

WSNC-FM, Winston-Salem State University  
**Winston-Salem, North Carolina**

**Audited Financial Statements**

Years Ended September 30, 2017 and 2016

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY

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Years Ended September 30, 2017 and 2016

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## **Report of Independent Auditors**

To the Board of Trustees  
WSNC-FM, Winston-Salem State University  
Winston-Salem, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of WSNC-FM, Winston-Salem State University (the “Station”), a public telecommunications entity operated by Winston-Salem State University (the “University”) as of and for the years ended September 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Station’s basic financial statements as listed in the table of contents.

### **Management’s Responsibility for the Financial Statements**

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

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of September 30, 2017 and 2016, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters - Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and budgetary comparison information on pages 3 through 6 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 23, 2018 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 to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and 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 23, 2018

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Years Ended September 30, 2017 and 2016

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### **Introduction to the Reporting Entity**

The following discussion and analysis is an overview of the financial position and activities of WSNC-FM (the "Station"), a public radio station operated by Winston-Salem State University (the "University"), during the fiscal years ended September 30, 2017 and 2016. 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, invested in capital assets, net or related debt, consists of capital assets, net accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages or notes that are attributable to the acquisition, construction, or improvement of those assets. 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.

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Years Ended September 30, 2017 and 2016

A summary of the Station's assets, liabilities, and net position at September 30, 2017 and 2016 is as follows:

**Comparative, Condensed Statements of Net Position**

**At September 30,**

	2017	2016	Dollar Change	Percentage Change
<b>Assets</b>				
Current assets	\$ 76,598	\$ 49,568	\$ 27,030	55%
Capital assets, net	-	20,737	(20,737)	-100%
Total assets	<u>76,598</u>	<u>70,305</u>	<u>6,293</u>	<u>9%</u>
<b>Liabilities</b>				
Current liabilities	45,299	24,658	20,641	84%
Total liabilities	<u>45,299</u>	<u>24,658</u>	<u>20,641</u>	<u>84%</u>
<b>Net position</b>				
Net investment in capital assets	-	20,737	(20,737)	-100%
Unrestricted	31,299	24,910	6,389	26%
Total net position	<u>\$ 31,299</u>	<u>\$ 45,647</u>	<u>\$ (14,348)</u>	<u>-31%</u>

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

**Fiscal Year 2017 to Fiscal Year 2016 Comparison**

Current assets increased \$27,030 (55%) from fiscal year 2016 to fiscal year 2017. Current assets consist primarily of cash and cash equivalents, which represents the Station's net claim on cash held by the Foundation. At September 30, 2017 and 2016, cash and cash equivalents totaled \$31,347 and \$30,415, respectively. Due from the University represents the Station's net claim on cash held in the State Institutional Trust Fund account by the University. As revenue and expense transactions occur, the Station's claim on cash increases or decreases.

Capital assets, net decreased \$20,737 (100%), during fiscal year 2017 due to depreciation of assets. Depreciation expense on capital assets was \$20,737 and \$73,553, for the years ended September 30, 2017 and 2016, respectively.

The Station's current liabilities totaled \$45,299 and \$24,658 at September 30, 2017 and 2016, respectively. For 2017, current liabilities consist of accounts payable of \$68 and deferred revenue in the amount of \$45,231. For 2017 and 2016, deferred revenue represents unspent funds from The Corporation for Public Broadcasting ("CPB") received prior to the fiscal year that will be earned when expenditures occur in the subsequent year.

Overall, the Station's net position decreased by \$14,348 (31%) during the year ended September 30, 2017 compared to a decrease in net position of \$77,285 (63%) during the year ended September 30, 2016.

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Years Ended September 30, 2017 and 2016

**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.

**Years Ended September 30, 2017 and 2016**

	2017	2016	Dollar Change	Percentage Change
<b>Operating revenues:</b>				
CPB Community Service grant	\$ 82,162	\$ 89,316	\$ (7,154)	-8%
Other operating revenues	23,091	32,652	(9,561)	-29%
Total operating revenues	105,253	121,968	(16,715)	-14%
<b>Operating expenses:</b>				
Salaries and benefits	136,068	294,689	(158,621)	-54%
Indirect University and administrative support	59,151	100,894	(41,743)	-41%
Depreciation expense	20,737	73,553	(52,816)	-72%
Dues and subscriptions	42,667	41,722	945	2%
Contract services	15,053	5,204	9,849	189%
Other operating expenses	41,144	33,434	7,710	23%
Total operating expenses	314,820	549,496	(234,676)	-43%
<b>Non-operating revenue:</b>				
Direct University and administrative support	136,068	249,349	(113,281)	-45%
Indirect University and administrative support	59,151	100,894	(41,743)	-41%
Total non-operating revenues	195,219	350,243	(155,024)	-44.3%
Change in net position	(14,348)	(77,285)	62,937	-81%
Net position, beginning of year	45,647	122,932	(77,285)	-63%
Net position, end of year	\$ 31,299	\$ 45,647	\$ (14,348)	-31%

Fiscal Year 2017 to Fiscal Year 2016 Comparison

Total operating revenues decreased by \$16,715 (14%) during fiscal year 2017 due primarily to a \$9,561 (29%) decrease in other operating revenues. At September 30, 2017, \$45,231 of CPB funds received during 2017 is reported as deferred revenue that will be recognized in 2018 when the expenditures occur.

Total operating expenses decreased by \$234,676 (43%) to \$314,820 for the year ended September 30, 2017 compared to \$549,496 for the year ended September 30, 2016. Operating expenses fall into three categories: 1) Program services which represented 52% and 32%, 2) Support services which represented 39% and 52%, and 3) Fundraising which represented 8% and 10% of total operating expenses for the fiscal years ended September 30, 2017 and 2016, respectively.

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Years Ended September 30, 2017 and 2016

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**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 September 30,			
	2017	2016	Dollar Change	Percentage Change
Net cash used by operating activities	\$ (194,287)	\$ (350,499)	\$ 156,212	-45%
Net cash provided by financing activities	195,219	350,243	(155,024)	-44%
Net change in cash and cash equivalents	932	(256)	1,188	-464%
Cash and cash equivalents - beginning of year	30,415	30,671	(256)	-1%
Cash and cash equivalents - end of year	\$ 31,347	\$ 30,415	\$ 932	3%

Net cash used by operating activities shows net outflows of \$194,287 for the year end September 30, 2017. The major outflows were payments to employees of \$136,068 for the year ended September 30, 2017. The major source of operating inflow was the receipt of CPB funds of \$82,162 for the year ended September 30, 2017.

**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 the attaining Non-Federal Funding Support (NFFS). Based on these factors, the overall grant will either increase or decrease.
- Underwriting fees: The Station has worked for a number of years to increase private business sponsorship and will continue towards an annual increase in underwriting revenue.
- Support from Winston-Salem State University: The Station does not foresee a dramatic change in funding for future years. Indirect funding is dependent on Institutional Support expenditures.

**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 the Vice Chancellor for Institutional Advancement, Winston-Salem State University, 601 South Martin Luther King Jr. Drive, Winston-Salem, NC 27110.



