

WAYNE STATE UNIVERSITY WDET-FM

(A Department of Wayne State University)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors
Wayne State University
Detroit, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Wayne State University WDET-FM (WDET), a department of Wayne State University, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise WDET'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 WDET's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WDET, a department of Wayne State University, as of September 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Regarding Department Financial Statements:

As discussed in Note 1, the financial statements of WDET are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of Wayne State University's information that is attributable to the transactions of WDET. They do not purport to, and do not present fairly the financial position of Wayne State University as of September 30, 2021 and 2020, the changes in its financial position, or, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

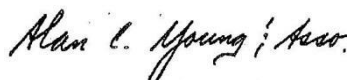
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as shown in the table of contents 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 14, 2022, on our consideration of WDET'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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WDET's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WDET's internal control over financial reporting and compliance.



Detroit, Michigan
February 14, 2022



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Detroit, MI 48202

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(313) 873-7502 (Fax)
www.alancyoung.com

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

To the Board of Governors
Wayne State University
Detroit, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wayne State University WDET-FM (WDET), a department of Wayne State University, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise WDET's basic financial statements, and have issued our report thereon dated February 14, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered WDET'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WDET's internal control. Accordingly, we do not express an opinion on the effectiveness of WDET's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses. However, significant deficiencies or material weaknesses may exist that have not been identified.

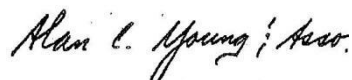
Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters based on an Audit of Financial
Statements Performed in Accordance with Government
Auditing Standards
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WDET'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Detroit, Michigan
February 14, 2022

WAYNE STATE UNIVERSITY WDET-FM

Management's Discussion and Analysis – Unaudited

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of Wayne State University WDET 101.9 FM ("WDET") as of and for the year ended September 30, 2021, with selected comparative information as of and for the year ended September 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and related notes for the year ended September 30, 2021 and 2020.

WDET is a public radio station licensed to Wayne State University ("the University") by the Federal Communications Commission. The station does not have a separate legal status or existence. The assets, liabilities, net position and revenues and expenses of WDET are included in the combined financial statements of Wayne State University. WDET's financial statements and accompanying notes are prepared in accordance with the Corporation for Public Broadcasting's Principles of Accounting and Financial Reporting for Public Telecommunications Entities, and principles of the Governmental Accounting Standards Board ("GASB") which establish standards for external financial reporting for public colleges and universities. These principles require that the University's financial statements be presented on a combined basis. The financial statements of WDET are presented and reported on separately in this report solely due to the separate reporting requirements of the Corporation for Public Broadcasting ("CPB").

WDET serves to enhance the visibility of the University by reaching some of southeast Michigan's most diverse and educated constituencies. WDET also streams its broadcast signal on its website (www.wdetfm.org), which allows the station a global audience. The station regularly hears from listeners from all corners of the globe and has become a source for relocated and out of town Detroiters to get local news and information about their hometown.

WDET also houses another of the University's outreach services, the Detroit Radio Information Service (DRIS). DRIS is southeast Michigan's 24-hour radio reading service, providing programming to foster independent living for people who cannot see, hold or comprehend normal printed materials, such as newspapers and magazines.

USING THIS REPORT

WDET's financial report includes three basic financial statements: the statement of net position, which presents the assets, liabilities and net position of WDET at September 30, 2021, the statement of revenues, expenses and changes in net position, which reflects revenues and expenses recognized during the fiscal year, and the statement of cash flows, which provides information on major sources and uses of cash during the fiscal year. The report also includes notes to the financial statements which are an integral component of the report.

This financial report is designed to provide a general overview of WDET's finances and to show WDET's accountability for the money it receives. Additional information can be requested by mail at the following address:

Wayne State University
Fiscal Operations – Controller's Office
5700 Cass Avenue, Suite 4602
Detroit, Michigan 48202

WAYNE STATE UNIVERSITY WDET-FM

Management's Discussion and Analysis – Unaudited (Continued)

FINANCIAL HIGHLIGHTS

Statement of Net Position

The statement of net position presents the financial position of WDET at the end of the fiscal year and includes all assets and liabilities of WDET. The difference between total assets and total liabilities, net position, is one indicator of the current financial condition of WDET, while the change in net position is an indicator of how the current year's operations have affected its overall financial condition. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less accumulated depreciation.

