

WAYNE STATE UNIVERSITY WDET-FM

(A Department of Wayne State University)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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 19, 2024 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 19, 2024



Alan C. Young & Associates, P.C.

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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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise WDET's basic financial statements, and have issued our report thereon dated February 19, 2024.

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.

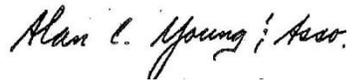
Report on Compliance and Other Matters

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 19, 2024

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, 2023, with selected comparative information as of and for the year ended September 30, 2022. 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, 2023 and 2022.

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.wdet.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, 2023, 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, 2023 and 2022 is presented below:

	<u>2023</u>	<u>2022</u> <u>(as Restated)</u>
	(in millions)	
Current Assets		
Due from Wayne State University	\$ -	\$ 0.47
Other Current Assets	0.84	0.73
Total Current Assets	<u>0.84</u>	<u>1.20</u>
Noncurrent Assets		
Investments	0.16	0.15
Noncurrent Receivables, Net	1.59	-
Capital Assets, Net	0.47	0.55
Total Assets	<u>\$ 3.06</u>	<u>\$ 1.90</u>
Current Liabilities		
Due to Wayne State University	\$ 0.03	\$ -
Other Current Liabilities	0.36	0.51
Noncurrent Liabilities	0.12	0.15
Total Liabilities	<u>0.51</u>	<u>0.66</u>
Deferred Inflows of Resources	<u>1.69</u>	<u>-</u>
Total Net Position	<u>\$ 0.86</u>	<u>\$ 1.24</u>

WDET's financial position consists of assets of \$3.06 million at September 30, 2023 and \$1.90 million at September 30, 2022, liabilities of \$0.51 million at September 30, 2023 and \$0.66 million at September 30, 2022, and deferred inflows of resources of \$1.69 million at September 30, 2023. The station's net position decreased \$0.38 million from a \$1.24 million surplus at September 30, 2022 to \$0.86 million at September 30, 2023.

Current assets decreased \$0.36 million from \$1.20 million at September 30, 2022 to \$0.84 million at September 30, 2023. As indicated in Note 2, the amount due to the University at September 30, 2023 was \$0.03 million which represents payments made by the University on WDET's behalf, which were in excess of WDET's available cash. This represents a decrease of \$0.50 million, compared to the amount due from the University at September 30, 2022 of \$0.47 million, which represents WDET cash on deposit in the University's cash pool account. Non-current assets increased \$1.52 million from \$0.70 million at September 30, 2022 to \$2.22 million at September 30, 2023. The investment in capital assets net of accumulated depreciation was \$0.47 million and \$0.55 million at September 30, 2023 and 2022, respectively.

WAYNE STATE UNIVERSITY WDET-FM

Management's Discussion and Analysis – Unaudited (Continued)

FINANCIAL HIGHLIGHTS (Continued)

Statement of Net Position (Continued)

Current liabilities decreased \$0.12 million from \$0.51 million at September 30, 2022 to \$0.39 million at September 30, 2023.

Deferred Inflows of Resources increased from \$0.00 at September 30, 2022 to \$1.69 million at September 30, 2023. The 2023 amount is related to a lease agreement in which WDET serves as the lessor.

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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u> <u>(as Restated)</u>
	(in millions)	
Operating Revenues		
Grant from Corporation for Public Broadcasting	\$ 0.26	\$ 0.26
Underwriting Sales	0.77	0.99
Production Revenue and Other Sales	0.85	0.09
Rental Revenue	0.19	-
Indirect Administrative Support	0.75	0.65
Other Grants	<u>0.02</u>	<u>0.07</u>
Total Operating Revenues	<u>2.84</u>	<u>2.06</u>
Operating Expenses		
Salaries, Payroll Taxes, and Employee Benefits	3.40	2.86
Membership Dues and Other Fees	0.06	0.07
Indirect Administrative Support	0.75	0.65
Contracted Services	1.29	1.24
Postage	0.05	0.06
Equipment, Software, and Maintenance	0.08	0.09
Depreciation and Amortization	0.08	0.09
Telephone, Supplies and Materials, and Other	<u>0.30</u>	<u>0.27</u>
Total Operating Expenses	<u>6.01</u>	<u>5.33</u>
Operating Loss	<u>(3.17)</u>	<u>(3.27)</u>
Non-operating Revenues		
Contributions	2.36	2.48
Transfer from Wayne State University	0.20	0.20
Other, Net	<u>0.23</u>	<u>0.05</u>
Total Non-operating Revenues, Net	<u>2.79</u>	<u>2.73</u>
Decrease in Net Position	(0.38)	(0.54)
Net Position, Beginning of Year	<u>1.24</u>	<u>1.78</u>
Net Position, End of Year	<u>\$ 0.86</u>	<u>\$ 1.24</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 \$5.63 million at September 30, 2023 and \$4.79 million at September 30, 2022. The 2023 increase in revenues of \$0.84 million is primarily attributable to the increase from production revenue and other sales of 0.76 million, rental revenue \$0.19, other income of \$0.18 million offset partially by a decrease in underwriting sales \$0.22 million, donor contributions of \$0.12 and other grants by \$0.05 million. During fiscal year 2023, expenses increased \$0.68 million to \$6.01 million compared to \$5.33 million in 2022. The increase was attributable principally to increases in compensation-related expenses of \$0.54 million, indirect administrative support of \$0.10 million, and contracted services of \$0.05 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.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