WSNC-FM, WINSTON-SALEM STATE UNIVERSITY  
**STATEMENTS OF NET POSITION**  
September 30, 2017 and 2016

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Assets	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents (note 3)	\$ 31,347	\$ 30,415
Accounts receivable, net	20	-
Due from the University (note 4)	<u>45,231</u>	<u>19,153</u>
Total current assets	76,598	49,568
Capital assets:		
Depreciable, net (note 5)	<u>-</u>	<u>20,737</u>
Total assets	<u>\$ 76,598</u>	<u>\$ 70,305</u>
Liabilities		
Current liabilities:		
Accounts payable (note 6)	68	5,505
Deferred revenue (note 7)	<u>45,231</u>	<u>19,153</u>
Total current liabilities	<u>45,299</u>	<u>24,658</u>
Total liabilities	<u>45,299</u>	<u>24,658</u>
Net position		
Net investment in capital assets	-	20,737
Unrestricted	<u>31,299</u>	<u>24,910</u>
Total net position	<u>\$ 31,299</u>	<u>\$ 45,647</u>

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

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
Years Ended September 30, 2017 and 2016

	2017	2016
Operating revenues:		
CPB Community Service grant	\$ 82,162	\$ 89,316
Private gifts	19,891	26,772
Underwriting fees	2,225	5,850
Other	975	30
Total operating revenues	105,253	121,968
Operating expenses:		
Salaries and benefits	136,068	294,689
Advertising	4,536	-
Contract services	15,053	5,204
Depreciation expense	20,737	73,553
Dues and subscriptions	42,667	41,722
Postage	49	5,000
Printing and copying	700	2,027
Conferences and meetings	657	928
Miscellaneous	2,434	1,594
Supplies	8,741	10,750
Telephone and utilities	3,737	4,063
Admin fees	1,616	2,513
Indirect University and administrative support	59,151	100,894
Travel and lodging	10,284	5,119
Equipment	8,390	1,440
Total operating expenses	314,820	549,496
Operating loss	(209,567)	(427,528)
Non-operating revenues:		
Direct University and administrative support (note 9)	136,068	249,349
Indirect University and administrative support (note 10)	59,151	100,894
Total non-operating revenues	195,219	350,243
Change in net position	(14,348)	(77,285)
Net position, beginning of year	45,647	122,932
Net position, end of year	\$ 31,299	\$ 45,647

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

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended September 30, 2017

	Programming and Production	Management and General	Fundraising	Total Expenses
SPA salaries	\$ 62,960	\$ 26,233	\$ 15,740	\$ 104,934
Payroll taxes	4,020	1,675	1,005	6,699
State retirement	8,091	3,371	2,023	13,485
Medical insurance	6,569	2,738	1,643	10,950
Total salaries and benefits	<u>81,640</u>	<u>34,017</u>	<u>20,411</u>	<u>136,068</u>
Advertising	4,536	-	-	4,536
Contract services	8,279	3,011	3,763	15,053
Depreciation expense	5,184	15,553	-	20,737
Dues and subscriptions	42,667	-	-	42,667
Postage	-	12	37	49
Printing and copying	-	350	350	700
Conferences and meetings	657	-	-	657
Miscellaneous	-	2,434	-	2,434
Supplies	6,555	1,748	437	8,741
Telephone and utilities	3,175	562	-	3,737
Administrative fees	1,616	-	-	1,616
Indirect University and administrative support	-	59,151	-	59,151
Travel and lodging	9,255	514	514	10,284
Equipment	-	8,390	-	8,390
Total expenses	<u>\$ 163,565</u>	<u>\$ 125,743</u>	<u>\$ 25,512</u>	<u>\$ 314,820</u>

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

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended September 30, 2016

	Programming and Production	Management and General	Fundraising	Total Expenses
EPA salaries	\$ 19,853	\$ 58,598	\$ 20,815	\$ 99,266
SPA salaries	77,692	32,371	19,423	129,486
Payroll taxes	9,666	4,027	2,416	16,109
State retirement	7,255	3,023	1,814	12,092
Medical insurance	12,722	5,302	3,181	21,205
Optional retirement	-	16,531	-	16,531
Total salaries and benefits	<u>127,188</u>	<u>119,852</u>	<u>47,649</u>	<u>294,689</u>
Contract services	2,862	1,041	1,301	5,204
Depreciation expense	18,388	55,165	-	73,553
Dues and subscriptions	41,722	-	-	41,722
Postage	-	1,250	3,750	5,000
Printing and copying	-	1,014	1,013	2,027
Conferences and meetings	928	-	-	928
Miscellaneous	-	1,594	-	1,594
Supplies	8,062	2,150	538	10,750
Telephone and utilities	3,452	611	-	4,063
Administrative fees	2,513	-	-	2,513
Indirect University and administrative support	-	100,894	-	100,894
Travel and lodging	4,607	256	256	5,119
Equipment	-	1,440	-	1,440
Total expenses	<u>\$ 209,722</u>	<u>\$ 285,267</u>	<u>\$ 54,507</u>	<u>\$ 549,496</u>

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

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY  
**STATEMENTS OF CASH FLOWS**  
Years Ended September 30, 2017 and 2016

	2017	2016
<b>Cash flows from operating activities</b>		
Receipts from:		
CPB Community Service grant	\$ 82,162	\$ 89,316
Private gifts	19,891	26,772
Underwriting fees	2,225	5,850
Other	975	30
Payments for:		
Programming and production	(163,861)	(186,873)
Management and general	(110,171)	(230,496)
Fundraising	(25,508)	(55,098)
Net cash (used) provided by operating activities	(194,287)	(350,499)
<b>Non-capital financing activities</b>		
University and administrative support, net	195,219	350,243
Net cash (used) provided by financing activities	195,219	350,243
Net change in cash and cash equivalents	932	(256)
Cash and cash equivalents, beginning of year	30,415	30,671
Cash and cash equivalents, end of year	\$ 31,347	\$ 30,415
<b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating loss	(209,567)	(427,528)
Adjustments to reconcile to net cash (used) provided by operating activities:		
Depreciation expense	20,737	73,553
(Increase) decrease in operating assets:		
Due from the University	(26,078)	(19,153)
Accounts receivable	(20)	-
Increase (decrease) in liabilities:		
Deferred revenue	26,078	19,153
Accounts payable	(5,437)	3,476
Net cash (used) provided by operating activities	\$ (194,287)	\$ (350,499)

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

WSNC-FM, WINSTON-SALEM UNIVERSITY  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2017 and 2016

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**Note 1 – Organization**

WSNC-FM is operated by Winston-Salem State University (the “University”) in Winston-Salem, North Carolina. Administrative offices and studio facilities are located in the Hall-Patterson Building on the University campus. WSNC provides listeners in Forsyth, Guilford, and Davidson counties with traditional Jazz and NPR news, and national and locally-produced public affairs programming.

**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** – For purposes of cash flows, cash and cash equivalents include balances held in pooled accounts of the WSSU Foundation, and cash on hand. WSSU Foundation accounts are deposited with financial institutions. Restricted cash and cash equivalents are limited in use to payment for program expenses, contributions, inductions, or fundraising. At September 30, 2017 and 2016, cash and cash equivalents held by the Foundation totaled \$31,347 and \$30,415, respectively.