The summary of WDET's assets, liabilities, and net position at September 30, 2021 and 2020 is presented below:

	2021	2020
	(in millions)	
Current Assets		
Due from Wayne State University	\$ 0.71	\$ 0.05
Other Current Assets	0.88	0.80
Total Current Assets	1.59	0.85
Noncurrent Assets		
Investments	0.17	0.14
Noncurrent Receivables, Net	-	0.03
Capital Assets, Net	0.53	0.43
Total Assets	<u>\$ 2.29</u>	<u>\$ 1.45</u>
Current Liabilities		
Other Current Liabilities	\$ 0.44	\$ 0.37
Total Current Liabilities	0.44	0.37
Noncurrent Portion of Compensated Absences	0.07	0.07
Total Liabilities	0.51	0.44
Total Net Position	1.78	1.01
Total Liabilities and Net Position	<u>\$ 2.29</u>	<u>\$ 1.45</u>

WDET's financial position consists of assets of \$2.29 million at September 30, 2021 and \$1.45 million at September 30, 2020 and liabilities of \$0.51 million at September 30, 2021 and \$0.44 million at September 30, 2020. The station's net position increased \$0.77 million from a surplus of \$1.01 million at September 30, 2020 to a surplus of \$1.78 million at September 30, 2021.

Current assets increased \$0.74 million from \$0.85 million at September 30, 2020 to \$1.59 million at September 30, 2021. As indicated in Note 2, the amount due from the University was \$0.71 million and \$0.05 million at September 30, 2021 and 2020, respectively, which represents WDET cash on deposit in the University's cash pool account. Non-current assets increased \$0.10 million from \$0.60 million at September 30, 2020 to \$0.70 million at September 30, 2021. The investment in capital assets net of accumulated depreciation was \$0.53 million and \$0.43 million at September 30, 2021 and 2020, respectively.

WAYNE STATE UNIVERSITY WDET-FM

Management's Discussion and Analysis – Unaudited (Continued)

Statement of Net Position (Continued)

Current liabilities increased \$0.07 million from \$0.37 million at September 30, 2020 to \$0.44 million at September 30, 2021.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents WDET's revenues and expenses recognized during the fiscal year.

A summary of revenues and expenses, including operating and non-operating, for the years ended September 30, 2021 and 2020 is as follows:

	2021	2020
	(in millions)	
Operating Revenues		
Grant from Corporation for Public Broadcasting	\$ 0.54	\$ 0.34
Underwriting Sales and Other Sales	0.84	1.02
Indirect Administrative Support	0.57	0.59
Other Grants	0.09	0.06
Total Operating Revenues	<u>2.04</u>	<u>2.01</u>
Operating Expenses		
Salaries, Payroll Taxes, and Employee Benefits	2.60	3.02
Membership Dues and Other Fees	0.06	0.09
Indirect Administrative Support	0.57	0.59
Contracted Services	1.04	0.87
Postage	0.05	0.04
Equipment, Software, and Maintenance	0.11	0.11
Depreciation	0.06	0.05
Telephone, Supplies and Materials, and Other	0.23	0.17
Total Operating Expenses	<u>4.72</u>	<u>4.94</u>
Operating Loss	<u>(2.68)</u>	<u>(2.93)</u>
Non-operating Revenues		
Contributions	2.63	2.70
PPP Loan Forgiveness	0.51	
Transfer from Wayne State University	0.22	0.25
Other Income	0.09	0.04
Total Non-operating Revenues	<u>3.45</u>	<u>2.99</u>
Increase in Net Position	0.77	0.06
Net Position, Beginning of Year	<u>1.01</u>	<u>0.95</u>
Net Position, End of Year	<u>\$ 1.78</u>	<u>\$ 1.01</u>

WAYNE STATE UNIVERSITY WDET-FM

Management's Discussion and Analysis – Unaudited (Continued)

FINANCIAL HIGHLIGHTS (Continued)

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Revenues (operating and non-operating) totaled \$5.49 million at September 30, 2021 and \$5.00 million at September 30, 2020. The 2021 increase in revenues of \$0.49 million is primarily attributable to the federal Paycheck Protection Program (PPP) loan forgiveness of \$0.51 million, offset partially by a decrease in University support of \$0.02 million. In fiscal year 2021, the University received a PPP Loan which was subsequently forgiven and therefore recognized as non-operating revenue in 2021 (see Note 7 for further details). During fiscal year 2021, expenses decreased \$0.22 million to \$4.72 million compared to \$4.94 million in 2020. The decrease was attributable principally to decreases in compensation-related expenses of \$0.42 million, offset partially by expenses in Contracted Services increasing by \$0.17 million.