In 2024, WDET will make some significant changes in its program offerings in response to listener research and requests. WDET is investing in distinct local programming and more than doubling the domestically produced programs on 101.9 FM. Although listeners requested these enhancements, change is often unpleasant and may result in a dip in listener support – the largest source of WDET funds. The program changes are designed to reach new, younger and more diverse audiences. New listeners, of any sort, take a long time to convert to members. This concerns the station in 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

Statements of Net Position September 30, 2023 and 2022

	2023	2022 (as Restated)
ASSETS		
Current Assets		
Current Portion of Receivables, Net (Note 3)	\$ 716,616	\$ 667,960
Current Portion of Lease Receivables, Net (Note 3)	125,869	-
Due from Wayne State University (Note 2)	-	463,956
Prepaid Expenses	1,324	58,125
Total Current Assets	843,809	1,190,041
Investments	155,635	150,273
Noncurrent Receivables, Net (Note 3)	30,277	3,517
Noncurrent Lease Receivables, Net (Note 3)	1,560,893	-
Capital Assets, Net (Notes 4)	467,951	552,702
Total Assets	\$ 3,058,565	\$ 1,896,533
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Payroll	\$ 152,397	\$ 201,513
Unearned Income	40,029	164,119
Current Portion of Compensated Absences (Note 5)	149,873	131,839
Current Portion of right-to-use SBITA liability (Note 7)	15,990	15,623
Due to Wayne State University (Note 2)	31,055	-
Total Current Liabilities	389,344	513,094
Noncurrent Portion of Compensated Absences (Note 5)	76,481	82,025
Noncurrent Portion of right-to-use SBITA liability (Note 7)	48,401	64,391
Total Liabilities	514,226	659,510
Deferred Inflows of Resources (Note 1)	1,687,526	-
Total Liabilities and Deferred Inflows of Resources	2,201,752	659,510
NET POSITION		
Net Investment in Capital Assets	403,560	472,688
Restricted - Expendable	222,586	321,898
Unrestricted - Net Position	230,667	442,437
Total Net Position	\$ 856,813	\$ 1,237,023

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 September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u> (as Restated)
Operating Revenues		
Grant from Corporation for Public Broadcasting	\$ 262,191	\$ 263,862
Underwriting Sales	770,438	994,963
Production Revenue and Other Sales	851,740	78,728
Rental Revenue	190,154	1,350
Indirect Administrative Support (Note 1)	748,476	648,664
Other Grants	22,575	70,318
Total Operating Revenues	<u>2,845,574</u>	<u>2,057,885</u>
Operating Expenses (Note 8)		
Salaries, Payroll Taxes, and Employee Benefits	3,401,605	2,860,912
Membership Dues and Other Fees	62,344	69,281
Indirect Administrative Support (Note 1)	748,476	648,664
Contracted Services	1,291,115	1,238,975
Printing, Publicity, and Advertising	123,082	130,323
Supplies and Materials	75,685	42,248
Telephone	45,951	45,587
Postage	46,480	61,887
Travel and Training	29,175	34,588
Equipment, Software, and Maintenance	81,637	91,788
Miscellaneous	26,150	19,309
Depreciation and Amortization	84,751	85,239
Total Operating Expenses	<u>6,016,451</u>	<u>5,328,801</u>
Operating Loss	<u>(3,170,877)</u>	<u>(3,270,916)</u>
Non-operating Revenues		
Contributions	2,356,616	2,480,288
Transfer from Wayne State University	202,500	202,500
Other Income	232,929	47,703
Interest on Capital Asset, Related Liability	(1,378)	(1,662)
Total Non-operating Revenues, Net	<u>2,790,667</u>	<u>2,728,829</u>
Decrease in Net Position	(380,210)	(542,087)
Net Position, Beginning of Year	<u>1,237,023</u>	<u>1,779,110</u>
Net Position, End of Year	<u>\$ 856,813</u>	<u>\$ 1,237,023</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, 2023 and 2022