**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.

WSNC-FM, WINSTON-SALEM UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017 and 2016

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**Note 2 – Significant accounting policies (continued)**

**Due from the University**

Due from the University represents the Station's net claim on cash held in the State Institutional Trust Fund account by the University. As revenue and expense transactions occur, the Station's claim on cash increases or decreases. At September 30, 2017 and 2016, the University owed the Station \$45,231 and \$19,153, respectively.

**Capital assets** – Capital assets are stated at cost at the date of acquisition or fair market 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 fair 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.

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.

WSNC-FM, WINSTON-SALEM UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017 and 2016

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**Note 2 – Significant accounting policies (continued)**

**Deferred revenue** – Deferred revenue consists of CPB Community Service grant funds received prior to the end of the fiscal year that will be earned in subsequent years when related expenses are incurred.

**Donated services and facilities** – Donated 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.

**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 Community Service Grants** - 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. 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.

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 deferred revenue when received and are transferred to operating revenue when qualifying expenses are incurred.



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**Note 2 – Significant accounting policies (continued)**

**Functional allocation of expenses** – The costs of providing the various program services and other activities have been summarized on a functional basis in the Statement 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.

**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.

**Note 3 – Cash and cash equivalents**

Cash and cash equivalents on deposit with the Foundation are comprised of the following at September 30:

	2017	2016
Non-interest-bearing checking accounts	\$ 31,347	\$ 30,415
Total	\$ 31,347	\$ 30,415

**Note 4 – Due from the University**

Due from the University represents the Station’s claim on cash and cash equivalents deposited by the University with the State Treasurer. The Station’s portion of the State Treasurer’s Investment Pool was \$45,231 and \$19,153 as of September 30, 2017 and 2016, respectively. It is the State Treasurer’s policy and practice for deposits not covered by federal depository insurance to be covered by collateral held by the State of North Carolina’s agent in the name of the state and for investments to be held by the state’s agent in the state’s name.

G.S. 147-69.2, applicable to institutional trust funds, authorize the State Treasurer to invest in the following: obligations of or fully guaranteed by the United States; obligations of certain federal agencies; repurchase agreements; obligations of the State of North Carolina; time deposits of specified institutions; prime quality commercial paper, and asset-backed securities with specified ratings.

Also, G.S. 147-69.1(c) authorizes the following: specified bills of exchange or time draft and corporate bonds and notes with specified ratings. G.S. 147-69.2 authorizes the following: general obligations of other assets; general obligations of North Carolina local governments; and obligations of certain entities with specified ratings.

The financial statements and disclosures for the State Treasurer’s Investment Pool are included in the State of North Carolina’s Comprehensive annual Financial Report. An electronic version of this report is available by accessing the North Carolina Office of the State Controller’s Internet home page <http://www.ncosc.net/> and clicking on “Financial Reports”, or by calling the State Controller’s Financial Reporting Section at (919) 981-5454.

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**Note 5 - Capital assets, net**

A summary of the changes in capital assets is presented as follows:

	Balance <u>October 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>September 30, 2017</u>
Capital assets, depreciable				
Furniture, fixtures, and office equipment	\$ 102,558	\$ -	\$ -	\$ 102,558
Radio equipment	914,050	-	-	914,050
Total capital assets, depreciable	<u>1,016,608</u>	-	-	<u>1,016,608</u>
Less accumulated depreciation	<u>995,871</u>	<u>20,737</u>	-	<u>1,016,608</u>
Capital assets, net	<u>\$ 20,737</u>	<u>\$ (20,737)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense charged to operations was \$20,737 and \$73,553 for the years ended September 30, 2017 and 2016.

**Note 6 – Accounts payable**

Accounts payable consist of the following at September 30:

	<u>2017</u>	<u>2016</u>
Payable to vendors	<u>\$ 68</u>	<u>\$ 5,505</u>
	<u>\$ 68</u>	<u>\$ 5,505</u>

**Note 7 – Deferred revenue**

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

The following is a summary of the changes in deferred revenue at September 30:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 19,153	\$ -
Additional revenue received	108,240	108,469
Revenue recognized	<u>(82,162)</u>	<u>(89,316)</u>
Balance, end of year	<u>\$ 45,231</u>	<u>\$ 19,153</u>

The following is a summary of the components of deferred revenue at September 30:

	<u>2017</u>	<u>2016</u>
CPB - Community Service grant	<u>\$ 45,231</u>	<u>\$ 19,153</u>
	<u>\$ 45,231</u>	<u>\$ 19,153</u>

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**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 of 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 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.

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 9 – 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.

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**Note 9 – Community service grants (continued)**

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 10 – Direct University and administrative support**

The Station receives Department of Education (DOE) Title III grant funds from the University for salary expense. The amounts were \$136,068 and \$249,349 for years ended September 30, 2017 and 2016, respectively.

**Note 11 – Concentrations**

The Station receives a substantial portion of its support from two sources, the CPB and the DOE.

During the years ended September 30, 2017 and 2016, the Station received \$85,162 (79%) and \$89,316 (73%) of its total operating revenue in the form of grants from the CPB.

During the years ended September 30, 2017 and 2016, the Station received \$136,068 (70%) and \$249,349 (71%), respectively, of its total non-operating revenue in the form of Title III grants from the DOE. If future CPB and DOE funds 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 12 – Indirect University and administrative support**

Indirect University and administrative support is calculated on the basis of a Facilities and Administrative Cost Rate negotiated between the University and the U.S. Department of Health and Human Services. The on-campus rate is 46% as of September 30, 2017 and 2016 which is applicable for all University programs. The calculation is based on direct salaries and wages including vacation, holiday, sick pay and other paid absences, but excludes all other fringe benefits.

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 per square foot value of the studio space. For the years ended September 30, 2017 and 2016, total indirect University and administrative support was from the following sources:

	<u>2017</u>	<u>2016</u>
DOE - Title III program	\$ 44,551	\$ 86,293
University occupancy support	<u>14,600</u>	<u>14,600</u>
Total	<u>\$ 59,151</u>	<u>\$ 100,893</u>

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**Note 13 – 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. 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. 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. Increases are contingent upon actuarial gains of the plan.

*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, 2017 was 9.98% of covered payroll. Employee contributions to the pension plan were \$2,126,821.71, and the University's contributions were \$3,537,613.45 for the year ended June 30, 2017.

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 2016 Comprehensive Annual Financial Report. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <http://www.osc.nc.gov> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

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**Note 13 – Pension plans (continued)**

*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. The plan's fiduciary net position was determined on the same basis used by the pension plan.

*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 Investment Pool. The pension trust funds are the primary participants in the Long-Term Investment portfolio and the sole participants in the External Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Credit Investment, and Inflation Protection Investment portfolios. The Fixed Income Asset Class includes the Long-Term Investment and External 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 market 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 2016 Comprehensive Annual Financial Report.

*Net Pension Liability:* At June 30, 2017, the University reported a liability of \$21,279,080.00 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, and update procedures were used to roll forward the total pension liability to June 30, 2016. The University's proportion of the net pension liability was based on the present value of future salaries for the University relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2016, the University's proportion was 0.23152%, which was a decrease of 0.00839 from its proportion measured as of June 30, 2015.

**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 the TSERS. The Board of Governors of the University of North Carolina is responsible for the administration of the ORP and designates the companies authorized to offer investment products or the trustee responsible for the investment of contributions under the ORP and approves the form and contents of the contracts and trust agreements.

