

WAYNE STATE UNIVERSITY WDET-FM

(A Department of Wayne State University)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors
Wayne State University
Detroit, Michigan

Opinions

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise WDET's basic financial statements as listed in the table of contents.

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, 2022 and 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WDET, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

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 the Wayne State University as of September 30, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Independent Auditor's Report
(Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WDET's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

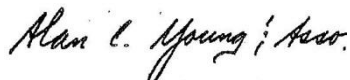
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 20, 2023 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 20, 2023



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

To the Board of 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise WDET's basic financial statements, and have issued our report thereon dated February 20, 2023.

Report on 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) as a basis for designing 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 material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

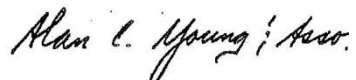
Report on Compliance and Other Matters

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

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)

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 20, 2023

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, 2022, with selected comparative information as of and for the year ended September 30, 2021. 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, 2022 and 2021.

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, 2022, 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, 2022 and 2021 is presented below:

	<u>2022</u>	<u>2021</u>
	(in millions)	
Current Assets		
Due from Wayne State University	\$ 0.46	\$ 0.71
Other Current Assets	0.73	0.88
Total Current Assets	<u>1.19</u>	<u>1.59</u>
Noncurrent Assets		
Investments	0.15	0.17
Capital Assets, Net	0.48	0.53
Total Assets	<u>\$ 1.82</u>	<u>\$ 2.29</u>
Current Liabilities		
Other Current Liabilities	\$ 0.50	\$ 0.44
Total Current Liabilities	<u>0.50</u>	<u>0.44</u>
Noncurrent Portion of Compensated Absences	0.08	0.07
Total Liabilities	0.58	0.51
Total Net Position	<u>1.24</u>	<u>1.78</u>
Total Liabilities and Net Position	<u>\$ 1.82</u>	<u>\$ 2.29</u>

WDET's financial position consists of assets of \$1.82 million at September 30, 2022 and \$2.29 million at September 30, 2021 and liabilities of \$0.58 million at September 30, 2022 and \$0.51 million at September 30, 2021. The station's net position decreased \$0.54 million from a \$1.78 million surplus at September 30, 2021 to \$1.24 million at September 30, 2022.

Current assets decreased \$0.40 million from \$1.59 million at September 30, 2021 to \$1.19 million at September 30, 2022. As indicated in Note 2, the amount due from the University was \$0.46 million and \$0.71 million at September 30, 2022 and 2021, respectively, which represents WDET cash on deposit in the University's cash pool account. Non-current assets decreased \$0.07 million from \$0.70 million at September 30, 2021 to \$0.63 million at September 30, 2022. The investment in capital assets net of accumulated depreciation was \$0.48 million and \$0.53 million at September 30, 2022 and 2021, respectively.

WAYNE STATE UNIVERSITY WDET-FM

Management's Discussion and Analysis – Unaudited (Continued)

FINANCIAL HIGHLIGHTS (Continued)

Statement of Net Position (Continued)

Current liabilities increased \$0.06 million from \$0.44 million at September 30, 2021 to \$0.50 million at September 30, 2022.

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, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
	(in millions)	
Operating Revenues		
Grant from Corporation for Public Broadcasting	\$ 0.26	\$ 0.54
Underwriting Sales and Other Sales	1.08	0.84
Indirect Administrative Support	0.65	0.57
Other Grants	0.07	0.09
Total Operating Revenues	<u>2.06</u>	<u>2.04</u>
Operating Expenses		
Salaries, Payroll Taxes, and Employee Benefits	2.86	2.60
Membership Dues and Other Fees	0.07	0.06
Indirect Administrative Support	0.65	0.57
Contracted Services	1.24	1.04
Postage	0.06	0.05
Equipment, Software, and Maintenance	0.11	0.11
Depreciation	0.07	0.06
Telephone, Supplies and Materials, and Other	0.27	0.23
Total Operating Expenses	<u>5.33</u>	<u>4.72</u>
Operating Loss	<u>(3.27)</u>	<u>(2.68)</u>
Non-operating Revenues		
Contributions	2.48	2.63
PPP Loan Forgiveness	-	0.51
Transfer from Wayne State University	0.20	0.22
Other Income	0.05	0.09
Total Non-operating Revenues	<u>2.73</u>	<u>3.45</u>
(Decrease) Increase in Net Position	(0.54)	0.77
Net Position, Beginning of Year	<u>1.78</u>	<u>1.01</u>
Net Position, End of Year	<u>\$ 1.24</u>	<u>\$ 1.78</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 \$4.79 million at September 30, 2022 and \$5.49 million at September 30, 2021. The 2022 decrease in revenues of \$0.70 million is primarily attributable to the decrease from CPB \$0.28 million, the federal paycheck protection program (PPP) loan forgiveness of \$0.51 million, decrease in donor contributions of \$0.15 million offset partially by an increase in underwriting sales of \$0.24 million. During fiscal year 2022, expenses increased \$0.61 million to \$5.33 million compared to \$4.72 million in 2021. The increase was attributable principally to increases in compensation-related expenses of \$0.26 million, indirect administrative support of \$0.08 million, contracted services of \$0.20 million, and telephone, supplies and materials of \$0.04 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, underwriting and other sales. Primary outlays of cash were payments to employees suppliers.

