

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

Audited Financial Statements

Years Ended June 30, 2023 and 2022

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY

TABLE OF CONTENTS

Years Ended June 30, 2023 and 2022

	<u>Page(s)</u>
Report of Independent Auditors	1-2
Management’s Discussion and Analysis	4-8
Financial Statements	
Statements of Net Position.....	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows.....	11
Notes to the Financial Statements.....	12-29
Accompanying Information	
Supplemental Schedules of Functional Expenses.....	30-31



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the 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, 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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 (US GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, 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 Organization's ability to continue as a going concern for 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 US GAAS 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS 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 Organization'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 Organization'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.



McConnell Jones

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, 2023, 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 July 9, 2024, 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.

McConnell & Jones LLP

Durham, North Carolina

July 9, 2024

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2023 and 2022

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, 2023 with comparative information for the fiscal year ended June 30, 2022. 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, 2023 and 2022

A summary of the Station's assets, liabilities, and net position at June 30, 2023 and 2022 is as follows:

Comparative, Condensed Statements of Net Position

At June 30,

	2023	2022	Dollar Change	Percentage Change
Assets:				
Current assets	\$ 1,068,993	\$ 1,012,126	\$ 56,867	6%
Capital assets, net	572,250	406,728	165,522	41%
Total assets	1,641,243	1,418,854	222,389	46%
Liabilities				
Current liabilities	481,958	438,077	43,881	10%
Noncurrent liabilities	32,615	27,755	4,860	18%
Total liabilities	514,573	465,832	48,741	28%
Net position:				
Net investment in capital assets	572,250	406,728	165,522	41%
Unrestricted	554,420	546,294	8,126	1%
Total net position	\$ 1,126,670	\$ 953,022	\$ 173,648	42%

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

Fiscal Year 2023 to Fiscal Year 2022 Comparison

Current assets increased \$56,867 (6%) during fiscal year 2023 from fiscal year 2022. 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, 2023 and 2022 of \$1,068,993 and \$1,012,126, respectively, represents the Station's funds on deposit at the Foundation.

Capital assets, net increased by \$165,522 (41%), during fiscal year 2023 due to capital assets purchases and depreciation expense. Depreciation expense on capital assets was \$17,658 and \$12,350, for the years ended June 30, 2023 and 2022, respectively.

Current liabilities increased by \$43,881 (10%) during 2023. 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 \$473,034 and \$415,290 at June 30, 2023 and 2022, respectively.

The Station's total net position increased by \$173,648 (42%) during the year ended June 30, 2023, compared to an increase in total net position of \$107,622 (13%) during the year ended June 30, 2022.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended June 30, 2023 and 2022

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, 2023 and 2022

	2023	2022	Dollar Change	Percentage Change
Operating revenues:				
Federal contracts and grants	\$ 948,392	\$ 502,058	\$ 446,334	89%
CPB Community Service grants	107,772	98,460	9,312	9%
Other operating revenues	237,156	95,956	141,200	147%
Total operating revenues	<u>1,293,320</u>	<u>696,474</u>	<u>596,846</u>	<u>86%</u>
Operating expenses:				
Salaries, wages and benefits	759,217	641,642	117,575	18%
Depreciation expense	17,658	12,350	5,308	43%
Dues and subscriptions	42,032	40,146	1,886	100%
Other operating expenses	1,165,689	607,920	557,769	92%
Total operating expenses	<u>1,984,596</u>	<u>1,302,058</u>	<u>682,538</u>	<u>52%</u>
Operating loss	<u>(691,276)</u>	<u>(605,584)</u>	<u>(85,692)</u>	<u>14%</u>
Non-operating revenue:				
University and administrative support - direct	14,429	37,402	(22,973)	-61%
University and administrative support - indirect	537,968	365,287	172,681	47%
Loss on disposal of equipment	-	(8,639)	8,639	100%
Private contributions	312,527	319,156	(6,629)	-2%
Total non-operating revenues	<u>864,924</u>	<u>713,206</u>	<u>174,691</u>	<u>24%</u>
Change in net position	173,648	107,622	88,999	83%
Net position, beginning of year	<u>953,022</u>	<u>845,400</u>	<u>107,622</u>	<u>13%</u>
Net position, end of year	<u>\$ 1,126,670</u>	<u>\$ 953,022</u>	<u>\$ 173,648</u>	<u>18%</u>

Fiscal Year 2023 to Fiscal Year 2022 Comparison

Total operating revenues increased by \$596,846 (86%) during fiscal year 2023 due primarily to the \$446,334 (89%) increase in federal contracts and grants. Federal contracts and grants consist of Title III funding from the University.