Statement of Cash Flows

The statement of cash flows provides additional information about WDET's financial results, by reporting the major sources and uses of cash during the year. WDET reports cash activities in three categories: operating, noncapital financing, and capital and related financing. WDET's most significant sources of cash flows resulted from contributions, transfers from Wayne State University, PPP loan forgiveness and underwriting and other sales. Primary outlays of cash were payments to employees suppliers.

Novel Coronavirus (COVID-19) Pandemic

In March 2020, the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus was declared a pandemic by the World Health Organization, and a national emergency by the President of the United States. In response, federal and state governments have implemented measures to combat the outbreak which have impacted business operations worldwide. Likewise the pandemic has had a significant impact on the University/WDET during fiscal year 2020 and 2021. Effective March 16, 2020, the University reduced the scope of its on-site operations and where possible, certain employees teleworked from their homes. The University reduced the scope of its on-site operations and where possible, certain employees teleworked from their homes. In addition, the University limited on campus residence, all non-essential travel, and cancelled or postponed other on-campus conferences or events. During fiscal year 2021, the majority of WDET staff worked a hybrid schedule during the pandemic to continue to meet station operational needs.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The COVID-19 pandemic has significantly impacted all broadcast entities across the country with higher costs to produce content and lower revenue with which to do it. Furthermore, our audiences have dramatically decreased. Listeners made significant shifts away from "drive time" listening due to the high percentage of audience members working from home; they have no drive time now. Almost 30 percent of WDET listeners work from home – a disproportionate impact because WDET listeners are more than twice as likely to work at home as the average person.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE (Continued)

Revenue from businesses dropped due to financial challenges the businesses faced to keep their own doors open. Public broadcasters found the foundation community focusing efforts on direct human services to help the community meet basic human need challenges were addressed with cost reduction measures and increased philanthropy from WDET's audience in fiscal year 2022. The federal government recognized the essential information-dissemination role filled by public broadcasters and provided financial support to public media entities through the Coronavirus Aid, Relief and Economic Security Act (CARES Act) but there is no expectation of additional federal funds in fiscal year 2022.

Within that context, the factors that will influence the future of WDET are the health of the local and national economy, employment levels in the region, availability of state and federal funds and disruptions in the media and news landscape. Access to corporate and Foundation philanthropy will also be a factor especially as WDET anticipate a move to a new facility.

WDET will continue to advance programs and initiatives that reach new audiences and strengthen its value to Wayne State University and to the entire metropolitan Detroit region. These activities will support the station's objective to achieve greater financial independence through increased support from individual donors, business sponsors, and private foundations. WDET will strengthen relationships with partners and key stakeholders who support its mission and collaborate on programs and community initiatives.

WAYNE STATE UNIVERSITY WDET-FM

Statements of Net Position September 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Current Portion of Receivables, Net (Note 3)	\$ 853,035	\$ 804,718
Due from Wayne State University (Note 2)	710,051	46,220
Prepaid Expenses	24,545	1,156
Total Current Assets	1,587,631	852,094
Investments	169,441	136,040
Noncurrent Receivables, Net (Note 3)	1,323	33,459
Capital Assets, Net (Notes 4)	531,043	428,969
Total Assets	<u>\$ 2,289,438</u>	<u>\$ 1,450,562</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Payroll	\$ 219,020	\$ 125,647
Unearned Income	71,753	89,867
Current Portion of Compensated Absences (Note 5)	145,455	153,757
Total Current Liabilities	436,228	369,271
Noncurrent Portion of Compensated Absences (Note 5)	74,100	74,086
Total Liabilities	510,328	443,357
NET POSITION		
Net Investment in Capital Assets	531,043	428,969
Restricted - Expendable	162,474	97,650
Unrestricted - Net Position	1,085,593	480,586
Total Net Position	1,779,110	1,007,205
Total Liabilities and Net Position	<u>\$ 2,289,438</u>	<u>\$ 1,450,562</u>

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

WAYNE STATE UNIVERSITY WDET-FM

Statements of Revenues, Expenses and Changes in Net Position Years Ended September 30, 2021 and 2020

