

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

Audited Financial Statements

Years Ended September 30, 2018 and 2017

TABLE OF CONTENTS

Years Ended September 30, 2018 and 2017

	<u>Page(s)</u>
Report of Independent Auditors	1-2
Management’s Discussion and Analysis	3-6
Financial Statements	
Statements of Net Position.....	7
Statements of Revenues, Expenses, and Changes in Net Position	8
Statements of Functional Expenses	9-10
Statements of Cash Flows.....	11
Notes to the Financial Statements.....	12-25
Compliance Section	
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 <i>Government Auditing Standards</i>	26-27



Fayetteville Road Office Park
6114 Fayetteville Road, Suite 101
Durham, North Carolina 27713

919/ 544-0555 Phone
919/ 544-0556 Fax
866/ 956-5544 Toll Free
Certified Public Accountants
and Consultants

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, 2018 and 2017, 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, 2018 and 2017, 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 21, 2019 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.

 Thomas S. Gibbs CA, PCC

Durham, North Carolina
February 21, 2019

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, 2018 and 2017. 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, 2018 and 2017

A summary of the Station's assets, liabilities, and net position at September 30, 2018 and 2017 is as follows:

Comparative, Condensed Statements of Net Position

At September 30,

	2018	2017	Dollar Change	Percentage Change
Assets				
Current assets	\$ 67,417	\$ 76,598	\$ (9,181)	-12%
Capital assets, net	30,598	-	30,598	100%
Total assets	<u>98,015</u>	<u>76,598</u>	<u>21,417</u>	<u>28%</u>
Liabilities				
Current liabilities	42,435	45,299	(2,864)	-6%
Total liabilities	<u>42,435</u>	<u>45,299</u>	<u>(2,864)</u>	<u>-6%</u>
Net position				
Net investment in capital assets	30,598	-	30,598	100%
Unrestricted	24,982	31,299	(6,317)	-20%
Total net position	<u>\$ 55,580</u>	<u>\$ 31,299</u>	<u>\$ 24,281</u>	<u>78%</u>

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

Fiscal Year 2018 to Fiscal Year 2017 Comparison

Current assets decreased \$9,181 (-12%) from fiscal year 2017 to fiscal year 2018. 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, 2018 and 2017, cash and cash equivalents totaled \$24,962 and \$31,347, 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 increased \$30,598 (100%) during fiscal year 2018 due to the addition of a radio transmitter. Depreciation expense on capital assets was \$7,650 and \$20,737, for the years ended September 30, 2018 and 2017, respectively.

The Station's current liabilities totaled \$42,435 and \$45,299 at September 30, 2018 and 2017, respectively. For 2018, current liabilities consist of accounts payable of \$68 and deferred revenue in the amount of \$42,435. For 2018 and 2017, 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 increased by \$24,281 (78%) during the year ended September 30, 2018 compared to a decrease in net position of \$14,348 (31%) during the year ended September 30, 2017.

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended September 30, 2018 and 2017

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, 2018 and 2017

	2018	2017	Dollar Change	Percentage Change
Operating revenues:				
CPB Community Service grant	\$ 111,265	\$ 82,162	\$ 29,103	35%
Other operating revenues	16,405	23,091	(6,686)	-29%
Total operating revenues	<u>127,670</u>	<u>105,253</u>	<u>22,417</u>	<u>21%</u>
Operating expenses:				
Salaries and benefits	197,260	136,068	61,192	45%
Indirect University and administrative support	82,557	59,151	23,406	40%
Depreciation expense	7,650	20,737	(13,087)	-63%
Dues and subscriptions	34,581	42,667	(8,086)	-19%
Contract services	25,879	15,053	10,826	72%
Other operating expenses	35,279	41,144	(5,865)	-14%
Total operating expenses	<u>383,206</u>	<u>314,820</u>	<u>68,386</u>	<u>22%</u>
Non-operating revenue:				
Direct University and administrative support	197,260	136,068	61,192	45%
Indirect University and administrative support	82,557	59,151	23,406	40%
Total non-operating revenues	<u>279,817</u>	<u>195,219</u>	<u>84,598</u>	<u>43.3%</u>
Change in net position	24,281	(14,348)	38,629	-269%
Net position, beginning of year	31,299	45,647	(14,348)	-31%
Net position, end of year	<u>\$ 55,580</u>	<u>\$ 31,299</u>	<u>\$ 24,281</u>	<u>78%</u>

Fiscal Year 2018 to Fiscal Year 2017 Comparison

Total operating revenues increased by \$22,417 (21%) during fiscal year 2018 due primarily to a \$29,103 (35%) increase in CPB Community Service grant revenue. At September 30, 2018, \$42,435 of CPB funds received during 2018 is reported as deferred revenue that will be recognized in 2019 as expenditures occur.

Total operating expenses increased by \$68,386 (22%) to \$383,206 for the year ended September 30, 2018 compared to \$314,820 for the year ended September 30, 2017. 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, 2018 and 2017, respectively.