Participants in the ORP are immediately vested in the value of employee contributions. The value of employer contributions is vested after five years of participation in the ORP. Participants become eligible to receive distributions when they terminate employment or retire.

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**Note 13 – Pension plans (continued)**

Participant eligibility and contributory requirements are established by General Statute 135-5.1. Employer and member contribution rates are set each year by the North Carolina General Assembly. For the year ended June 30, 2017, these rates were set at 6.84% of covered payroll for employers and 6% of covered payroll for members. The University assumes no liability other than its contribution.

For the current fiscal year, the University had a total payroll of \$63,420,428.84, of which \$20,722,597.59 was covered under the Optional Retirement Program. Total employer and employee contributions for pension benefits for the year were \$1,417,425.68 and \$1,243,355.86, respectively. The amount of expense recognized in the current year related to ORP is equal to the employer contributions. A total of \$45,444.25 in forfeitures was reflected in pension expense for the fiscal year 2017.

**Note 14 – Other Postemployment benefits**

**A. Health Benefits**

The University participates in the Comprehensive Major Medical Plan (the Plan), a cost-sharing, multiple-employer defined benefit health care plan that provides postemployment health insurance to eligible former employees. Eligible former employees include long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of the Teachers' and State Employees' Retirement System (TSERS) or the Optional Retirement Program (ORP). Coverage eligibility varies depending on years of contributory membership service in their retirement system prior to disability or retirement.

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

By General Statute, a Retiree Health Benefit Fund (the Fund) has been established as a fund in which accumulated contributions from employers and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and applicable beneficiaries. By statute, the Fund is administered by the Board of Trustees of TSERS and contributions to the Fund are irrevocable. Also by law, Fund assets are dedicated to providing benefits to retired and disabled employees and applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to the Fund. Contribution rates to the Fund, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are established by the General Assembly.

For the period July 1, 2016 through December 31, 2016, the University contributed 5.60% of the covered payroll under TSERS and ORP to the Fund, and for the period January 1, 2017 through June 30, 2017, the University contributed 6.02% of the covered payroll under TSERS and ORP to the Fund. Required contribution rates for the years ended June 30, 2016, and 2015, were 5.60% and 5.49%, respectively. The University made 100% of its annual required contributions to the Plan for the years ended June 30, 2017, 2016, and 2015, which were \$3,263,455.28, \$3,110,554.19, and \$3,079,732.92, respectively. The University assumes no liability for retiree health care benefits provided by the programs other than its required contribution.

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**Note 14 – Other Postemployment benefits (continued)**

Additional detailed information about these programs can be located in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <http://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

**B. Disability Income**

The University participates in the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to provide short-term and long-term disability benefits to eligible members of TSERS and ORP. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes, and may be amended only by the North Carolina General Assembly. The Plan does not provide for automatic postretirement benefit increases.

Disability income benefits are funded by actuarially determined employer contributions that are established by the General Assembly. For the fiscal year ended June 30, 2017, the University made a statutory contribution of .38% of covered payroll under TSERS and ORP to the DIPNC. Required contribution rates for the years ended June 30, 2016, and 2015, were .41% in both years. The University made 100% of its annual required contributions to the DIPNC for the years ended June 30, 2017, 2016, and 2015, which were \$213,444.58, \$227,737.00, and \$229,998.27, respectively. The University assumes no liability for long-term disability benefits under the Plan other than its contribution.

Additional detailed information about the DIPNC is disclosed in the State of North Carolina's *Comprehensive Annual Financial Report*.

**Note 15 - 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 and retirees 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.

*Death Benefit Plan of North Carolina*

Term life insurance (death benefits) of \$25,000 to \$50,000 is provided to eligible workers. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was .16% for the current fiscal year.



**Note 15 - Risk management (continued)**

**B. Other Risk Management and Insurance Activities**

*Automobile, Fire, and Other Property Losses*

The University is required to maintain fire and lightning coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Such 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 coverage. 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 also purchased through the Fund "all risk" coverage against losses caused by fire, windstorm or hail, explosion, smoke, aircraft or vehicles, riot or civil commotion, smoke, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, falling objects, weight of snow, ice, or sleet, water damage, theft, and any other loss not specifically excluded on certain buildings and contents.

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 \$10,000,000 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 *Comprehensive Annual Financial Report*, issued by the Office of the State Controller.

**Note 16 – Subsequent events**

The Station has evaluated subsequent events from the date of the statement of net position through February 23, 2018, the date the report is available to be issued which is the date of the auditors' report.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees  
WSNC-FM, Winston-Salem State University  
Winston-Salem, North Carolina

We have audited, 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, the financial statements of WSNC-FM, Winston-Salem State University (the "Station"), a public telecommunications entity operated by Winston-Salem State University (the "University"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated February 23, 2018.

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) to determine the 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 Station'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 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.

We consider the following deficiency in the Station's internal control to be a material weakness:

### 2017-01: Financial reporting

The financial statements presented to us contained misstatements that were corrected as a result of four (4) 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:* Management agrees with this finding.

We consider the following deficiency in the Station's internal control to be a significant deficiency:

### 2017-02: Lack of documented operating and accounting processes

During the audit, we noted a lack of documented policies and procedures. We recommend the Station institute a program to identify and document its significant operating and accounting processes. Operating processes include activities and procedures involved in recurring operating or accounting transactions or events, such as reviewing grant funding and establishing related budgets, recording contributions, paying invoices, and preparing journal entries, etc. Accounting processes are procedures to initiate, authorize, record, process, and report transactions in the Station's accounting system.

Documenting the Station's operating and accounting processes will also provide an opportunity for individuals involved in a process to consider whether there are more effective or efficient ways to perform those processes. In addition, the documentation can be used in enforcing established policies and procedures, evaluating performance, or training a new employee to perform the process.

*Management's response:* Management agrees with this finding.

### 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### 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 Station'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 Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Durham, North Carolina  
February 23, 2018



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Certified Public Accountants  
and Consultants

To the Board of Trustees  
WSNC-FM, Winston Salem State University  
Winston Salem, North Carolina

This letter is intended to inform the Board of Trustees of WSNC-FM, Winston Salem State University (the “University”) 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 August 15<sup>th</sup>, 2017.

In addition to our report on your financial statements dated February 23, 2018, 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 August 15<sup>th</sup>, 2017, 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 September 30, 2017. 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 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 four (4) corrected misstatements (audit adjustments) recorded to the original trial balance presented to us to begin our audit for the year ended September 30, 2017. 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 September 30, 2017.