	2021	2020
Operating Revenues		
Grant from Corporation for Public Broadcasting	\$ 543,346	\$ 338,082
Underwriting Sales	717,807	864,819
Other Sales	126,224	155,205
Indirect Administrative Support (Note 1)	567,108	585,987
Other Grants	89,192	62,067
Total Operating Revenues	2,043,677	2,006,160
Operating Expenses (Note 9)		
Salaries, Payroll Taxes, and Employee Benefits	2,599,502	3,018,162
Membership Dues and Other Fees	69,075	90,868
Indirect Administrative Support (Note 1)	567,108	585,987
Contracted Services	1,040,094	866,158
Printing, Publicity, and Advertising	120,291	81,675
Supplies and Materials	43,745	19,518
Telephone	37,321	36,477
Postage	49,581	40,890
Travel and Training	11,322	11,860
Equipment, Software, and Maintenance	100,742	109,934
Miscellaneous	21,463	20,477
Depreciation	59,997	49,926
Total Operating Expenses	4,720,241	4,931,932
Operating Loss	(2,676,564)	(2,925,772)
Non-operating Revenues		
Contributions	2,626,908	2,699,534
PPP Loan Forgiveness (Note 7)	505,732	-
Transfer from Wayne State University	225,000	250,000
Other Income	90,829	35,408
Total Non-operating Revenues	3,448,469	2,984,942
Increase in Net Position	771,905	59,170
Net Position, Beginning of Year	1,007,205	948,035
Net Position, End of Year	\$ 1,779,110	\$ 1,007,205

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

WAYNE STATE UNIVERSITY WDET-FM

Statements of Cash Flows Years Ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants	\$ 619,167	\$ 413,251
Underwriting and Other Sales	777,988	1,097,622
Payments to Employees	(2,596,871)	(3,045,841)
Payments to Suppliers	(1,449,354)	(1,307,457)
Net Cash Used in Operating Activities	(2,649,070)	(2,842,425)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions	2,672,027	2,585,681
Transfer from Wayne State University	225,000	250,000
PPP Loan Forgiveness	505,732	-
Other	57,428	40,040
Net Cash Provided by Non-Capital Financing Activities	3,460,187	2,875,721
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchasing Fixed Assets	(147,286)	-
Net cash Used in Capital and Related Financing Activities	(147,286)	-
Net Increase in Due from Wayne State University	663,831	33,296
Due to (from) Wayne State University, Beginning of Year	46,220	12,924
Due from Wayne State University, End of Year	\$ 710,051	\$ 46,220
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (2,676,564)	\$ (2,925,772)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	59,997	49,926
(Increase) Decrease in Assets of Current Operating Funds:		
Receivables, Net	(61,300)	50,229
Prepaid Expenses	(23,389)	3,258
Increase (Decrease) in Liabilities of Current Operating Funds:		
Accounts Payable and Accrued Payroll	78,588	(100,918)
Unearned Income	(18,114)	40,471
Compensated Absences	(8,288)	40,381
Net Cash Used in Operating Activities	\$ (2,649,070)	\$ (2,842,425)

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

1) BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**Overview**

WDET-FM (WDET) is a public telecommunications entity owned and operated by Wayne State University (the University). WDET does not have separate legal status or existence. The assets and liabilities and the revenues and expenses of WDET, with the exception of in-kind donations and expenses, are included in the combined financial statements of the University.

Basis of Presentation

The financial statements have been prepared in accordance with the Corporation for Public Broadcasting's Principles of Accounting and Financial Reporting for Public Telecommunications Entities, and generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

Net Position - Consistent with GASB Principles, WDET reports its net position in three categories:

- **Net Investment in Capital Assets** – WDET's investment in equipment, net of accumulated depreciation. Changes from year to year result from capital additions, retirement of assets and depreciation expense.
- **Restricted - Expendable** – Gifts and sponsored and governmental grants and contracts which are subject to externally imposed restrictions governing their use.
- **Unrestricted** – Funds which are not subject to externally imposed restrictions and are designated for public service and other programs.

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The University and WDET report their operations as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Consistent with GASB principles, WDET defines operating activities, as reported in the statement of revenues, expenses, and changes in net position, as those that generally result from exchange transactions such as payments received for underwriting sales and program grants, and payments made for services or goods received. Non-operating revenues are primarily non-exchange in nature such as contributions received from the University and external donors.

1) BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Prepaid Expenses – Prepaid expenses primarily represent cash payments made in advance of when the related expenditures are recognized for financial statement purposes.

Investments – Investments represent the portion of gifts and the related undistributed accretion from investments specifically restricted to WDET which are included in the University's endowment investment pool.

Capital Assets – Capital assets are recorded at cost, or if acquired by gift, at the acquisition value as of the date of donation. Depreciation is computed on the straight-line method over the estimated service lives of the respective assets. The University's capitalization threshold for equipment is a cost of \$5,000 or greater.

Unearned Income – Unearned income represents amounts received and/or receivable in advance of an event or in advance of incurring the related costs. This includes amounts received from grant and contract sponsors which have not yet been earned under the terms of the underlying agreements. Unearned income will be recognized as revenue in subsequent periods commensurate with generally accepted accounting principles and/or the applicable grant and contract terms and conditions.

Revenue Recognition – WDET receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such promise, revenue is recognized when the gift is received. Endowment pledges and conditional promises do not meet eligibility requirements, as defined by GASB Statement No. 33, *Financial Reporting for Non-Exchange Transactions*, and are not recorded as assets until the related gifts are received.

Donor unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are made, commensurate with expected future payments. The allowance for uncollectible pledge receivables is provided based on management's judgment of potential uncollectible amounts.

Underwriting revenue is recognized when the related programming and broadcasting services have occurred.

1) BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Donations – Donated goods and services are recorded as both revenue and expense at the estimated fair market value as determined by the donor.

Donated personnel services of nonprofessional volunteers are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Corporation for Public Broadcasting Community Service Grant - The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code 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.

Indirect Administrative Support – Indirect administrative support consists of an allocation of costs relating to occupancy, maintenance, utilities and other institutional support provided to WDET by the University. This support is recognized in the financial statements as both revenue and expense.

2) DUE FROM/TO WAYNE STATE UNIVERSITY

The amounts due from Wayne State University at September 30, 2021 and 2020 were \$710,051 and \$46,220, respectively. These amounts represent WDET cash on deposit in the University's pooled cash account.

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued) September 30, 2021 and 2020

3) RECEIVABLES

Receivables at September 30, 2021 and 2020 were as follows:

	2021	2020
Pledge Receivables, Current	\$ 662,292	\$ 676,175
Less Allowance for Doubtful Pledge Receivables - Current	<u>(67,791)</u>	<u>(68,691)</u>
	594,501	607,484
Underwriting Receivables	310,618	251,478
Less Allowance for Doubtful Underwriting Receivables	<u>(70,229)</u>	<u>(54,244)</u>
	240,389	197,234
Other Receivables	<u>18,145</u>	<u>-</u>
Current Receivables, Net	<u><u>\$ 853,035</u></u>	<u><u>\$ 804,718</u></u>
Pledge Receivables - Noncurrent	\$ 4,751	\$ 38,023
Less Allowance for Doubtful Pledge Receivables - Noncurrent	<u>(3,428)</u>	<u>(4,564)</u>
Noncurrent Receivables, Net	<u><u>\$ 1,323</u></u>	<u><u>\$ 33,459</u></u>

4) CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2021 and 2020 was as follows:

	2021		
	Beginning Balance	Additions	Ending Balance
Tower	\$ 926,562	\$ -	\$ 926,562
Furniture and Equipment	<u>557,305</u>	<u>162,071</u>	<u>719,376</u>
Subtotal	1,483,867	162,071	1,645,938
Less: Accumulated Depreciation	<u>(1,054,898)</u>	<u>(59,997)</u>	<u>(1,114,895)</u>
Capital Assets, Net	<u><u>\$ 428,969</u></u>	<u><u>\$ 102,074</u></u>	<u><u>\$ 531,043</u></u>

	2020		
	Beginning Balance	Additions	Ending Balance
Tower	\$ 926,562	\$ -	\$ 926,562
Furniture and Equipment	<u>557,305</u>	<u>-</u>	<u>557,305</u>
Subtotal	1,483,867	-	1,483,867
Less: Accumulated Depreciation	<u>(1,004,972)</u>	<u>(49,926)</u>	<u>(1,054,898)</u>
Capital Assets, Net	<u><u>\$ 478,895</u></u>	<u><u>\$ (49,926)</u></u>	<u><u>\$ 428,969</u></u>

5) COMPENSATED ABSENCES

Compensated absences represent the liability for earned and vested employee vacation and sick time. The compensated absences amounts are \$219,555 and \$227,843 at September 30, 2021 and September 30, 2020, respectively.