WSNC-FM, WINSTON-SALEM STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended September 30, 2018 and 2017

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,

	2018	2017	Dollar Change	Percentage Change
Net cash used by operating activities	\$ (247,954)	\$ (194,287)	\$ (53,667)	28%
Net cash used by financing activities	(38,248)	-	84,598	43%
Net cash provided by non-capital financing activities	279,817	195,219	84,598	43%
Net change in cash and cash equivalents	(6,385)	932	(7,317)	-785%
Cash and cash equivalents - beginning of year	31,347	30,415	932	3%
Cash and cash equivalents - end of year	<u>\$ 24,962</u>	<u>\$ 31,347</u>	<u>\$ (6,385)</u>	<u>-20%</u>

Net cash used by operating activities shows net outflows of \$247,954 for the year ended September 30, 2018. 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, 2018.

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, 2018 and 2017

Assets	2018	2017
Current assets:		
Cash and cash equivalents (note 3)	\$ 24,962	\$ 31,347
Accounts receivable, net	20	20
Due from the University (note 4)	42,435	45,231
Total current assets	<u>67,417</u>	<u>76,598</u>
Capital assets:		
Depreciable, net (note 5)	30,598	-
Total assets	<u>\$ 98,015</u>	<u>\$ 76,598</u>
 Liabilities		
Current liabilities:		
Accounts payable (note 6)	-	68
Deferred revenue (note 7)	42,435	45,231
Total current liabilities	<u>42,435</u>	<u>45,299</u>
Total liabilities	<u>42,435</u>	<u>45,299</u>
Net position:		
Net investment in capital assets	30,598	-
Unrestricted	24,982	31,299
Total net position	<u>\$ 55,580</u>	<u>\$ 31,299</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, 2018 and 2017

	2018	2017
Operating revenues:		
CPB Community Service grant (note 7)	\$ 111,265	\$ 82,162
Private gifts	12,964	19,891
Underwriting fees	-	2,225
Other	3,441	975
Total operating revenues	127,670	105,253
Operating expenses:		
Salaries and benefits (note 10)	197,260	136,068
Advertising	2,389	4,536
Contract services	25,879	15,053
Depreciation expense (note 5)	7,650	20,737
Dues and subscriptions	34,581	42,667
Postage	252	49
Printing and copying	3,150	700
Conferences and meetings	260	657
Miscellaneous	2,345	2,434
Supplies	20,248	8,741
Telephone and utilities	3,417	3,737
Admin fees	1,148	1,616
Indirect University and administrative support (note 12)	82,557	59,151
Travel and lodging	1,449	10,284
Equipment	621	8,390
Total operating expenses	383,206	314,820
Operating loss	(255,536)	(209,567)
Non-operating revenues:		
Direct University and administrative support (note 10)	197,260	136,068
Indirect University and administrative support (note 12)	82,557	59,151
Total non-operating revenues	279,817	195,219
Change in net position	24,281	(14,348)
Net position, beginning of year	31,299	45,647
Net position, end of year	\$ 55,580	\$ 31,299

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, 2018

	Programming and Production	Management and General	Fundraising	Total Expenses
EPA salaries	\$ 9,333	\$ 27,548	\$ 9,785	\$ 46,667
SPA salaries	64,819	27,009	16,205	108,033
Payroll taxes	6,405	2,668	1,601	10,674
State retirement	8,624	3,594	2,156	14,374
Medical insurance	6,835	2,849	1,709	11,393
Optional retirement	3,671	1,530	918	6,119
Total salaries and benefits	<u>99,688</u>	<u>65,197</u>	<u>32,375</u>	<u>197,260</u>
Advertising	2,389	-	-	2,389
Contract services	14,232	5,177	6,470	25,879
Depreciation expense	1,912	5,738	-	7,650
Dues and subscriptions	34,581	-	-	34,581
Postage	-	63	189	252
Printing and copying	-	1,576	1,574	3,150
Conferences and meetings	260	-	-	260
Miscellaneous	-	2,345	-	2,345
Supplies	15,185	4,050	1,013	20,248
Telephone and utilities	2,903	514	-	3,417
Administrative fees	1,148	-	-	1,148
Indirect University and administrative support	-	82,557	-	82,557
Travel and lodging	1,304	72	72	1,449
Equipment	-	621	-	621
Total expenses	<u>\$ 173,603</u>	<u>\$ 167,909</u>	<u>\$ 41,693</u>	<u>\$ 383,206</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, 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
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from:		
CPB Community Service grant	\$ 111,265	\$ 82,162
Private gifts	12,964	19,891
Underwriting fees	-	2,225
Other	3,441	975
Payments for:		
Programming and production	(168,050)	(163,861)
Management and general	(166,791)	(110,171)
Fundraising	(40,783)	(25,508)
Net cash provided (used) by operating activities	(247,954)	(194,287)
Cash flows from financing activities:		
Purchase of capital assets	(38,248)	-
Net cash provided (used) by financing activities	(38,248)	-
Cash flows from non-capital financing activities:		
University and administrative support, net	279,817	195,219
Net cash provided (used) by financing activities	279,817	195,219
Net change in cash and cash equivalents	(6,385)	932
Cash and cash equivalents, beginning of year	31,347	30,415
Cash and cash equivalents, end of year	\$ 31,347	\$ 31,347
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	(255,536)	(209,567)
Adjustments to reconcile to net cash provided (used) by operating activities:		
Depreciation expense	7,650	20,737
(Increase) decrease in operating assets:		
Due from the University	2,796	(26,078)
Accounts receivable	-	(20)
Increase (decrease) in liabilities:		
Deferred revenue	(2,796)	26,078
Accounts payable	(68)	(5,437)
Net cash provided (used) by operating activities	\$ (247,954)	\$ (194,287)

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

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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, 2018 and 2017, cash and cash equivalents held by the Foundation totaled \$24,962 and \$31,347, 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, 2018 and 2017

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, 2018 and 2017, the University owed the Station \$42,435 and \$45,231, 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, 2018 and 2017

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.