	2023	2022 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants	\$ 272,081	\$ 329,507
Underwriting Sales	775,845	1,224,639
Production Revenue and Other Sales	788,739	80,078
Rental Revenue	115,154	-
Payments to Employees	(3,381,007)	(2,860,352)
Payments to Suppliers	(1,782,041)	(1,776,539)
Net Cash Used in Operating Activities	(3,211,229)	(3,002,667)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions	2,302,388	2,530,532
Transfer from Wayne State University	202,500	202,500
Other	228,331	66,871
Net Cash Provided by Non-Capital Financing Activities	2,733,219	2,799,903
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on capital debt	(15,623)	(14,530)
Interest paid on capital debt	(1,378)	(1,662)
Purchasing Fixed Assets	-	(27,139)
Net cash Used in Capital and Related Financing Activities	(17,001)	(43,331)
Net (Decrease) in Due from Wayne State University	(495,011)	(246,095)
Due from Wayne State University, Beginning of Year	463,956	710,051
Due from (to) Wayne State University, Beginning of Year	<u>\$ (31,055)</u>	<u>\$ 463,956</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (3,170,877)	\$ (3,270,916)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation and Amortization Expense	84,751	85,239
(Increase) Decrease in Assets of Current Operating Funds:		
Receivables, Net	(21,188)	132,637
Prepaid Expenses	56,802	(33,580)
Increase (Decrease) in Liabilities of Current Operating Funds:		
Accounts Payable and Accrued Payroll	(49,118)	(2,722)
Unearned Income	(124,090)	92,366
Compensated Absences	12,491	(5,691)
Net Cash Used in Operating Activities	<u>\$ (3,211,229)</u>	<u>\$ (3,002,667)</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.

Leases - Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

WDET is a lessor for a noncancelable lease of tower and building space. WDET recognizes a lease receivable and a deferred inflow of resources in the statement of net position. WDET recognizes lease assets and liabilities with an initial value of \$15,000 or more.

At the commencement of a lease, WDET initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how WDET determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts. The expected receipts over the term of the respective leases are discounted to present value, using the interest rate stated on the lease, if available or otherwise discounted using WDET's incremental borrowing rate.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

WDET monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

Subscription Based Information Technology Arrangements (SBITAs) - WDET obtains the right to use vendors' information technology software through various long-term contracts. WDET recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") on the statement of net position. WDET recognizes subscription assets and liabilities with an initial value of \$15,000 or more.

At the commencement of a subscription, WDET initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how WDET determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

WDET uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, WDET generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancelable period of the subscription.

WDET monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

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.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2023 WDET reports deferred inflows of resources of \$1,687,526 related to lease arrangements in which WDET serves as the Lessor. There were no deferred inflows of resources at September 30, 2022.

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

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 and 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.

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.

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued)
September 30, 2023 and 2022

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

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.

Adoption of New Accounting Pronouncements – During fiscal year 2023, WDET adopted GASB Statement No. 96 (“GASB 96”), Subscription Based Information Technology Arrangements (SBITAs), which defines SBITAs and establishes new requirements for calculating and reporting the University’s SBITA activity. This statement requires a government to recognize a subscription liability and an intangible right to use subscription asset for SBITAs. The adoption of GASB 96 has been reflected at the beginning of the earliest period presented in the financial statements, or October 1, 2021.

Beginning net position as of October 1, 2021 was restated for the effects of WDET’s adoption of GASB 96 as follows:

	September 30, 2021 (as Originally Reported)	GASB 96 Adoption	October 1, 2021 (as Restated)
Capital Assets, Net	\$ 531,043	\$ 94,544	\$ 625,587
Other Assets	1,758,395	-	1,758,395
Total Assets	<u>2,289,438</u>	<u>94,544</u>	<u>2,383,982</u>
Current Portion of Right-to-use SBITA liability	-	14,530	14,530
Noncurrent Portion of Right-to-use SBITA Liability	-	80,014	80,014
Other Liabilities	510,328	-	510,328
Total Liabilities	<u>510,328</u>	<u>94,544</u>	<u>604,872</u>
Net Position	<u>\$ 1,779,110</u>	<u>\$ -</u>	<u>\$ 1,779,110</u>

The Statement of Net Position as of September 30, 2022 was restated for the effects of the University’s adoption of GASB 96 as follows:

	September 30, 2022 (as Originally Reported)	GASB 96 Adoption	September 30, 2022 (as Restated)
Capital Assets, Net	\$ 474,137	\$ 78,565	\$ 552,702
Other Assets	1,343,831	-	1,343,831
Total Assets	<u>1,817,968</u>	<u>78,565</u>	<u>1,896,533</u>
Current Portion of Right-to-use SBITA Liability	-	15,623	15,623
Noncurrent Portion of Right-to-use SBITA Liability	-	64,391	64,391
Other Liabilities	579,496	-	579,496
Total Liabilities	<u>579,496</u>	<u>80,014</u>	<u>659,510</u>
Net Position	<u>\$ 1,238,472</u>	<u>\$ (1,449)</u>	<u>\$ 1,237,023</u>

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued) September 30, 2023 and 2022

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

The Statement of Revenues, Expenses, and Changes in Net Position for the year ended September 30, 2022 was restated for the effects of the University's adoption of GASB 96 as follows:

	September 30, 2022 (as Originally Reported)	GASB 96 Adoption	September 30, 2022 (as Restated)
Operating Revenues	\$ 2,057,885	\$ -	\$ 2,057,885
Equipment, Software, and Maintenance	107,980	(16,192)	91,788
Depreciation and Amortization	69,260	15,979	85,239
Other Operating Expenses	5,151,774	-	5,151,774
Operating Loss	(3,271,129)	213	(3,270,916)
Other Income, Net	-	(1,662)	(1,662)
Other Net Nonoperating Revenues	2,730,491	-	2,730,491
Change in Net Position	(540,638)	(1,449)	(542,087)
Net Position, Beginning of Year	1,779,110	-	1,779,110
Net Position, End of Year	\$ 1,238,472	\$ (1,449)	\$ 1,237,023

The Statement of Cash Flows as of September 30, 2022 was restated for the effects of the University's adoption of GASB 96 as follows:

	September 30, 2022 (as Originally Reported)	GASB 96 Adoption	September 30, 2022 (as Restated)
Net Cash Used in Operating Activities	\$ (3,018,859)	\$ 16,192	\$ (3,002,667)
Net Cash Provided by Noncapital Financing Activities	2,799,903	-	2,799,903
Net Cash Used in Capital and Related Financing Activities	(27,139)	(16,192)	(43,331)
Net (Decrease) in Due from Wayne State University	(246,095)	-	(246,095)
Due from Wayne State University, Beginning of Year	710,051	-	710,051
Due from Wayne State University, End of Year	<u>\$ 463,956</u>	<u>\$ -</u>	<u>\$ 463,956</u>

Reclassification – Certain other balances in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on the change in net position.

2) DUE FROM/TO WAYNE STATE UNIVERSITY

The amount due to Wayne State University at September 30, 2023 was \$31,055 and the amount due from Wayne State University at September 30, 2022 was \$463,956. The amount due to Wayne State University represents payments made by the University in excess of WDET's cash on deposit with the University and the amount due from Wayne State University represents WDET's cash on deposit in the University's pooled cash account.

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued) September 30, 2023 and 2022

3) RECEIVABLES

Receivables at September 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Pledge Receivables, Current	\$ 635,301	\$ 604,441
Less Allowance for Doubtful Pledge Receivables - Current	(65,770)	(62,378)
	569,531	542,063
Underwriting Receivables	107,410	144,702
Less Allowance for Doubtful Underwriting Receivables	(23,325)	(18,805)
	84,085	125,897
Other Receivables	63,000	-
Current Receivables, Net	<u>\$ 716,616</u>	<u>\$ 667,960</u>
Pledge Receivables - Noncurrent	\$ 33,824	\$ 5,196
Less Allowance for Doubtful Pledge Receivables - Noncurrent	(3,547)	(1,679)
Noncurrent Receivables, Net	<u>\$ 30,277</u>	<u>\$ 3,517</u>
Lease Receivables, Current	\$ 125,869	\$ -
Lease Receivables - Noncurrent	1,560,893	-
Total Lease receivables	<u>\$ 1,686,762</u>	<u>\$ -</u>

Payments on right to use assets at September 30, 2023 are expected to occur in the following fiscal years:

Fiscal Year Ending <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$ 125,869	\$ 84,251	\$ 210,120
2025	138,988	77,435	216,423
2026	152,995	69,921	222,916
2027	183,889	52,603	236,492
2028	167,944	61,660	229,604
2029-2032	917,077	101,999	1,019,076
	<u>1,686,762</u>	<u>447,869</u>	<u>2,134,631</u>

WDET leases tower and building space to an external party. In accordance with GASB 87, WDET reports lease receivables which totaled \$1,686,762 and \$0 at September 30, 2023 and 2022, respectively. Of the total balances, noncurrent accounts receivable were \$1,560,893 and \$0 at September 30, 2023 and 2022, respectively. The expected receipts over the term of the lease are discounted to present value, using the interest rate stated on the lease, if available or otherwise discounted using WDET's incremental borrowing rate. During the fiscal years ended September 30, 2023 and 2022, WDET recognized revenues related to this lease agreement totaling \$278,236. This revenue is reflected in the statement of revenues, expenses, and changes in net position in rental revenue and non operating revenue - other income totaling \$187,503 and \$90,733, respectively in 2023.