### 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 23, 2018.

#### 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 WSNC-FM, Winston Salem State University.

\* \* \* \* \*

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

*Thomas S. Gibbs CMA, PECC*

Durham, North Carolina  
February 23, 2018

Attachments: Four (4) September 30, 2017 audit adjustments

Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**  
 Engagement: **AUD 2017 - WSNC-FM**  
 Period Ending: **9/30/2017**  
 Trial Balance: **3000.01 - TB**  
 Workpaper: **3700.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit	Change in NA
<b>Adjusting Journal Entries JE # 1</b>					
	To record University Indirect Support	7100.02 1			
999999.TG	University indirect Administrative Expe		59,150.91		
499999.TG	Indirect Inversity Support			59,150.91	
<b>Total</b>			<u><u>59,150.91</u></u>	<u><u>59,150.91</u></u>	-
<b>Adjusting Journal Entries JE # 2</b>					
	To record 2017 depreciation expense on capitalized assets	4600.00 2			
953000.TG	Depreciaton		20,737.00		(20,737)
15001.TG	Accumulated Depreciation			20,737.00	
<b>Total</b>			<u><u>20,737.00</u></u>	<u><u>20,737.00</u></u>	
<b>Adjusting Journal Entries JE # 3</b>					
	To adjust CPB expenses and revenue for the Radio Transmitter purchased after YE	5100.05 3			
40250.CPB	Grant Revenue		38,248.00		
950000.CPB	Expensed Personal Comp Printers			38,248.00	
<b>Total</b>			<u><u>38,248.00</u></u>	<u><u>38,248.00</u></u>	
<b>Adjusting Journal Entries JE # 4</b>					
	To record deferred revenue and claim on cash for unspent funds at YE	7100.02 4			
10000.CPB	Claim on cash		26,078.00		
22100.CPB	Deferred Revenue			26,078.00	
<b>Total</b>			<u><u>26,078.00</u></u>	<u><u>26,078.00</u></u>	

Total adjusting entries	(20,737)
Unadjusted Change in Net Position	6,389
Final Adjusted Change in Net Position	<u><u>(14,348)</u></u>
	14,348



Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**  
 Engagement: **AUD 2017 - WSNC-FM**  
 Period Ending: **9/30/2017**  
 Trial Balance: **3000.01 - TB**  
 Workpaper: **3600.01 - Financial Statement Grouping Report**

Account	Description	1st PP-FINAL 9/30/2016	UNADJ 9/30/2017	JE Ref #	AJE	FINAL 9/30/2017	% VAR	\$ VAR
<b>Group : [4100] Cash and Cash Equivalents</b>								
<b>Subgroup : [4100] Cash and Cash Equivalents-Unrestricted</b>								
10000.F	General Checking (BB&T)	0.00	(24,375.00)		0.00	(24,375.00)	0.00%	(24,375.00)
1001.CPB	Due From University	2,351.00	0.00		0.00	0.00	(100.00%)	(2,351.00)
10050.F	Wachovia - Advantage	28,064.00	60,063.00		0.00	60,063.00	114.02%	31,999.00
10070.F	Winston-Salem Federal Credit Union	0.00	(2,380.00)		0.00	(2,380.00)	0.00%	(2,380.00)
10950.F	Cash intercompany transfers	0.00	(1,961.00)		0.00	(1,961.00)	0.00%	(1,961.00)
<b>Subtotal [4100.00] Cash and Cash Equivalents-Unrestricted</b>		<b>30,415.00</b>	<b>31,347.00</b>		<b>0.00</b>	<b>31,347.00</b>	<b>3.06%</b>	<b>932.00</b>
<b>Total [4100] Cash and Cash Equivalents</b>		<b>30,415.00</b>	<b>31,347.00</b>		<b>0.00</b>	<b>31,347.00</b>	<b>3.06%</b>	<b>932.00</b>
<b>Group : [4300] Due from University</b>								
<b>Subgroup : [4300] Due from University</b>								
10000.CPB	Claim on cash	19,153.00	19,153.00		26,078.00	45,231.00	136.16%	26,078.00
<b>Subtotal [4300.00] Due from University</b>		<b>19,153.00</b>	<b>19,153.00</b>	AJE - 4	<b>26,078.00</b>	<b>45,231.00</b>	<b>136.16%</b>	<b>26,078.00</b>
<b>Total [4300] Due from University</b>		<b>19,153.00</b>	<b>19,153.00</b>		<b>26,078.00</b>	<b>45,231.00</b>	<b>136.16%</b>	<b>26,078.00</b>
<b>Current Assets</b>		<b>49,568.00</b>	<b>50,500.00</b>		<b>26,078.00</b>	<b>76,578.00</b>	<b>54.49%</b>	<b>27,010.00</b>
<b>Group : [4600] Property, Plant and Equipment</b>								
<b>Subgroup : [4600] Fixed Assets</b>								
15000.TG	Fixed Assets	1,016,608.00	1,016,608.00		0.00	1,016,608.00	0.00%	0.00
<b>Subtotal [4600.05] Fixed Assets</b>		<b>1,016,608.00</b>	<b>1,016,608.00</b>		<b>0.00</b>	<b>1,016,608.00</b>	<b>0.00%</b>	<b>0.00</b>
<b>Subgroup : [4600] Accumulated Depreciation</b>								
15001.TG	Accumulated Depreciation	(995,871.00)	(995,871.00)		(20,737.00)	(1,016,608.00)	2.08%	(20,737.00)
<b>Subtotal [4600.60] Accumulated Depreciation</b>		<b>(995,871.00)</b>	<b>(995,871.00)</b>	AJE - 2	<b>(20,737.00)</b>	<b>(1,016,608.00)</b>	<b>2.08%</b>	<b>(20,737.00)</b>
<b>Total [4600] Property, Plant and Equipment</b>		<b>20,737.00</b>	<b>20,737.00</b>		<b>(20,737.00)</b>	<b>0.00</b>	<b>(100.00%)</b>	<b>(20,737.00)</b>
<b>Non-Current Assets</b>		<b>20,737.00</b>	<b>20,737.00</b>		<b>(20,737.00)</b>	<b>0.00</b>	<b>(100.00%)</b>	<b>(20,737.00)</b>
<b>TOTAL ASSET</b>		<b>70,305.00</b>	<b>71,237.00</b>		<b>5,341.00</b>	<b>76,578.00</b>	<b>8.92%</b>	<b>6,273.00</b>
<b>Group : [5100] Accounts Payable</b>								
<b>Subgroup : [5100] Accounts Payable</b>								
20000.F	Accounts Payable - Vendors	0.00	(68.00)		0.00	(68.00)	0.00%	(68.00)
22000.TG	Accounts Payable	(5,505.00)	0.00		0.00	0.00	(100.00%)	5,505.00
<b>Subtotal [5100.00] Accounts Payable</b>		<b>(5,505.00)</b>	<b>(68.00)</b>		<b>0.00</b>	<b>(68.00)</b>	<b>(98.76%)</b>	<b>5,437.00</b>
<b>Total [5100] Accounts Payable</b>		<b>(5,505.00)</b>	<b>(68.00)</b>		<b>0.00</b>	<b>(68.00)</b>	<b>(98.76%)</b>	<b>5,437.00</b>
<b>Group : [5300] Deferred Revenue</b>								
<b>Subgroup : [5300] Deferred Revenue</b>								
22100.CPB	Deferred Revenue	(19,153.00)	(19,153.00)		(26,078.00)	(45,231.00)	136.16%	(26,078.00)
<b>Subtotal [5300.00] Deferred Revenue</b>		<b>(19,153.00)</b>	<b>(19,153.00)</b>	AJE - 4	<b>(26,078.00)</b>	<b>(45,231.00)</b>	<b>136.16%</b>	<b>(26,078.00)</b>

Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**  
 Engagement: **AUD 2017 - WSNC-FM**  
 Period Ending: **9/30/2017**  
 Trial Balance: **3000.01 - TB**  
 Workpaper: **3600.01 - Financial Statement Grouping Report**