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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:

	<u>2018</u>	<u>2017</u>
Non-interest-bearing checking accounts	\$ 24,962	\$ 31,347
Total	<u>\$ 24,962</u>	<u>\$ 31,347</u>

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 \$42,435 and \$45,231 as of September 30, 2018 and 2017, 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.

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

Note 5 - Capital assets, net

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

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Capital assets, depreciable				
Furniture, fixtures, and office equipment	\$ 102,558	\$ -	\$ -	\$ 102,558
Radio equipment	914,050	38,248	-	952,298
Total capital assets, depreciable	1,016,608	38,248	-	1,054,856
Less accumulated depreciation	1,016,608	7,650	-	1,024,258
Capital assets, net	\$ -	\$ 30,598	\$ -	\$ 30,598

Depreciation expense charged to operations was \$7,650 and \$20,737 for the years ended September 30, 2018 and 2017, respectively.

Note 6 – Accounts payable

Accounts payable consist of the following at September 30:

	2018	2017
Payable to vendors	\$ -	\$ 68
	\$ -	\$ 68

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:

	2018	2017
Balance, beginning of year	\$ 45,231	19,153
Additional revenue received	108,469	108,240
Revenue recognized	(111,265)	(82,162)
Balance, end of year	\$ 42,435	\$ 45,231

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

	2018	2017
CPB - Community Service grant	\$ 42,435	\$ 45,231
	\$ 42,435	\$ 45,231

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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.

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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 \$197,260 and \$136,068 for years ended September 30, 2018 and 2017, 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, 2018 and 2017, the Station received \$111,265 (87%) and \$85,162 (79%) of its total operating revenue in the form of grants from the CPB.

During the years ended September 30, 2018 and 2017, the Station received \$197,260 (70%) and \$136,068 (70%), 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, 2018 and 2017 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, 2018 and 2017, total indirect University and administrative support was from the following sources:

	2018	2017
DOE - Title III program	\$ 67,957	\$ 44,551
University occupancy support	14,600	14,600
Total	\$ 82,557	\$ 59,151

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed five years of service and have reached age 60. 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, 2018 was 10.78% of covered payroll. Employee contributions to the pension plan were \$2,193,221.52, and the University's contributions were \$3,940,488.00 for the year ended June 30, 2018.

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 2017 Comprehensive Annual Financial Report. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <https://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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 External Investment Pool. TSERS and other pension plans of the State of North Carolina are the sole participants in the Long-Term Investment, Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment Portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment Portfolios. The Global Equity Asset Class includes the Equity Investment Portfolio. The investment balance of each pension trust fund represents its share of the fair market value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2017 Comprehensive Annual Financial Report.

Net Pension Liability: At June 30, 2018, the University reported a liability of \$17,661,272.00 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, and update procedures were used to roll forward the total pension liability to June 30, 2017. 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, 2017, the University's proportion was 0.22259%, which was a decrease of 0.00893 from its proportion measured as of June 30, 2016, which was 0.23152%.

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

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

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

Note 13 – Pension plans (continued)

Participant eligibility and contributory requirements are established by General Statute 135-5.1. Member and employer contribution rates are set each year by the North Carolina General Assembly. For the year ended June 30, 2018, these rates were set at 6% of covered payroll for members and 6.84% of covered payroll for employers. The University assumes no liability other than its contribution.

For the current fiscal year, the University had a total payroll of \$64,084,858.83, of which \$20,810,491.80 was covered under ORP. Total employee and employer contributions for pension benefits for the year were \$1,248,629.51 and \$1,423,437.64, respectively. The amount of expense recognized in the current year related to ORP is equal to the employer contributions. A total of \$22,006.24 in forfeitures was reflected in pension expense for the fiscal year 2018.

Note 14 – Other Postemployment benefits

A. Health Benefits

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

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

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

Benefits Provided: Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees as described in Note 15. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan options or the self-funded Traditional 70/30 Preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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

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

Contributions: Contribution rates to RHBFB, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. The University's contractually-required contribution rate for the year ended June 30, 2018 was 6.05% of covered payroll. The University's contributions to the RHBFB were \$3,470,533.12 for the year ended June 30, 2018.

B. Disability Income

Plan Administration: As discussed in Note 15, short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer, defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain participating component units, LEAs which are not part of the reporting entity, and the University Employees' ORP. By statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

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

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

and completing five years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age. For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under TSERS or the University Employees' ORP.

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

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State's fiscal year. The University's contractually-required contribution rate for the year ended June 30, 2018 was 0.14% of covered payroll. The University's contributions to DIPNC were \$80,309.86 for the year ended June 30, 2018.

