-Other | 0.00 | 1,200.00 | | 0.00 | 1,200.00 | 0.00% | 1,200.00 |
| Subtotal [7310.45] Conferences and Meetings | | 0.00 | 1,419.00 | | 0.00 | 1,419.00 | 0.00% | 1,419.00 |
| Subgroup : [7310.50] Travel | | | | | | | | |
| 20-50523-00 | Travel-- | 0.00 | 10,847.00 | | 0.00 | 10,847.00 | 0.00% | 10,847.00 |
| Subtotal [7310.50] Travel | | 0.00 | 10,847.00 | | 0.00 | 10,847.00 | 0.00% | 10,847.00 |
| Subgroup : [7310.55] Contracted Services | | | | | | | | |
| 20-50505-00 | Professional Service-- | 0.00 | 19,962.00 | | 0.00 | 19,962.00 | 0.00% | 19,962.00 |
| 739900 | Other Current Services | 98,227.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (98,227.00) |
| 739900U-S | Other Current Services | (5,779.00) | 119,044.00 | | 0.00 | 119,044.00 | (2,159.94%) | 124,823.00 |
| 73990GU-C | Other Current Services | 0.00 | 41,354.00 | | 0.00 | 41,354.00 | 0.00% | 41,354.00 |
| 73990GU-S | Other Current Services | 0.00 | 37,750.00 | | 0.00 | 37,750.00 | 0.00% | 37,750.00 |

Client: NC-01485.0 - WNCU-FM, North Carolina Central University
 Engagement: AUD - 2022 - WNCU-FM
 Period Ending: 6/30/2022
 Trial Balance: 3000.01 - TB
 Workpaper: 3600.01 - Financial Statement Grouping Report