Total operating expenses increased by \$682,538 (52%) to \$1,984,596 for the year ended June 30, 2023 compared to \$1,302,058 for the year ended June 30, 2022. 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, 2023 and 2022, respectively.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended June 30, 2023 and 2022

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 Change
	2023	2022	Dollar Change	
Net cash used by operating activities	\$ (624,877)	\$ (518,599)	\$ (106,278)	20%
Net cash used by financing activities	(183,180)	(88,000)	(95,180)	100%
Net cash provided by noncapital financing activities	864,924	721,845	143,079	20%
Net change in cash and cash equivalents	56,867	115,246	(58,379)	-51%
Cash and cash equivalents - beginning of year	1,012,126	896,880	115,246	13%
Cash and cash equivalents - end of year	\$ 1,068,993	\$ 1,012,126	\$ 56,867	6%

Net cash used by operating activities shows net outflows of \$624,877 and \$518,599 for the years ended June 30, 2023 and 2022, respectively. The major outflows were payments to employees of \$538,373 and \$645,931 for the years ended June 30, 2023 and 2022, respectively. The major source of operating inflow was the receipt of Federal contracts and grants of \$948,392 and \$502,058 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022

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, 2023 and 2022

	2023	2022
Assets:		
Current assets:		
Cash and cash equivalents (note 3)	\$ 1,068,993	\$ 1,012,126
Total current assets	1,068,993	1,012,126
Noncurrent assets:		
Capital assets, net (note 4)	572,250	406,728
Total assets	\$ 1,641,243	\$ 1,418,854
Liabilities and net position:		
Current liabilities:		
Accounts payable and other liabilities	\$ 4,012	\$ 14,025
Compensated absences, current portion (note 5)	4,912	8,762
Unearned revenue (note 6)	473,034	415,290
Total current liabilities	481,958	438,077
Noncurrent liabilities:		
Compensated absences, noncurrent portion (note 5)	32,615	27,755
Total noncurrent liabilities	32,615	27,755
Total liabilities	514,573	465,832
Net position:		
Net investment in capital assets	572,250	406,728
Unrestricted	554,420	546,294
Total net position	\$ 1,126,670	\$ 953,022

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, 2023 and 2022

	2023	2022
Operating revenues:		
Federal contracts and grants (note 7)	\$ 948,392	\$ 502,058
Center for Public Broadcasting (CPB)		
Community Service grants (note 8)	107,772	98,460
Program underwriting	207,688	69,456
Other grants	29,468	26,500
Total operating revenues	1,293,320	696,474
Operating expenses:		
Salaries, wages and benefits	759,217	641,642
Contract services	360,866	288,934
Lease expense	72,971	76,528
Equipment	463,739	49,914
Supplies	98,951	43,255
Dues and subscriptions	42,032	40,146
Depreciation expense	17,658	12,350
Utilities expense	14,429	14,429
Fees and licenses	34,826	34,621
Telephone	8,587	7,585
Travel and lodging	27,611	14,358
Advertising	241	29,279
Conferences and meetings	3,327	1,878
Administrative fees	-	2,228
Printing and copying	4,870	612
Postage	53,665	42,918
Miscellaneous	21,606	1,381
Total operating expenses	1,984,596	1,302,058
Operating loss	(691,276)	(605,584)
Non-operating revenues:		
University and administrative support - direct (note 11)	14,429	37,402
University and administrative support - indirect (note 11)	537,968	365,287
Loss on disposal of equipment	-	(8,639)
Private contributions	312,527	319,156
Total non-operating revenues	864,924	713,206
Change in net position	173,648	107,622
Net position, beginning of year	953,022	845,400
Net position, end of year	\$ 1,126,670	\$ 953,022

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, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Federal contract and grants	\$ 948,392	\$ 502,058
CPB Community Service grants	165,516	163,359
Program underwriting	207,688	69,456
Others Grant	29,468	26,500
Payments to employees	(758,207)	(645,931)
Payments to suppliers	<u>(1,217,734)</u>	<u>(634,041)</u>
Net cash provided (used) by operating activities	<u>(624,877)</u>	<u>(518,599)</u>
Cash flows from financing activities:		
Purchase of fixed assets	<u>(183,180)</u>	<u>(88,000)</u>
Net cash provided (used) by financing activities	<u>(183,180)</u>	<u>(88,000)</u>
Cash flows from noncapital financing activities:		
University and administrative support- indirect and direct	552,397	402,689
Private contributions	<u>312,527</u>	<u>319,156</u>
Net cash provided (used) by noncapital financing activities	<u>864,924</u>	<u>721,845</u>
Net change in cash and cash equivalents	56,867	115,246
Cash and cash equivalents, beginning of year	<u>1,012,126</u>	<u>896,880</u>
Cash and cash equivalents, end of year	<u>\$ 1,068,993</u>	<u>\$ 1,012,126</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	(691,276)	(605,584)
Adjustments to reconcile to net cash provided (used) by operating activities:		
Depreciation expense	17,658	12,350
Increase (decrease) in liabilities:		
Unearned revenue	57,744	64,899
Accounts payable and other liabilities	(10,013)	14,025
Compensated absences	<u>1,010</u>	<u>(4,289)</u>
Net cash provided (used) by operating activities	<u>\$ (624,877)</u>	<u>\$ (518,599)</u>