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.

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

Note 15 - Risk management (continued)

A. Employee Benefit Plans

State Health Plan

University employees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer contributions. Certain plans also require contributions from employees. The Plan has contracted with third parties to process claims. See Note 14, Other Postemployment Benefits, for additional information regarding retiree health benefits.

Death Benefit Plan of North Carolina

Term life insurance (death benefits) of \$25,000 to \$50,000 is provided to eligible workers. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.16% for the current fiscal year.

Disability Income Plan

Short-term and long-term disability benefits are provided to University employees through the Disability Income Plan of North Carolina (DIPNC), part of the State's Pension and Other Employee Benefit Trust Funds. Short-term benefits are paid by the University up to the first six months of benefits and reimbursed by DIPNC for any additional short-term benefits. As discussed in Note 14, long-term disability benefits are payable as other postemployment benefits from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled.

A. 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, 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.

WSNC-FM, WINSTON-SALEM UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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

After the year ended September 30, 2018, the Station was awarded a Community Service Grant in the amount of \$103,613 from the Corporation for Public Broadcasting for FY2019.

The Station has evaluated subsequent events from the date of the statement of net position through February 21, 2019, the date the report is available to be issued which is the date of the auditors' report. During this period, there were no material subsequent events requiring disclosure.



Fayetteville Road Office Park
6114 Fayetteville Road, Suite 101
Durham, North Carolina 27713

919/ 544-0555 Phone
919/ 544-0556 Fax
866/ 956-5544 Toll Free

Certified Public Accountants
and Consultants

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, 2018, 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 21, 2019.

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:

2018-01: Financial reporting

The financial statements presented to us contained misstatements that were corrected as a result of five (5) 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.

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.

James S. Gibbs CMA, PLLC

Durham, North Carolina
February 21, 2019



Fayetteville Road Office Park
6114 Fayetteville Road, Suite 101
Durham, North Carolina 27713

919/ 544-0555 Phone
919/ 544-0556 Fax
866/ 956-5544 Toll Free

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 "Station") about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and that we comply with our professional responsibilities to the Board of Trustees.

Professional standards require that we provide you with information about our responsibilities under general accepted auditing standards, as well as certain information related to the planned scope and timing of the audit. We have communicated such information in our letter to you dated August 21, 2018.

In addition to our report on your financial statements dated February 21, 2019, 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 Government Auditing Standards (GAGAS)

As stated in our engagement letter dated August 21, 2018, 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, 2018. 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 financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. 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 five (5) corrected misstatements (audit adjustments) recorded to the original trial balance presented to us to begin our audit for the year ended September 30, 2018. 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 uncorrected misstatements for the year ended September 30, 2018.

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 21, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Station's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Station's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the 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 CA, PLLC

Durham, North Carolina
February 21, 2019

Attachments: Five (5) September 30, 2018 audit adjustments

Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**
 Engagement: **AUD 2018 - WSNC-FM**
 Period Ending: **9/30/2018**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3700.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit	Change in NA
Adjusting Journal Entries JE # 1					
To adjust 2018 opening balances to the 2017 Audit Financial Statements					
		1			
15000.TG	Fixed Assets		1,016,608.00		
30020.TG	Net Assets		68.00		
40250.CPB	Grant Revenue		45,163.00		(45,163)
15001.TG	Accumulated Depreciation			1,016,608.00	
22100.CPB	Deferred Revenue			45,231.00	
Total			<u>1,061,839.00</u>	<u>1,061,839.00</u>	-
Adjusting Journal Entries JE # 2					
To adjust deferred revenue to the 2018 audited balance					
		2			
22100.CPB	Deferred Revenue		2,796.00		
10000.CPB	Claim on cash			2,796.00	
Total			<u>2,796.00</u>	<u>2,796.00</u>	
Adjusting Journal Entries JE # 3					
To record indirect university support					
		3			
999999.TG	University indirect Administrative Expe		82,557.00		
499999.TG	Indirect Inversity Support			82,557.00	
Total			<u>82,557.00</u>	<u>82,557.00</u>	
Adjusting Journal Entries JE # 4					
To capitalize radio transmitter purchased in FY2018					
		4			
15000.TG	Fixed Assets		38,248.00		
40250.CPB	Grant Revenue			38,248.00	38,248
Total			<u>38,248.00</u>	<u>38,248.00</u>	
Adjusting Journal Entries JE # 5					
To record 2018 depreciation expense					
		5			
953000.TG	Depreciaton		7,650.00		(7,650)
15001.TG	Accumulated Depreciation			7,650.00	
Total			<u>7,650.00</u>	<u>7,650.00</u>	
Total adjusting entries					(14,565)
Unadjusted Change in Net Position					38,846
Final Adjusted Change in Net Position					<u>24,281</u>
					24,281

Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**
 Engagement: **AUD 2018 - WSNC-FM**
 Period Ending: **9/30/2018**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3600.01 - Financial Statement Grouping Report**