Novel Coronavirus (COVID-19) Pandemic

The global outbreak of COVID-19 prompted the implementation of measures which have impacted business operations worldwide. Likewise, the pandemic has had a significant impact on the University/WDET during fiscal years 2021 and 2022. The University reduced on-site operations and certain employees teleworked from their homes. As a public service information source, WDET continued to operate around the clock with on-air hosts and production employees conducting their work in person. On August 1, 2022, WDET employees complied with the updated return to work mandate with all employees working at least 3 days per week on-site.

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, WDET was burdened by dramatic shifts away from "drive time" listening. WDET listeners are in general well-educated white-collar workers more than twice as likely to work at home as the average person. The station is taking steps to gain its audience back and also to recruit new listeners. The health of the local and national economy, employment levels in the region, and disruptions in the media and news landscape will be factors in maintaining listener support as the largest slice of WDET's revenue pie.

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. Increased success in individual giving and access to corporate and foundation philanthropy will also be factors.

WAYNE STATE UNIVERSITY WDET-FM

Management's Discussion and Analysis – Unaudited (Continued)

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE (Continued)

WDET is poised for growth. Having focused on *maintaining* the status quo at WDET during the pandemic, significant activities in fiscal year 2022 were designed to increase fiscal stability, enhance professionalism, grow the operation, and diversify revenue in fiscal year 2023 and beyond:

- WDET filled positions to concentrate solely on generating revenue for underwriting contacts, generating other alternative revenue sources and large donor and corporate sponsorships.
- The WDET internship program – a many-decade institution at the station – was totally revamped to upgrade processes, training and professionalism. WDET began to pay interns to enhance inclusion efforts and level the playing field for low-income applicants.
- The Detroit Radio Information Service (DRIS) – a 24-hour radio reading service for the blind enhanced its technical capabilities becoming available via internet streaming. This allows the service's reach to extend throughout the state, nationally and even globally serving people with disabilities.
- Growing the station's awareness and tune-in was addressed through a new position added in late 2022 to address marketing and advertising.
- Podcasting continues to siphon listening from terrestrial radio so WDET appointed a proven leader to enhance WDET podcast quality and also establish protocols and a reputation for fee for service work for the podcasts envisioned by other entities.
- Over half of the leadership team at the station is new or in transition creating new focus and renewed energy for all staff along with a "can-do" culture that was fading.
- WDET's culture and reputation was elevated when the station was named Public Radio **Station of the Year** by the Michigan Association of Broadcasters. WDET is working hard to maintain the honor for another year.