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

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022

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.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022.

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:

	<u>2023</u>	<u>2022</u>
State Treasurer's STIF - University	\$ 534,616	\$ 503,042
Cash in bank - Foundation	<u>534,377</u>	<u>509,084</u>
Total cash and cash equivalents	<u>\$ 1,068,993</u>	<u>\$ 1,012,126</u>

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023 and 2022

Note 4 - Capital assets, net

A summary of the changes in capital assets is presented as follows for the year ended June 30, 2023:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets, depreciable				
Broadcast, production, and transmission	\$ 705,457	\$ 183,180	\$ -	\$ 888,637
Total capital assets, depreciable	705,457	183,180	-	888,637
Less accumulated depreciation	298,729	17,658	-	316,387
Capital assets, net	<u>\$ 406,728</u>	<u>\$ 200,838</u>	<u>\$ -</u>	<u>\$ 572,250</u>

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>

Depreciation expense charged to operations was \$17,658 and \$12,350 for the years ended June 30, 2023 and 2022, respectively.

Note 5 – Noncurrent liabilities

A summary of changes is as follows:

	Balance July 1, 2022	Additions	Reduction	Balance June 30, 2023	Current Portion	Noncurrent Portion
Compensated absences	\$ 36,517	\$ 1,010	\$ -	\$ 37,527	\$ 4,912	\$ 32,615
Total noncurrent liabilities	<u>\$ 36,517</u>	<u>\$ 1,010</u>	<u>\$ -</u>	<u>\$ 37,527</u>	<u>\$ 4,912</u>	<u>\$ 32,615</u>

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 415,290	\$ 350,391
Additional amounts received	193,859	189,859
Revenue recognized	<u>(136,115)</u>	<u>(124,960)</u>
Balance, end of year	<u>\$ 473,034</u>	<u>\$ 415,290</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 \$948,392 and \$502,058 for the years ended June 30, 2023 and 2022, 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.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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 are calculated based on the ratio of the University’s administrative and plant facilities cost to total operating cost. For years ended June 30, 2023 and 2022, the Station used rates of 36% and 39%, 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.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 11 – University and administrative support (continued)

For the years ended June 30, 2023 and 2022, total indirect University and administrative support was from the following sources:

	<u>2023</u>	<u>2022</u>
Indirect administrative support	\$ 464,996	\$ 292,315
University occupancy support	<u>72,972</u>	<u>72,972</u>
Total	<u>\$ 537,968</u>	<u>\$ 365,287</u>

Direct support

During the year ended June 30, 2023 and 2022, the Station received direct support from the University in the form of an allocation of state appropriation funds in the amount of \$10,125 and \$19,421 and utility payments in the amount \$14,429 and \$14,425, 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, 2023 and 2022.

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, 2023 and 2022, the Station received \$948,392 (73%) and \$502,058 (72%) of its total operating revenue in the form of Title III grants from the DOE.

During the years ended June 30, 2023 and 2022, the Station received \$107,772 (8%) and \$98,460 (14%) of its total operating revenue in the form of CSG grants from the CPB.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 13 – Concentrations (continued)

During the years ended June 30, 2023 and 2022, the Station received \$537,968 (62%) and \$365,287 (51%), 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, 2023 Annual Financial Report (AFR) and Financial Summary Report (FSR), were originally due to the CPB no later than November 30, 2023 with extensions until February 15, 2024. The Station's AFR and FSR were submitted to the CPB on July 15, 2024. 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 membership 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 membership 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.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 15 – Pension plans (continued)

Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. 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. Plan members 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 and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from which an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate (ADC). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The University's contractually-required contribution rate for the year ended June 30, 2023 was 17.38% of covered payroll. Plan members' contributions to the pension plan were \$3,782,431, and the University's contributions were \$10,956,443 for the year ended June 30, 2023.

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 2022 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.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 15 – Pension plans (continued)

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 2022 Comprehensive Annual Financial Report.