6) DEFINED CONTRIBUTION RETIREMENT PLAN

The University offers pension benefits for substantially all full-time employees of WDET through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after they reach 26 years of age. Eligible employees that contribute at least 1 percent of their salary will receive a University matching contribution equal to two times their contribution up to a maximum University contribution of 10 percent. The University's contribution is not vested until the employee has completed two years of service. The University also offers a retirement savings plan to substantially all of its full-time employees which is fully funded by employee contributions. The University does not contribute to this plan.

7) PPP LOAN FORGIVENESS

On February 11, 2021, the University received a Paycheck Protection Program (PPP) loan of \$505,732 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan was issued by Fifth Third, National Bank in the amount of \$505,732 with an interest rate of 1.0 percent per annum and a term of 5 years. The application for forgiveness of the loan was submitted January 7, 2022 with inclusion of compliance substantiation and certification therein.

8) SUBSEQUENT EVENTS

The University received notice of forgiveness from the lender on January 18, 2022. This amount is included in the 2021 non-operating revenue. The University has evaluated all other subsequent events through February 14, 2022, the date the financial statements were available to be issued. No other subsequent events were noted that required adjustments or disclosures in the financial statements.

9) FUNCTIONAL EXPENSES

Operating expenses, reported on the Statement of Revenues, Expenses and Changes in Net Position are categorized by natural classifications. Functional breakdowns of operating expenses classified by activity for the years ended September 30, 2021 and 2020 are presented on the following pages:

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued) September 30, 2021 and 2020

9) FUNCTIONAL EXPENSES (Continued)

	2021				
	Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General
					Total
Salaries, Payroll Taxes, and Employee Benefits	\$ 1,125,570	\$ 453,538	\$ 131,703	\$ 486,535	\$ 2,599,502
Membership Dues and Other Fees	8,429	-	75	9,125	51,446
Contracted Services	871,967	36,750	7,475	92,517	31,385
Printing, Publicity, and Advertising	16,162	3,661	7,286	92,126	1,056
Supplies and Materials	3,557	37,325	-	2,512	351
Telephone	15,170	11,339	1,214	4,015	5,583
Postage	1,162	156	-	48,001	262
Travel and Training	200	3,031	701	4,754	2,636
Equipment, Software and Maintenance	2,717	39,608	206	50,418	7,793
Miscellaneous	6,377	2,319	-	4,009	8,758
Depreciation	30,068	8,615	2,179	11,639	7,496
Total Functional Expenses					
Before Indirect Administrative Support	2,081,379	596,342	150,839	805,651	518,922
Indirect Administrative Support	284,211	81,430	20,597	110,011	70,859
Total Functional Expenses	\$ 2,365,590	\$ 677,772	\$ 171,436	\$ 915,662	\$ 589,781
					\$ 4,720,241

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Notes to Financial Statements (Continued) September 30, 2021 and 2020

9) FUNCTIONAL EXPENSES (Continued)

	2020				
	Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General
					Total
Salaries, Payroll Taxes, and Employee Benefits	\$ 1,165,926	\$ 659,029	\$ 143,256	\$ 675,483	\$ 374,468
Membership Dues and Other Fees	27,436	-	-	8,840	54,592
Contracted Services	689,529	39,995	4,800	89,613	42,221
Printing, Publicity, and Advertising	2,287	4,654	1,274	70,330	3,130
Supplies and Materials	7,139	6,936	295	1,353	3,795
Telephone	14,120	10,909	1,194	4,530	5,724
Postage	-	110	235	40,493	52
Travel and Training	4,543	1,697	1,033	2,220	2,367
Equipment, Software and Maintenance	2,337	63,790	-	40,896	2,911
Miscellaneous	-	-	407	9,843	10,227
Depreciation	22,219	9,148	1,772	10,966	5,821
Total Functional Expenses					
Before Indirect Administrative Support	1,935,536	796,268	154,266	954,567	505,308
Indirect Administrative Support	260,792	107,365	20,801	128,709	68,320
Total Functional Expenses	\$ 2,196,328	\$ 903,633	\$ 175,067	\$ 1,083,276	\$ 573,628
					\$ 4,345,945
					585,987
					\$ 4,931,932