Account	Description	1st PP-FINAL 9/30/2017	UNADJ 9/30/2018	JE Ref #	AJE	FINAL 9/30/2018	% VAR	\$ VAR	ID-6
Group : [4100] Cash and Cash Equivalents									
Subgroup : [4100. Cash and Cash Equivalents-Unrestricted									
10000.F	General Checking (BB&T)	(24,375.00)	(40,522.00)		0.00	(40,522.00)	66.24%	(16,147.00)	
10050.F	Wachovia - Advantage	60,063.00	70,973.00		0.00	70,973.00	18.16%	10,910.00	
10070.F	Winston-Salem Federal Credit Union	(2,380.00)	(2,380.00)		0.00	(2,380.00)	0.00%	0.00	
10950.F	Cash intercompany transfers	(1,961.00)	(3,109.00)		0.00	(3,109.00)	58.54%	(1,148.00)	
Subtotal [4100.00] Cash and Cash Equivalents-Unrestricted		31,347.00	24,962.00		0.00	24,962.00	(20.37%)	(6,385.00)	
Total [4100] Cash and Cash Equivalents		31,347.00	24,962.00		0.00	24,962.00	(20.37%)	(6,385.00)	
Group : [4200] Receivables									
Subgroup : [4200. Other Current Assets									
12075.F	On Line Gifts Receivable	20.00	20.00		0.00	20.00	0.00%	0.00	
Subtotal [4200.00] Other Current Assets		20.00	20.00		0.00	20.00	0.00%	0.00	
Total [4200] Receivables		20.00	20.00		0.00	20.00	0.00%	0.00	
Group : [4300] Due from University									
Subgroup : [4300. Due from University									
10000.CPB	Claim on cash	45,231.00	45,231.00		(2,796.00)	42,435.00	(6.18%)	(2,796.00)	
Subtotal [4300.00] Due from University		45,231.00	45,231.00	AJE - 2	(2,796.00)	42,435.00	(6.18%)	(2,796.00)	
Total [4300] Due from University		45,231.00	45,231.00		(2,796.00)	42,435.00	(6.18%)	(2,796.00)	
Current Assets		76,598.00	70,213.00		(2,796.00)	67,417.00	(11.99%)	(9,181.00)	
Group : [4600] Property, Plant and Equipment									
Subgroup : [4600. Fixed Assets									
15000.TG	Fixed Assets	1,016,608.00	0.00		1,054,856.00	1,054,856.00	3.76%	38,248.00	
Subtotal [4600.05] Fixed Assets		1,016,608.00	0.00	AJE - 1 AJE - 4	1,054,856.00	1,054,856.00	3.76%	38,248.00	
Subgroup : [4600. Accumulated Depreciation									
15001.TG	Accumulated Depreciation	(1,016,608.00)	0.00		(1,024,258.00)	(1,024,258.00)	0.75%	(7,650.00)	
Subtotal [4600.60] Accumulated Depreciation		(1,016,608.00)	0.00	AJE - 1 AJE - 5	(1,024,258.00)	(1,024,258.00)	0.75%	(7,650.00)	
Total [4600] Property, Plant and Equipment		0.00	0.00		30,598.00	30,598.00	0.00%	30,598.00	
Non-Current Assets		0.00	0.00		30,598.00	30,598.00	0.00%	30,598.00	
TOTAL ASSET		76,598.00	70,213.00		27,802.00	98,015.00	27.96%	21,417.00	
Group : [5100] Accounts Payable									
Subgroup : [5100. Accounts Payable									
20000.F	Accounts Payable - Vendors	(68.00)	0.00		0.00	0.00	(100.00%)	68.00	
Subtotal [5100.00] Accounts Payable		(68.00)	0.00		0.00	0.00	(100.00%)	68.00	
Total [5100] Accounts Payable		(68.00)	0.00		0.00	0.00	(100.00%)	68.00	

Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**
 Engagement: **AUD 2018 - WSNC-FM**
 Period Ending: **9/30/2018**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3600.01 - Financial Statement Grouping Report**