Net Pension Liability: At June 30, 2023, the University reported a liability of \$49,443,947 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, and update procedures were used to roll forward the total pension liability to June 30, 2022. 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, 2022, the University's proportion was 0.333%, which was a decrease of 0.003 from its proportion measured as of June 30, 2021, which was 0.336%.

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 2022 Comprehensive Annual Financial Report.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 16 - Other postemployment benefits (continued)

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.

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 2022 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.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 16 - Other postemployment benefits (continued)

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.

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 (CJRS), the Legislative Retirement System (LRS), the University Employees' 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 Plan's total noncontributory premium. 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 five but less than 10 years of retirement service credit are eligible for coverage on a fully contributory basis.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 16 - Other postemployment benefits (continued)

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.

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 Act. The University's contractually-required contribution rate for the year ended June 30, 2023 was 6.89% of covered payroll. The University's contributions to the RHBF were \$6,259,651 for the year ended June 30, 2023.

In fiscal year 2021, 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 the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June

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;

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 16 - Other postemployment benefits (continued)

(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.

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.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 16 - Other postemployment benefits (continued)

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act 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, 2023 was 0.10% of covered payroll. The University's contributions to DIPNC were \$90,851 for the year ended June 30, 2023.

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.

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.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 17 - Risk management (continued)

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.

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.

WNCU-FM, NORTH CAROLINA CENTRAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 17 - Risk management (continued)

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.

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, 2023 and 2022 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 – Subsequent events

The Station has evaluated subsequent events from the date of the statement of net position through July 9, 2024, 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, 2023

	Programming and Production	Engineering	Management and General	Fundraising	Total Expenses
EPA salaries	\$ 115,125	\$ -	\$ 35,423	\$ 26,567	\$ 177,116
SPA salaries	232,238	-	71,458	53,593	357,289
Payroll taxes	25,321	-	7,791	5,843	38,956
State retirement	66,710	-	20,526	15,395	102,631
Medical insurance	43,558	-	13,403	10,052	67,013
Other employee benefits	-	-	16,212	-	16,212
Total salaries and benefits	<u>482,953</u>	<u>-</u>	<u>164,813</u>	<u>111,451</u>	<u>759,217</u>
Advertising	241	-	-	-	241
Contract services	209,492	25,071	72,173	54,130	360,866
Depreciation expense	11,478	-	3,532	2,649	17,658
Dues and subscriptions	27,321	-	8,406	6,305	42,032
Postage	34,882	-	10,733	8,050	53,665
Printing and copying	3,166	-	974	731	4,870
Conferences and meetings	2,163	-	665	499	3,327
Fees and licenses	22,637	-	6,965	5,224	34,826
Miscellaneous	14,044	-	4,321	3,241	21,606
Supplies	64,318	-	19,790	14,843	98,951
Telephone	5,582	-	1,717	1,288	8,587
Utilities expense	9,379	-	2,886	2,164	14,429
Lease expense	47,431	-	14,594	10,946	72,971
Travel and lodging	17,947	-	5,522	4,142	27,611
Equipment	<u>301,430</u>	<u>-</u>	<u>92,748</u>	<u>69,561</u>	<u>463,739</u>
Total expenses	<u>\$ 1,254,463</u>	<u>\$ 25,071</u>	<u>\$ 409,841</u>	<u>\$ 295,221</u>	<u>\$ 1,984,596</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, 2022

	Programming and Production	Engineering	Management and General	Fundraising	Total Expenses
EPA salaries	\$ 129,765	\$ -	\$ 39,928	\$ 29,946	\$ 199,638
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
Other employee benefits	-	-	-	-	-
Total salaries and benefits	<u>417,068</u>	<u>-</u>	<u>128,328</u>	<u>96,246</u>	<u>641,642</u>
Advertising	29,279	-	-	-	29,279
Contract services	167,734	20,074	57,787	43,340	288,934
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	897	-	276	207	1,381
Supplies	28,116	-	8,651	6,488	43,255
Telephone	4,930	-	1,517	1,138	7,585
Utilities expense	9,379	-	2,886	2,164	14,429
Lease expense	49,743	-	15,306	11,479	76,528
Administrative fees	-	-	2,228	-	2,228
Travel and lodging	9,333	-	2,872	2,154	14,358
Equipment	<u>32,444</u>	<u>-</u>	<u>9,983</u>	<u>7,487</u>	<u>49,914</u>
Total expenses	<u>\$ 835,064</u>	<u>\$ 20,074</u>	<u>\$ 256,338</u>	<u>\$ 190,583</u>	<u>\$ 1,302,058</u>

The accompanying notes are an integral part of these financial statements