Account	Description	1st PP-FINAL 9/30/2016	UNADJ 9/30/2017	JE Ref #	AJE	FINAL 9/30/2017	% VAR	\$ VAR
<b>Total [5300] Deferred Revenue</b>		<u>(19,153.00)</u>	<u>(19,153.00)</u>		<u>(26,078.00)</u>	<u>(45,231.00)</u>	136.16%	(26,078.00)
<b>Current Liabilities</b>		<u>(24,658.00)</u>	<u>(19,221.00)</u>		<u>(26,078.00)</u>	<u>(45,299.00)</u>	83.71%	(20,641.00)
<b>TOTAL LIABILITY</b>		<u>(24,658.00)</u>	<u>(19,221.00)</u>		<u>(26,078.00)</u>	<u>(45,299.00)</u>	83.71%	(20,641.00)
<b>Group : [6100] Net Assets</b>								
<b>Subgroup : [6100. Net Assets - Unrestricted]</b>								
30020.F	Net Assets (Foundation)	(38,149.00)	(37,810.00)		0.00	(37,810.00)	(0.89%)	339.00
30020.TG	Net Assets	<u>(84,783.00)</u>	<u>(7,837.00)</u>		0.00	<u>(7,837.00)</u>	(90.76%)	76,946.00
<b>Subtotal [6100.00] Net Assets - Unrestricted</b>		<u>(122,932.00)</u>	<u>(45,647.00)</u>		<u>0.00</u>	<u>(45,647.00)</u>	(62.87%)	77,285.00
<b>Total [6100] Net Assets</b>		<u>(122,932.00)</u>	<u>(45,647.00)</u>		<u>0.00</u>	<u>(45,647.00)</u>	(62.87%)	77,285.00
<b>Equity</b>		<u>(122,932.00)</u>	<u>(45,647.00)</u>		<u>0.00</u>	<u>(45,647.00)</u>	(62.87%)	77,285.00
<b>NET (INCOME) LOSS</b>		<u>77,285.00</u>	<u>(6,389.00)</u>		<u>20,737.00</u>	<u>14,348.00</u>	(81.43%)	(62,937.00)
<b>TOTAL EQUITY</b>		<u>(45,647.00)</u>	<u>(52,036.00)</u>		<u>20,737.00</u>	<u>(31,299.00)</u>	(31.43%)	14,348.00
<b>TOTAL LIABILITY AND EQUITY</b>		<u>(70,305.00)</u>	<u>(71,257.00)</u>		<u>(5,341.00)</u>	<u>(76,598.00)</u>	8.95%	(6,293.00)
<b>Group : [4260] Grants and Contracts</b>								
<b>Subgroup : [4260. Grants and Contracts - Unrestricted]</b>								
402410.III	Title III Revenues	(249,349.00)	(136,068.00)		0.00	(136,068.00)	(45.43%)	113,281.00
40250.CPB	Grant Revenue	<u>(89,316.00)</u>	<u>(120,410.00)</u>		38,248.00	<u>(82,162.00)</u>	(8.01%)	7,154.00
				AJE - 3	<u>38,248.00</u>			
<b>Subtotal [4260.00] Grants and Contracts - Unrestricted</b>		<u>(338,665.00)</u>	<u>(256,478.00)</u>		<u>38,248.00</u>	<u>(218,230.00)</u>	(35.56%)	120,435.00
<b>Total [4260] Grants and Contracts</b>		<u>(338,665.00)</u>	<u>(256,478.00)</u>		<u>38,248.00</u>	<u>(218,230.00)</u>	(35.56%)	120,435.00
<b>Group : [7140] In-Kind Contributions</b>								
<b>Subgroup : [7140. Contributed Services-Unrestricted]</b>								
499999.TG	Indirect Inversity Support	(100,894.00)	0.00		(59,150.91)	(59,150.91)	(41.37%)	41,743.09
				AJE - 1	<u>(59,150.91)</u>			
<b>Subtotal [7140.00] Contributed Services-Unrestricted</b>		<u>(100,894.00)</u>	<u>0.00</u>		<u>(59,150.91)</u>	<u>(59,150.91)</u>	(41.37%)	41,743.09
<b>Total [7140] In-Kind Contributions</b>		<u>(100,894.00)</u>	<u>0.00</u>		<u>(59,150.91)</u>	<u>(59,150.91)</u>	(41.37%)	41,743.09
<b>Group : [7170] Unrestricted Revenue</b>								
<b>Subgroup : [7170. Foundation Donations]</b>								
10280.F	Foundation-Donations	<u>(26,772.00)</u>	<u>(19,891.00)</u>		0.00	<u>(19,891.00)</u>	(25.70%)	6,881.00
<b>Subtotal [7170.35] Foundation Donations</b>		<u>(26,772.00)</u>	<u>(19,891.00)</u>		<u>0.00</u>	<u>(19,891.00)</u>	(25.70%)	6,881.00
<b>Subgroup : [7170. Misc Revenue]</b>								
40460.F	Fees Income	0.00	(975.00)		0.00	(975.00)	0.00%	(975.00)
40510.F	Sales Direct	(5,850.00)	(2,225.00)		0.00	(2,225.00)	(61.97%)	3,625.00
41000.F	Other Income	<u>(30.00)</u>	<u>0.00</u>		<u>0.00</u>	<u>0.00</u>	(100.00%)	30.00
<b>Subtotal [7170.45] Misc Revenue</b>		<u>(5,880.00)</u>	<u>(3,200.00)</u>		<u>0.00</u>	<u>(3,200.00)</u>	(45.58%)	2,680.00
<b>Total [7170] Unrestricted Revenue</b>		<u>(32,652.00)</u>	<u>(23,091.00)</u>		<u>0.00</u>	<u>(23,091.00)</u>	(29.28%)	9,561.00

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 Period Ending: **9/30/2017**  
 Trial Balance: **3000.01 - TB**  
 Workpaper: **3600.01 - Financial Statement Grouping Report**