| Account | Description | 1st-Final 6/30/2021 | UNADJ 06/30/2022 | JE Ref # | AJE | FINAL 06/30/2022 | % VAR | \$ VAR |
|-----------------------|-------------------------------|------------------------|---------------------|----------|--------------|---------------------|-----------|------------|
| 739910U-S | Serv Agree-Temp Serv | 0.00 | 170.00 | | 0.00 | 170.00 | 0.00% | 170.00 |
| Subtotal [7310.55] | Contracted Services | 92,448.00 | 218,280.00 | | 0.00 | 218,280.00 | 136.11% | 125,832.00 |
| Subgroup : [7310.70] | Depreciation and Amortization | | | | | | | |
| 999999-TG | Depreciation expense | 16,865.00 | 0.00 | AJE - 3 | 12,350.00 | 12,350.00 | (26.77%) | (4,515.00) |
| Subtotal [7310.70] | Depreciation and Amortization | 16,865.00 | 0.00 | | 12,350.00 | 12,350.00 | (26.77%) | (4,515.00) |
| Subgroup : [7310.75] | Dues & Membership expense | | | | | | | |
| 20-50512-00 | Books and Subscripti-- | 0.00 | 3,813.00 | | 0.00 | 3,813.00 | 0.00% | 3,813.00 |
| 20-50516-00 | Membership Fees-- | 0.00 | 4,253.00 | | 0.00 | 4,253.00 | 0.00% | 4,253.00 |
| 74930GU-C | Other Fix Chrg-Member Due | 0.00 | 22,263.00 | | 0.00 | 22,263.00 | 0.00% | 22,263.00 |
| Subtotal [7310.75] | Dues & Membership expense | 0.00 | 30,329.00 | | 0.00 | 30,329.00 | 0.00% | 30,329.00 |
| Subgroup : [7310.80] | University Support | | | | | | | |
| 20-50568-00 | University Expense-- | 0.00 | 125,000.00 | AJE - 5 | (125,000.00) | 0.00 | 0.00% | 0.00 |
| 784000U-T | Nonmandatory Transfer Out | 0.00 | 88,483.00 | AJE - 2 | (88,000.00) | 483.00 | 0.00% | 483.00 |
| 90000-TG | Transfer to the University | 232,031.00 | 0.00 | AJE - 6 | 365,287.00 | 365,287.00 | 57.43% | 133,256.00 |
| 9998TG | In-kind expense | 18,173.00 | 0.00 | AJE - 6 | 14,429.00 | 14,429.00 | (20.60%) | (3,744.00) |
| Subtotal [7310.80] | University Support | 250,204.00 | 213,483.00 | | 166,716.00 | 380,195.00 | 51.96% | 129,995.00 |
| Subgroup : [7310.95] | Fees & licenses | | | | | | | |
| 20-50501-00 | Bank Service Charge-- | 0.00 | 30.00 | | 0.00 | 30.00 | 0.00% | 30.00 |
| 20-50543-00 | Application Fee-- | 0.00 | 50.00 | | 0.00 | 50.00 | 0.00% | 50.00 |
| 20-50556-00 | Registration Fee-- | 0.00 | 17,166.00 | | 0.00 | 17,166.00 | 0.00% | 17,166.00 |
| 20-50558-00 | Check Fee-- | 0.00 | 610.00 | | 0.00 | 610.00 | 0.00% | 610.00 |
| 20-50560-00 | Merchant Fees-- | 6,766.00 | 7,541.00 | | 0.00 | 7,541.00 | 11.45% | 775.00 |
| 60-50560-00 | Merchant Fees-- | 0.00 | 758.00 | | 0.00 | 758.00 | 0.00% | 758.00 |
| Subtotal [7310.95] | Fees & licenses | 6,766.00 | 26,155.00 | | 0.00 | 26,155.00 | 286.57% | 19,389.00 |
| Subgroup : [7310.100] | Advertising | | | | | | | |
| 20-50514-00 | Advertising-- | 0.00 | 869.00 | | 0.00 | 869.00 | 0.00% | 869.00 |
| 20-50559-00 | Sponsorships-- | 1,000.00 | 1,000.00 | | 0.00 | 1,000.00 | 0.00% | 0.00 |
| 737000U-S | Advertising | 0.00 | 10,125.00 | | 10,125.00 | 20,250.00 | 0.00% | 20,250.00 |
| Subtotal [7310.100] | Advertising | 1,000.00 | 11,994.00 | AJE - 6 | 10,125.00 | 22,119.00 | 2,111.90% | 21,119.00 |
| Subgroup : [7310.105] | Lease expense | | | | | | | |
| 999998-TG | Lease expense | 3,556.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (3,556.00) |
| Subtotal [7310.105] | Lease expense | 3,556.00 | 0.00 | | 0.00 | 0.00 | (100.00%) | (3,556.00) |
| Total [7310] | Expense | 1,029,596.00 | 1,100,019.00 | | 198,483.00 | 1,298,502.00 | 26.12% | 268,906.00 |
| | Operating Expenses | 1,029,596.00 | 1,100,019.00 | | 198,483.00 | 1,298,502.00 | 26.12% | 268,906.00 |

Client: NC-01485.0 - WNCU-FM, North Carolina Central University
Engagement: AUD - 2022 - WNCU-FM
Period Ending: 6/30/2022
Trial Balance: 3000.01 - TB
Workpaper: 3600.01 - Financial Statement Grouping Report

| Account | Description | 1st-Final | UNADJ | JE Ref # | AJE | FINAL | % VAR | \$ VAR |
|---------|-------------|--------------|--------------|----------|-------------|--------------|----------|------------|
| | | 6/30/2021 | 06/30/2022 | | | 06/30/2022 | | |
| | | 1,029,596.00 | 1,100,019.00 | | 198,483.00 | 1,298,502.00 | 26.12% | 268,906.00 |
| | | | | | | | | |
| | | (259,353.00) | (86,899.00) | | (20,723.00) | (107,622.00) | (58.50%) | 151,731.00 |
| | | | | | | | | |
| | | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00% | 0.00 |

TOTAL EXPENSE

NET (INCOME) LOSS

Sum of Account Groups