WAYNE STATE UNIVERSITY WDET-FM

Statements of Net Position September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Current Portion of Receivables, Net (Note 3)	\$ 667,960	\$ 853,035
Due from Wayne State University (Note 2)	463,956	710,051
Prepaid Expenses	58,125	24,545
Total Current Assets	<u>1,190,041</u>	<u>1,587,631</u>
Investments	150,273	169,441
Noncurrent Receivables, Net (Note 3)	3,517	1,323
Capital Assets, Net (Notes 4)	474,137	531,043
Total Assets	<u>\$ 1,817,968</u>	<u>\$ 2,289,438</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Payroll	\$ 201,513	\$ 219,020
Unearned Income	164,119	71,753
Current Portion of Compensated Absences (Note 5)	131,839	145,455
Total Current Liabilities	<u>497,471</u>	<u>436,228</u>
Noncurrent Portion of Compensated Absences (Note 5)	82,025	74,100
Total Liabilities	<u>579,496</u>	<u>510,328</u>
NET POSITION		
Net Investment in Capital Assets	474,137	531,043
Restricted - Expendable	321,898	162,474
Unrestricted - Net Position	442,437	1,085,593
Total Net Position	<u>1,238,472</u>	<u>1,779,110</u>
Total Liabilities and Net Position	<u>\$ 1,817,968</u>	<u>\$ 2,289,438</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Grant from Corporation for Public Broadcasting	\$ 263,862	\$ 543,346
Underwriting Sales	994,963	717,807
Other Sales	80,078	126,224
Indirect Administrative Support (Note 1)	648,664	567,108
Other Grants	70,318	89,192
Total Operating Revenues	<u>2,057,885</u>	<u>2,043,677</u>
Operating Expenses (Note 9)		
Salaries, Payroll Taxes, and Employee Benefits	2,860,912	2,599,502
Membership Dues and Other Fees	69,281	69,075
Indirect Administrative Support (Note 1)	648,664	567,108
Contracted Services	1,238,975	1,040,094
Printing, Publicity, and Advertising	130,323	120,291
Supplies and Materials	42,248	43,745
Telephone	45,587	37,321
Postage	61,887	49,581
Travel and Training	34,588	11,322
Equipment, Software, and Maintenance	107,980	100,742
Miscellaneous	19,309	21,463
Depreciation	69,260	59,997
Total Operating Expenses	<u>5,329,014</u>	<u>4,720,241</u>
Operating Loss	<u>(3,271,129)</u>	<u>(2,676,564)</u>
Non-operating Revenues		
Contributions	2,480,288	2,626,908
PPP Loan Forgiveness (Note 7)	-	505,732
Transfer from Wayne State University	202,500	225,000
Other Income	47,703	90,829
Total Non-operating Revenues	<u>2,730,491</u>	<u>3,448,469</u>
(Decrease) Increase in Net Position	(540,638)	771,905
Net Position, Beginning of Year	<u>1,779,110</u>	<u>1,007,205</u>
Net Position, End of Year	<u>\$ 1,238,472</u>	<u>\$ 1,779,110</u>

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

WAYNE STATE UNIVERSITY WDET-FM

Statements of Cash Flows Years Ended September 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants	\$ 329,507	\$ 619,167
Underwriting and Other Sales	1,304,717	777,988
Payments to Employees	(2,860,352)	(2,596,871)
Payments to Suppliers	(1,792,731)	(1,449,354)
Net Cash Used in Operating Activities	<u>(3,018,859)</u>	<u>(2,649,070)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions	2,530,532	2,672,027
Transfer from Wayne State University	202,500	225,000
PPP Loan Forgiveness	-	505,732
Other	66,871	57,428
Net Cash Provided by Non-Capital Financing Activities	<u>2,799,903</u>	<u>3,460,187</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchasing Fixed Assets	(27,139)	(147,286)
Net cash Used in Capital and Related Financing Activities	<u>(27,139)</u>	<u>(147,286)</u>
Net (Decrease) Increase in Due from Wayne State University	(246,095)	663,831
Due from Wayne State University, Beginning of Year	710,051	46,220
Due from Wayne State University, End of Year	<u>\$ 463,956</u>	<u>\$ 710,051</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (3,271,129)	\$ (2,676,564)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	69,260	59,997
(Increase) Decrease in Assets of Current Operating Funds:		
Receivables, Net	132,637	(61,300)
Prepaid Expenses	(33,580)	(23,389)
Increase (Decrease) in Liabilities of Current Operating Funds:		
Accounts Payable and Accrued Payroll	(2,722)	78,588
Unearned Income	92,366	(18,114)
Compensated Absences	(5,691)	(8,288)
Net Cash Used in Operating Activities	<u>\$ (3,018,859)</u>	<u>\$ (2,649,070)</u>

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)**

Adoption of New Accounting Pronouncements – During fiscal year 2022, WDET adopted GASB Statement No. 87, Leases (“GASB 87”), which establishes a single model for lease accounting based on the principle that leases serve to finance the right to use an underlying asset. The statement requires lessees to recognize right-to-use assets and related liabilities, and lessors to recognize receivables and corresponding deferred inflows of resources, for leases that were previously classified as operating and recognized as inflows or outflows of resources. There was no material impact on WDET’s financial statement after the adoption of GASB Statement No. 87.

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, 2022 and 2021 were \$463,956 and \$710,051, 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, 2022 and 2021

3) RECEIVABLES

Receivables at September 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Pledge Receivables, Current	\$ 604,441	\$ 662,292
Less Allowance for Doubtful Pledge Receivables - Current	<u>(62,378)</u>	<u>(67,791)</u>
	542,063	594,501
Underwriting Receivables	144,702	310,618
Less Allowance for Doubtful Underwriting Receivables	<u>(18,805)</u>	<u>(70,229)</u>
	125,897	240,389
Other Receivables	-	18,145
Current Receivables, Net	<u><u>\$ 667,960</u></u>	<u><u>\$ 853,035</u></u>
Pledge Receivables - Noncurrent	\$ 5,196	\$ 4,751
Less Allowance for Doubtful Pledge Receivables - Noncurrent	<u>(1,679)</u>	<u>(3,428)</u>
Noncurrent Receivables, Net	<u><u>\$ 3,517</u></u>	<u><u>\$ 1,323</u></u>

4) CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2022 and 2021 was as follows:

	<u>2022</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Tower	\$ 926,562	\$ -	\$ -	\$ 926,562
Furniture and Equipment	719,376	12,354	(98,488)	633,242
Subtotal	1,645,938	12,354	(98,488)	1,559,804
Less: Accumulated Depreciation	<u>(1,114,895)</u>	<u>(69,260)</u>	<u>98,488</u>	<u>(1,085,667)</u>
Capital Assets, Net	<u><u>\$ 531,043</u></u>	<u><u>\$ (56,906)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 474,137</u></u>
	<u>2021</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Tower	\$ 926,562	\$ -	\$ -	\$ 926,562
Furniture and Equipment	557,305	162,071	-	719,376
Subtotal	1,483,867	162,071	-	1,645,938
Less: Accumulated Depreciation	<u>(1,054,898)</u>	<u>(59,997)</u>	<u>-</u>	<u>(1,114,895)</u>
Capital Assets, Net	<u><u>\$ 428,969</u></u>	<u><u>\$ 102,074</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 531,043</u></u>

5) COMPENSATED ABSENCES

Compensated absences represent the liability for earned and vested employee vacation and sick time. The compensated absences amounts are \$213,864 and \$219,555 at September 30, 2022 and September 30, 2021, 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. The University received notice of forgiveness from the lender on January 18, 2022. This amount is included as non-operating revenue in fiscal year 2021.

8) 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, 2022 and 2021 are presented on the following pages:

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued)
September 30, 2022 and 2021

8) FUNCTIONAL EXPENSES (Continued)

	2022					
	Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total
Salaries, Payroll Taxes, and Employee Benefits	\$ 1,062,609	\$ 537,579	\$ 162,746	\$ 501,916	\$ 596,062	\$ 2,860,912
Membership Dues and Other Fees	11,871	-	-	9,125	48,285	69,281
Contracted Services	980,388	43,301	4,370	83,113	127,803	1,238,975
Printing, Publicity, and Advertising	21,088	41	14,221	92,609	2,364	130,323
Supplies and Materials	5,139	30,110	179	2,489	4,331	42,248
Telephone	15,180	19,840	1,216	3,924	5,427	45,587
Postage	60	175	-	61,652	-	61,887
Travel and Training	21,639	758	1,977	2,707	7,507	34,588
Equipment, Software and Maintenance	473	49,208	3,601	54,698	-	107,980
Miscellaneous	8,433	1,264	-	5,891	3,721	19,309
Depreciation	31,947	10,248	2,828	11,695	12,542	69,260
Total Functional Expenses Before Indirect Administrative Support	2,158,827	692,524	191,138	829,819	808,042	4,680,350
Indirect Administrative Support	299,198	95,979	26,491	115,089	111,907	648,664
Total Functional Expenses	\$ 2,458,025	\$ 788,503	\$ 217,629	\$ 944,908	\$ 919,949	\$ 5,329,014

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued)
September 30, 2022 and 2021

8) FUNCTIONAL EXPENSES (Continued)

	2021					Total
	Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	
Salaries, Payroll Taxes, and Employee Benefits	\$ 1,125,570	\$ 453,538	\$ 131,703	\$ 486,535	\$ 402,156	\$ 2,599,502
Membership Dues and Other Fees	8,429	-	75	9,125	51,446	69,075
Contracted Services	871,967	36,750	7,475	92,517	31,385	1,040,094
Printing, Publicity, and Advertising	16,162	3,661	7,286	92,126	1,056	120,291
Supplies and Materials	3,557	37,325	-	2,512	351	43,745
Telephone	15,170	11,339	1,214	4,015	5,583	37,321
Postage	1,162	156	-	48,001	262	49,581
Travel and Training	200	3,031	701	4,754	2,636	11,322
Equipment, Software and Maintenance	2,717	39,608	206	50,418	7,793	100,742
Miscellaneous	6,377	2,319	-	4,009	8,758	21,463
Depreciation	30,068	8,615	2,179	11,639	7,496	59,997
Total Functional Expenses						
Before Indirect Administrative Support	2,081,379	596,342	150,839	805,651	518,922	4,153,133
Indirect Administrative Support	284,211	81,430	20,597	110,011	70,859	567,108
Total Functional Expenses	<u>\$ 2,365,590</u>	<u>\$ 677,772</u>	<u>\$ 171,436</u>	<u>\$ 915,662</u>	<u>\$ 589,781</u>	<u>\$ 4,720,241</u>