Account	Description	1st PP-FINAL	UNADJ	JE Ref #	AJE	FINAL	% VAR	\$ VAR
		9/30/2016	9/30/2017			9/30/2017		
<b>Revenues</b>		<b>(472,211.00)</b>	<b>(279,569.00)</b>		<b>(20,902.91)</b>	<b>(300,471.91)</b>	<b>(36.37%)</b>	<b>171,739.09</b>
<b>TOTAL REVENUE</b>		<b>(472,211.00)</b>	<b>(279,569.00)</b>		<b>(20,902.91)</b>	<b>(300,471.91)</b>	<b>(36.37%)</b>	<b>171,739.09</b>
<b>Group : [7310] Expense</b>								
<b>Subgroup : [7310. Salaries</b>								
911100.III	EPA Perm Nonteach Salaries	95,744.00	0.00		0.00	0.00	(100.00%)	(95,744.00)
912100.CPB	SPA Regular Salaries	32,812.00	0.00		0.00	0.00	(100.00%)	(32,812.00)
912100.III	SPA Regular Salaries	91,849.00	96,850.00		0.00	96,850.00	5.44%	5,001.00
912101.III	New 2016 Title III	3,522.00	0.00		0.00	0.00	(100.00%)	(3,522.00)
912200.III	SPA Overtime Payment	0.00	2,917.00		0.00	2,917.00	0.00%	2,917.00
912210.III	SPA Overtime Straight	0.00	2,508.00		0.00	2,508.00	0.00%	2,508.00
912330.III	SPA On Call Pay	3,635.00	0.00		0.00	0.00	(100.00%)	(3,635.00)
912700.III	SPA Longevity Pay	0.00	1,031.00		0.00	1,031.00	0.00%	1,031.00
912900.CPB	912900 - Salary	750.00	0.00		0.00	0.00	(100.00%)	(750.00)
912900.III	Bonus Incentive Wages	0.00	1,628.00		0.00	1,628.00	0.00%	1,628.00
914500.CPB	914500 - Salary	440.00	0.00		0.00	0.00	(100.00%)	(440.00)
<b>Subtotal [7310.00] Salaries</b>		<b>228,752.00</b>	<b>104,934.00</b>		<b>0.00</b>	<b>104,934.00</b>	<b>(54.13%)</b>	<b>(123,818.00)</b>
<b>Subgroup : [7310. Employee Benefits</b>								
918200.III	State Retirement	12,092.00	13,485.00		0.00	13,485.00	11.52%	1,393.00
918300.CPB	Medical Insurance	4,606.00	0.00		0.00	0.00	(100.00%)	(4,606.00)
918300.III	Medical Insurance	16,599.00	10,950.00		0.00	10,950.00	(34.03%)	(5,649.00)
918700.CPB	TIAA Optional Retirement	4,209.00	0.00		0.00	0.00	(100.00%)	(4,209.00)
918700.III	TIAA Optional Retirement	12,322.00	0.00		0.00	0.00	(100.00%)	(12,322.00)
<b>Subtotal [7310.01] Employee Benefits</b>		<b>49,828.00</b>	<b>24,435.00</b>		<b>0.00</b>	<b>24,435.00</b>	<b>(50.96%)</b>	<b>(25,393.00)</b>
<b>Subgroup : [7310. Payroll Taxes</b>								
918100.CPB	Social Security	2,523.00	0.00		0.00	0.00	(100.00%)	(2,523.00)
918100.III	Social Security	13,586.00	6,699.00		0.00	6,699.00	(50.69%)	(6,887.00)
<b>Subtotal [7310.05] Payroll Taxes</b>		<b>16,109.00</b>	<b>6,699.00</b>		<b>0.00</b>	<b>6,699.00</b>	<b>(58.41%)</b>	<b>(9,410.00)</b>
<b>Subgroup : [7310. Miscellaneous</b>								
63100.F	Marketing	0.00	2,175.00		0.00	2,175.00	0.00%	2,175.00
63200.F	Advertising	(2,688.00)	4,536.00		0.00	4,536.00	(268.75%)	7,224.00
63240.F	Website/Internet Service	0.00	1,654.00		0.00	1,654.00	0.00%	1,654.00
63250.F	Tournaments & Competitions	300.00	0.00		0.00	0.00	(100.00%)	(300.00)
63450.F	Refreshments	28.00	296.00		0.00	296.00	957.14%	268.00
63500.F	Entertainment	725.00	0.00		0.00	0.00	(100.00%)	(725.00)
69999.TG	Balance accounts	0.00	(1,888.00)		0.00	(1,888.00)	0.00%	(1,888.00)
922000.CPB	Food Products	0.00	178.00		0.00	178.00	0.00%	178.00
93910.F	Miscellaneous Foundation	2,573.00	19.00		0.00	19.00	(99.26%)	(2,554.00)
<b>Subtotal [7310.10] Miscellaneous</b>		<b>938.00</b>	<b>6,970.00</b>		<b>0.00</b>	<b>6,970.00</b>	<b>643.07%</b>	<b>6,032.00</b>
<b>Subgroup : [7310. Admin Fees</b>								
67000.F	Admin Fees Foundation	2,513.00	1,616.00		0.00	1,616.00	(35.69%)	(897.00)
<b>Subtotal [7310.15] Admin Fees</b>		<b>2,513.00</b>	<b>1,616.00</b>		<b>0.00</b>	<b>1,616.00</b>	<b>(35.69%)</b>	<b>(897.00)</b>

Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**  
 Engagement: **AUD 2017 - WSNC-FM**  
 Period Ending: **9/30/2017**  
 Trial Balance: **3000.01 - TB**  
 Workpaper: **3600.01 - Financial Statement Grouping Report**

Account	Description	1st PP-FINAL 9/30/2016	UNADJ 9/30/2017	JE Ref #	AJE	FINAL 9/30/2017	% VAR	\$ VAR
<b>Subgroup : [7310. Telephone]</b>								
932210.CPB	Telephone Local	3,817.00	3,624.00		0.00	3,624.00	(5.06%)	(193.00)
932220.CPB	Telephone Long Distance	121.00	72.00		0.00	72.00	(40.50%)	(49.00)
932230.CPB	Telephone	125.00	41.00		0.00	41.00	(67.20%)	(84.00)
<b>Subtotal [7310.20] Telephone</b>		<b>4,063.00</b>	<b>3,737.00</b>		<b>0.00</b>	<b>3,737.00</b>	<b>(8.02%)</b>	<b>(326.00)</b>
<b>Subgroup : [7310. Supplies]</b>								
63020.F	Supplies	6,183.00	917.00		0.00	917.00	(85.17%)	(5,266.00)
923110.CPB	Educational Supplies	1,036.00	1,741.00		0.00	1,741.00	68.05%	705.00
925000.CPB	925000 - Supplies	33.00	0.00		0.00	0.00	(100.00%)	(33.00)
926000.CPB	Office Supplies	4,340.00	2,182.00		0.00	2,182.00	(49.72%)	(2,158.00)
929000.CPB	Other Supplies	97.00	3,534.00		0.00	3,534.00	3,543.30%	3,437.00
929150.CPB	Supplies	97.00	367.00		0.00	367.00	278.35%	270.00
<b>Subtotal [7310.25] Supplies</b>		<b>11,786.00</b>	<b>8,741.00</b>		<b>0.00</b>	<b>8,741.00</b>	<b>(25.84%)</b>	<b>(3,045.00)</b>
<b>Subgroup : [7310. Rental and Maintenance of Equipment]</b>								
63400.F	Rental Expense/Room, Equipment, Cars	0.00	240.00		0.00	240.00	0.00%	240.00
924000.CPB	Repair Supplies	0.00	2,938.00		0.00	2,938.00	0.00%	2,938.00
934110.CPB	Copier	529.00	22.00		0.00	22.00	(95.84%)	(507.00)
950000.CPB	Expensed Personal Comp Printers	0.00	39,462.00		(38,248.00)	1,214.00	0.00%	1,214.00
				AJE - 3	(38,248.00)			
952260.CPB	Expensed Personal Comp Printers	0.00	3,976.00		0.00	3,976.00	0.00%	3,976.00
955000.F	Other equipment	911.00	0.00		0.00	0.00	(100.00%)	(911.00)
<b>Subtotal [7310.30] Rental and Maintenance of Equipment</b>		<b>1,440.00</b>	<b>46,638.00</b>		<b>(38,248.00)</b>	<b>8,390.00</b>	<b>482.64%</b>	<b>6,950.00</b>
<b>Subgroup : [7310. Printing and Publications]</b>								
62300.F	Printing and Binding	1,576.00	700.00		0.00	700.00	(55.58%)	(876.00)
943100.CPB	943100 - Printing	451.00	0.00		0.00	0.00	(100.00%)	(451.00)
<b>Subtotal [7310.35] Printing and Publications</b>		<b>2,027.00</b>	<b>700.00</b>		<b>0.00</b>	<b>700.00</b>	<b>(65.47%)</b>	<b>(1,327.00)</b>
<b>Subgroup : [7310. Postage and Shipping]</b>								
932110.CPB	Postage	3,964.00	49.00		0.00	49.00	(98.76%)	(3,915.00)
<b>Subtotal [7310.40] Postage and Shipping</b>		<b>3,964.00</b>	<b>49.00</b>		<b>0.00</b>	<b>49.00</b>	<b>(98.76%)</b>	<b>(3,915.00)</b>
<b>Subgroup : [7310. Conferences and Meetings]</b>								
62700.F	Meetings/Training	0.00	199.00		0.00	199.00	0.00%	199.00
62725.F	Meetings	229.00	458.00		0.00	458.00	100.00%	229.00
954510.F	Conferences	699.00	0.00		0.00	0.00	(100.00%)	(699.00)
<b>Subtotal [7310.45] Conferences and Meetings</b>		<b>928.00</b>	<b>657.00</b>		<b>0.00</b>	<b>657.00</b>	<b>(29.20%)</b>	<b>(271.00)</b>
<b>Subgroup : [7310. Travel]</b>								
931120.CPB	931120 - Travel	133.00	0.00		0.00	0.00	(100.00%)	(133.00)
931121.CPB	Travel Instate Trns Ground	0.00	367.00		0.00	367.00	0.00%	367.00
931122.CPB	Travel Out State Air	0.00	3,070.00		0.00	3,070.00	0.00%	3,070.00
931123.CPB	Travel Out State Ground	0.00	269.00		0.00	269.00	0.00%	269.00
931124.CPB	Travel Out State Trns Other	0.00	176.00		0.00	176.00	0.00%	176.00
931125.CPB	Travel Out State Sub Lodgin	0.00	4,988.00		0.00	4,988.00	0.00%	4,988.00
931126.CPB	Travel Out State Sub Meals	0.00	715.00		0.00	715.00	0.00%	715.00

Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**  
 Engagement: **AUD 2017 - WSNC-FM**  
 Period Ending: **9/30/2017**  
 Trial Balance: **3000.01 - TB**  
 Workpaper: **3600.01 - Financial Statement Grouping Report**

Account	Description	1st PP-FINAL	UNADJ	JE Ref #	AJE	FINAL	% VAR	\$ VAR
		9/30/2016	9/30/2017			9/30/2017		
931127.CPB	Travel Out State Registr	0.00	699.00		0.00	699.00	0.00%	699.00
931190.CPB	931190 - Travel	695.00	0.00		0.00	0.00	(100.00%)	(695.00)
931210.CPB	931210 - Travel	950.00	0.00		0.00	0.00	(100.00%)	(950.00)
931220.CPB	Travel Ground	516.00	0.00		0.00	0.00	(100.00%)	(516.00)
931240.CPB	Out of State lodging	2,825.00	0.00		0.00	0.00	(100.00%)	(2,825.00)
931250.CPB	Meals-out of state	656.00	0.00		0.00	0.00	(100.00%)	(656.00)
<b>Subtotal [7310.50] Travel</b>		<b>5,775.00</b>	<b>10,284.00</b>		<b>0.00</b>	<b>10,284.00</b>	<b>78.08%</b>	<b>4,509.00</b>
<b>Subgroup : [7310. Contracted Services</b>								
63724.F	Contract Services	0.00	1,835.00		0.00	1,835.00	0.00%	1,835.00
919210.CPB	Contract Services	1,420.00	1,674.00		0.00	1,674.00	17.89%	254.00
919900.CPB	Other Contract Services	3,784.00	11,544.00		0.00	11,544.00	205.07%	7,760.00
<b>Subtotal [7310.55] Contracted Services</b>		<b>5,204.00</b>	<b>15,053.00</b>		<b>0.00</b>	<b>15,053.00</b>	<b>189.26%</b>	<b>9,849.00</b>
<b>Subgroup : [7310. Depreciation and Amortization</b>								
953000.TG	Depreciaton	73,553.00	0.00		20,737.00	20,737.00	(71.81%)	(52,816.00)
				AJE - 2	20,737.00			
<b>Subtotal [7310.70] Depreciation and Amortization</b>		<b>73,553.00</b>	<b>0.00</b>		<b>20,737.00</b>	<b>20,737.00</b>	<b>(71.81%)</b>	<b>(52,816.00)</b>
<b>Subgroup : [7310. Dues &amp; Membership expense</b>								
62800.F	Dues Member	7,197.00	748.00		0.00	748.00	(89.61%)	(6,449.00)
949000.CPB	949000 - Subscriptions	3,434.00	0.00		0.00	0.00	(100.00%)	(3,434.00)
949110.CPB	Dues-Member (Restricted)	14,809.00	33,214.00		0.00	33,214.00	124.28%	18,405.00
949120.CPB	949120 - Subscriptions	144.00	0.00		0.00	0.00	(100.00%)	(144.00)
954900.F	Fees	16,138.00	8,705.00		0.00	8,705.00	(46.06%)	(7,433.00)
<b>Subtotal [7310.75] Dues &amp; Membership expense</b>		<b>41,722.00</b>	<b>42,667.00</b>		<b>0.00</b>	<b>42,667.00</b>	<b>2.26%</b>	<b>945.00</b>
<b>Subgroup : [7310. Foundation In-Kind</b>								
999999.TG	University indirect Administrative Expe	100,894.00	0.00		59,150.91	59,150.91	(41.37%)	(41,743.09)
				AJE - 1	59,150.91			
<b>Subtotal [7310.80] Foundation In-Kind</b>		<b>100,894.00</b>	<b>0.00</b>		<b>59,150.91</b>	<b>59,150.91</b>	<b>(41.37%)</b>	<b>(41,743.09)</b>
<b>Total [7310] Expense</b>		<b>549,496.00</b>	<b>273,180.00</b>		<b>41,639.91</b>	<b>314,819.91</b>	<b>(42.71%)</b>	<b>(234,676.09)</b>
<b>Operating Expenses</b>		<b>549,496.00</b>	<b>273,180.00</b>		<b>41,639.91</b>	<b>314,819.91</b>	<b>(42.71%)</b>	<b>(234,676.09)</b>
<b>TOTAL EXPENSE</b>		<b>549,496.00</b>	<b>273,180.00</b>		<b>41,639.91</b>	<b>314,819.91</b>	<b>(42.71%)</b>	<b>(234,676.09)</b>
<b>NET (INCOME) LOSS</b>		<b>77,285.00</b>	<b>(6,389.00)</b>	<b>0.00</b>	<b>20,737.00</b>	<b>14,348.00</b>	<b>(81.43%)</b>	<b>(62,937.00)</b>
<b>Sum of Account Groups</b>		<b>0.00</b>	<b>(20.00)</b>		<b>0.00</b>	<b>(20.00)</b>	<b>0.00%</b>	<b>(20.00)</b>