Account	Description	1st PP-FINAL 9/30/2017	UNADJ 9/30/2018	JE Ref #	AJE	FINAL 9/30/2018	% VAR	\$ VAR	ID-6
Group : [5300]	Deferred Revenue								
Subgroup : [5300. Deferred Revenue]									
22100.CPB	Deferred Revenue	(45,231.00)	0.00		(42,435.00)	(42,435.00)	(6.18%)	2,796.00	
				AJE - 1	(45,231.00)				
				AJE - 2	2,796.00				
Subtotal [5300.00] Deferred Revenue		(45,231.00)	0.00		(42,435.00)	(42,435.00)	(6.18%)	2,796.00	
Total [5300] Deferred Revenue		(45,231.00)	0.00		(42,435.00)	(42,435.00)	(6.18%)	2,796.00	
	Current Liabilities	(45,299.00)	0.00		(42,435.00)	(42,435.00)	(6.32%)	2,864.00	
	TOTAL LIABILITY	(45,299.00)	0.00		(42,435.00)	(42,435.00)	(6.32%)	2,864.00	
Group : [6100]	Net Assets								
Subgroup : [6100. Net Assets - Unrestricted]									
30020.F	Net Assets (Foundation)	(37,810.00)	(31,367.00)		0.00	(31,367.00)	(17.04%)	6,443.00	
30020.TG	Net Assets	(7,837.00)	0.00		68.00	68.00	(100.87%)	7,905.00	
				AJE - 1	68.00				
Subtotal [6100.00] Net Assets - Unrestricted		(45,647.00)	(31,367.00)		68.00	(31,299.00)	(31.43%)	14,348.00	
Total [6100] Net Assets		(45,647.00)	(31,367.00)		68.00	(31,299.00)	(31.43%)	14,348.00	
	Equity	(45,647.00)	(31,367.00)		68.00	(31,299.00)	(31.43%)	14,348.00	
	NET (INCOME) LOSS	14,348.00	(38,846.00)		14,565.00	(24,281.00)	(269.23%)	(38,629.00)	
	TOTAL EQUITY	(31,299.00)	(70,213.00)		14,633.00	(55,580.00)	77.58%	(24,281.00)	
	TOTAL LIABILITY AND EQUITY	(76,598.00)	(70,213.00)		(27,802.00)	(98,015.00)	27.96%	(21,417.00)	
Group : [4260]	Grants and Contracts								
Subgroup : [4260. Grants and Contracts - Unrestricted]									
402410.III	Title III Revenues	(136,068.00)	(197,260.00)		0.00	(197,260.00)	44.97%	(61,192.00)	
40250.CPB	Grant Revenue	(82,162.00)	(118,180.00)		6,915.00	(111,265.00)	35.42%	(29,103.00)	
				AJE - 1	45,163.00				
				AJE - 4	(38,248.00)				
Subtotal [4260.00] Grants and Contracts - Unrestricted		(218,230.00)	(315,440.00)		6,915.00	(308,525.00)	41.38%	(90,295.00)	
Total [4260] Grants and Contracts		(218,230.00)	(315,440.00)		6,915.00	(308,525.00)	41.38%	(90,295.00)	
Group : [7140]	In-Kind Contributions								
Subgroup : [7140. Contributed Services-Unrestricted]									
499999.TG	Indirect Iniversity Support	(59,150.91)	0.00		(82,557.00)	(82,557.00)	39.57%	(23,406.09)	
				AJE - 3	(82,557.00)				
Subtotal [7140.00] Contributed Services-Unrestricted		(59,150.91)	0.00		(82,557.00)	(82,557.00)	39.57%	(23,406.09)	
Total [7140] In-Kind Contributions		(59,150.91)	0.00		(82,557.00)	(82,557.00)	39.57%	(23,406.09)	
Group : [7170]	Unrestricted Revenue								
Subgroup : [7170. Foundation Donations]									
10280.F	Foundation-Donations	(19,891.00)	(12,964.00)		0.00	(12,964.00)	(34.82%)	6,927.00	
Subtotal [7170.35] Foundation Donations		(19,891.00)	(12,964.00)		0.00	(12,964.00)	(34.82%)	6,927.00	

Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**
 Engagement: **AUD 2018 - WSNC-FM**
 Period Ending: **9/30/2018**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3600.01 - Financial Statement Grouping Report**

Account	Description	1st PP-FINAL 9/30/2017	UNADJ 9/30/2018	JE Ref #	AJE	FINAL 9/30/2018	% VAR	\$ VAR	ID-6
Subgroup : [7170. Misc Revenue									
40460.F	Fees Income	(975.00)	(3,441.00)		0.00	(3,441.00)	252.92%	(2,466.00)	
40510.F	Sales Direct	(2,225.00)	0.00		0.00	0.00	(100.00%)	2,225.00	
Subtotal [7170.45] Misc Revenue		(3,200.00)	(3,441.00)		0.00	(3,441.00)	7.53%	(241.00)	
Total [7170] Unrestricted Revenue		(23,091.00)	(16,405.00)		0.00	(16,405.00)	(28.96%)	6,686.00	
Revenues									
		(300,471.91)	(331,845.00)		(75,642.00)	(407,487.00)	35.62%	(107,015.09)	
TOTAL REVENUE									
		(300,471.91)	(331,845.00)		(75,642.00)	(407,487.00)	35.62%	(107,015.09)	
Group : [7310] Expense									
Subgroup : [7310. Salaries									
911100.III	EPA Perm Nonteach Salaries	0.00	46,667.00		0.00	46,667.00	0.00%	46,667.00	
912100.III	SPA Regular Salaries	96,850.00	101,066.00		0.00	101,066.00	4.35%	4,216.00	
912200.III	SPA Overtime Payment	2,917.00	740.00		0.00	740.00	(74.63%)	(2,177.00)	
912210.III	SPA Overtime Straight	2,508.00	5,015.00		0.00	5,015.00	99.96%	2,507.00	
912700.III	SPA Longevity Pay	1,031.00	1,211.00		0.00	1,211.00	17.46%	180.00	
912900.III	Bonus Incentive Wages	1,628.00	0.00		0.00	0.00	(100.00%)	(1,628.00)	
Subtotal [7310.00] Salaries		104,934.00	154,699.00		0.00	154,699.00	47.43%	49,765.00	
Subgroup : [7310. Employee Benefits									
918200.III	State Retirement	13,485.00	14,374.00		0.00	14,374.00	6.59%	889.00	
918300.III	Medical Insurance	10,950.00	11,393.00		0.00	11,393.00	4.05%	443.00	
918700.III	TIAA Optional Retirement	0.00	6,119.00		0.00	6,119.00	0.00%	6,119.00	
Subtotal [7310.01] Employee Benefits		24,435.00	31,886.00		0.00	31,886.00	30.49%	7,451.00	
Subgroup : [7310. Payroll Taxes									
918100.III	Social Security	6,699.00	10,674.00		0.00	10,674.00	59.34%	3,975.00	
Subtotal [7310.05] Payroll Taxes		6,699.00	10,674.00		0.00	10,674.00	59.34%	3,975.00	
Subgroup : [7310. Miscellaneous									
63100.F	Marketing	2,175.00	0.00		0.00	0.00	(100.00%)	(2,175.00)	
63240.F	Website/Internet Service	1,654.00	900.00		0.00	900.00	(45.59%)	(754.00)	
63450.F	Refreshments	296.00	156.00		0.00	156.00	(47.30%)	(140.00)	
63500.F	Entertainment	0.00	632.00		0.00	632.00	0.00%	632.00	
63950.F	Gifts, Honorariums or Benevolence	0.00	422.00		0.00	422.00	0.00%	422.00	
69999.TG	Balance accounts	(1,888.00)	0.00		0.00	0.00	(100.00%)	1,888.00	
922000.CPB	Food Products	178.00	0.00		0.00	0.00	(100.00%)	(178.00)	
93910.F	Miscellaneous Foundation	19.00	236.00		0.00	236.00	1,142.11%	217.00	
Subtotal [7310.10] Miscellaneous		2,434.00	2,346.00		0.00	2,346.00	(3.62%)	(88.00)	
Subgroup : [7310. Admin Fees									
67000.F	Admin Fees Foundation	1,616.00	1,148.00		0.00	1,148.00	(28.96%)	(468.00)	
Subtotal [7310.15] Admin Fees		1,616.00	1,148.00		0.00	1,148.00	(28.96%)	(468.00)	
Subgroup : [7310. Telephone									
932210.CPB	Telephone Local	3,624.00	3,336.00		0.00	3,336.00	(7.95%)	(288.00)	
932220.CPB	Telephone Long Distance	72.00	36.00		0.00	36.00	(50.00%)	(36.00)	
932230.CPB	Telephone	41.00	45.00		0.00	45.00	9.76%	4.00	
Subtotal [7310.20] Telephone		3,737.00	3,417.00		0.00	3,417.00	(8.56%)	(320.00)	

Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**
 Engagement: **AUD 2018 - WSNC-FM**
 Period Ending: **9/30/2018**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3600.01 - Financial Statement Grouping Report**

Account	Description	1st PP-FINAL 9/30/2017	UNADJ 9/30/2018	JE Ref #	AJE	FINAL 9/30/2018	% VAR	\$ VAR	ID-6
Subgroup : [7310. Supplies									
63020.F	Supplies	917.00	1,796.00		0.00	1,796.00	95.86%	879.00	
923110.CPB	Educational Supplies	1,741.00	2,509.00		0.00	2,509.00	44.11%	768.00	
926000.CPB	Office Supplies	2,182.00	6,558.00		0.00	6,558.00	200.55%	4,376.00	
929000.CPB	Other Supplies	3,534.00	9,385.00		0.00	9,385.00	165.56%	5,851.00	
929150.CPB	Supplies	367.00	0.00		0.00	0.00	(100.00%)	(367.00)	
Subtotal [7310.25] Supplies		8,741.00	20,248.00		0.00	20,248.00	131.64%	11,507.00	
Subgroup : [7310. Rental and Maintenance of Equipment									
63400.F	Rental Expense/Room, Equipment, Cars	240.00	260.00		0.00	260.00	8.33%	20.00	
924000.CPB	Repair Supplies	2,938.00	0.00		0.00	0.00	(100.00%)	(2,938.00)	
934110.CPB	Copier	22.00	361.00		0.00	361.00	1,540.91%	339.00	
950000.CPB	Expensed Personal Comp Printers	1,214.00	0.00		0.00	0.00	(100.00%)	(1,214.00)	
952260.CPB	Expensed Personal Comp Printers	3,976.00	0.00		0.00	0.00	(100.00%)	(3,976.00)	
Subtotal [7310.30] Rental and Maintenance of Equipment		8,390.00	621.00		0.00	621.00	(92.60%)	(7,769.00)	
Subgroup : [7310. Printing and Publications									
62300.F	Printing and Binding	700.00	150.00		0.00	150.00	(78.57%)	(550.00)	
943100.CPB	943100 - Printing	0.00	3,000.00		0.00	3,000.00	0.00%	3,000.00	
Subtotal [7310.35] Printing and Publications		700.00	3,150.00		0.00	3,150.00	350.00%	2,450.00	
Subgroup : [7310. Postage and Shipping									
932110.CPB	Postage	49.00	252.00		0.00	252.00	414.29%	203.00	
Subtotal [7310.40] Postage and Shipping		49.00	252.00		0.00	252.00	414.29%	203.00	
Subgroup : [7310. Conferences and Meetings									
62700.F	Meetings/Training	199.00	0.00		0.00	0.00	(100.00%)	(199.00)	
62725.F	Meetings	458.00	260.00		0.00	260.00	(43.23%)	(198.00)	
Subtotal [7310.45] Conferences and Meetings		657.00	260.00		0.00	260.00	(60.43%)	(397.00)	
Subgroup : [7310. Travel									
931120.CPB	931120 - Travel	0.00	1,449.00		0.00	1,449.00	0.00%	1,449.00	
931121.CPB	Travel Instate Trns Ground	367.00	0.00		0.00	0.00	(100.00%)	(367.00)	
931122.CPB	Travel Out State Air	3,070.00	0.00		0.00	0.00	(100.00%)	(3,070.00)	
931123.CPB	Travel Out State Ground	269.00	0.00		0.00	0.00	(100.00%)	(269.00)	
931124.CPB	Travel Out State Trns Other	176.00	0.00		0.00	0.00	(100.00%)	(176.00)	
931125.CPB	Travel Out State Sub Lodgin	4,988.00	0.00		0.00	0.00	(100.00%)	(4,988.00)	
931126.CPB	Travel Out State Sub Meals	715.00	0.00		0.00	0.00	(100.00%)	(715.00)	
931127.CPB	Travel Out State Registr	699.00	0.00		0.00	0.00	(100.00%)	(699.00)	
Subtotal [7310.50] Travel		10,284.00	1,449.00		0.00	1,449.00	(85.91%)	(8,835.00)	
Subgroup : [7310. Contracted Services									
63724.F	Contract Services	1,835.00	2,650.00		0.00	2,650.00	44.41%	815.00	
919210.CPB	Contract Services	1,674.00	8,973.00		0.00	8,973.00	436.02%	7,299.00	
919900.CPB	Other Contract Services	11,544.00	14,256.00		0.00	14,256.00	23.49%	2,712.00	
Subtotal [7310.55] Contracted Services		15,053.00	25,879.00		0.00	25,879.00	71.92%	10,826.00	
Subgroup : [7310. Depreciation and Amortization									
953000.TG	Depreciaton	20,737.00	0.00		7,650.00	7,650.00	(63.11%)	(13,087.00)	

Client: **NC-014750.0 - WSNC-FM, Winston-Salem State University**
 Engagement: **AUD 2018 - WSNC-FM**
 Period Ending: **9/30/2018**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3600.01 - Financial Statement Grouping Report**

Account	Description	1st PP-FINAL 9/30/2017	UNADJ 9/30/2018	JE Ref #	AJE	FINAL 9/30/2018	% VAR	\$ VAR	ID-6
Subtotal [7310.70] Depreciation and Amortization		<u>20,737.00</u>	<u>0.00</u>	AJE - 5	<u>7,650.00</u>	<u>7,650.00</u>	(63.11%)	(13,087.00)	
Subgroup : [7310. Dues & Membership expense									
62800.F	Dues Member	748.00	11,792.00		0.00	11,792.00	1,476.47%	11,044.00	
949000.CPB	949000 - Subscriptions	0.00	18,202.00		0.00	18,202.00	0.00%	18,202.00	
949110.CPB	Dues-Member (Restricted)	33,214.00	4,470.00		0.00	4,470.00	(86.54%)	(28,744.00)	
949120.CPB	949120 - Subscriptions	0.00	117.00		0.00	117.00	0.00%	117.00	
954900.F	Fees	8,705.00	0.00		0.00	0.00	(100.00%)	(8,705.00)	
Subtotal [7310.75] Dues & Membership expense		<u>42,667.00</u>	<u>34,581.00</u>		<u>0.00</u>	<u>34,581.00</u>	(18.95%)	(8,086.00)	
Subgroup : [7310. Foundation In-Kind									
999999.TG	University indirect Administrative Expe	59,150.91	0.00	AJE - 3	82,557.00	82,557.00	39.57%	23,406.09	
Subtotal [7310.80] Foundation In-Kind		<u>59,150.91</u>	<u>0.00</u>		<u>82,557.00</u>	<u>82,557.00</u>	39.57%	23,406.09	
Subgroup : [7310. Advertising									
63200.F	Advertising	4,536.00	2,389.00		0.00	2,389.00	(47.33%)	(2,147.00)	
Subtotal [7310.85] Advertising		<u>4,536.00</u>	<u>2,389.00</u>		<u>0.00</u>	<u>2,389.00</u>	(47.33%)	(2,147.00)	
Total [7310] Expense		<u>314,819.91</u>	<u>292,999.00</u>		<u>90,207.00</u>	<u>383,206.00</u>	21.72%	68,386.09	
Operating Expenses		<u>314,819.91</u>	<u>292,999.00</u>		<u>90,207.00</u>	<u>383,206.00</u>	21.72%	68,386.09	
TOTAL EXPENSE		<u>314,819.91</u>	<u>292,999.00</u>		<u>90,207.00</u>	<u>383,206.00</u>	21.72%	68,386.09	
NET (INCOME) LOSS		<u>14,348.00</u>	<u>(38,846.00)</u> 0.00		<u>14,565.00</u>	<u>(24,281.00)</u>	(269.23%)	(38,629.00)	
Sum of Account Groups		<u>0.00</u>	<u>0.00</u>		<u>0.00</u>	<u>0.00</u>	0.00%	0.00	