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued) September 30, 2023 and 2022

4) CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2023 and 2022 was as follows:

	2023			
	Beginning Balance	Additions	Retirements	Ending Balance
Tower	\$ 926,562	\$ -	\$ -	\$ 926,562
Furniture and Equipment	633,242	-	-	633,242
Right-to-use asset - SBITA	94,544	-	-	94,544
Subtotal	1,654,348	-	-	1,654,348
Less: Accumulated Depreciation and Amortization	(1,101,646)	(84,751)	-	(1,186,397)
Capital Assets, Net	\$ 552,702	\$ (84,751)	\$ -	\$ 467,951

	2022 (as restated)			
	Beginning Balance	Additions	Retirements	Ending Balance
Tower	\$ 926,562	\$ -	\$ -	\$ 926,562
Furniture and Equipment	719,376	12,354	(98,488)	633,242
Right-to-use assets - SBITA	94,544	-	-	94,544
Subtotal	1,740,482	12,354	(98,488)	1,654,348
Less: Accumulated Depreciation and Amortization	(1,114,895)	(85,239)	98,488	(1,101,646)
Capital Assets, Net	\$ 625,587	\$ (72,885)	\$ -	\$ 552,702

5) COMPENSATED ABSENCES

Compensated absences represent the liability for earned and vested employee vacation and sick time. The compensated absence amounts are \$226,354 and \$213,864 at September 30, 2023 and September 30, 2022, 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.

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued)
September 30, 2023 and 2022

7) Right-to-use Subscription Based Information Technology Arrangements (SBITA) Liability

SBITA activity for the years ending September 30, 2022 and 2023 was as follows (in thousands):

	2023				
	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Current Portion
Right-to-use SBITA Liability	\$ 80,014	\$ -	\$ 15,623	\$ 64,391	\$ 15,990

	2022				
	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Current Portion
Right-to-use SBITA Liability	\$ 94,544	\$ -	\$ 14,530	\$ 80,014	\$ 15,623

Principal and interest maturities on SBITA activity at September 30, 2023 are as follows (in thousands):

Fiscal Years	Right-to-Use Liability	
	Principal	Interest
2024	\$ 15,990	\$ 1,079
2025	16,295	774
2026	16,606	463
2027	15,500	147
Total	\$ 64,391	\$ 2,463

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, 2023 and 2022 are presented on the following pages:

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued)
September 30, 2023 and 2022

8) FUNCTIONAL EXPENSES (Continued)

	2023					Total
	Programming and Production	Broadcasting	Program Information	Fundraising	Management and General	
Salaries, Payroll Taxes, and Employee Benefits	\$ 1,314,998	\$ 496,328	\$ 327,570	\$ 592,532	\$ 670,177	\$ 3,401,605
Membership Dues and Other Fees	7,227	-	-	8,625	46,492	62,344
Contracted Services	874,078	42,688	5,199	61,708	307,442	1,291,115
Printing, Publicity, and Advertising	32,536	505	12,248	68,206	9,587	123,082
Supplies and Materials	8,002	22,975	3,795	2,380	38,533	75,685
Telephone	19,811	13,050	1,234	6,143	5,713	45,951
Postage	5	-	-	46,189	286	46,480
Travel and Training	10,291	-	450	2,535	15,899	29,175
Equipment, Software and Maintenance	1,794	48,738	44	31,061	-	81,637
Miscellaneous	12,571	-	-	13,579	-	26,150
Depreciation and Amortization	30,170	8,256	4,636	11,589	30,100	84,751
Total Functional Expenses						
Before Indirect Administrative Support	2,311,483	632,540	355,176	844,547	1,124,229	5,267,975
Indirect Administrative Support	328,353	89,854	50,454	126,133	153,682	748,476
Total Functional Expenses	\$ 2,639,836	\$ 722,394	\$ 405,630	\$ 970,680	\$ 1,277,911	\$ 6,016,451

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued)
September 30, 2023 and 2022

8) FUNCTIONAL EXPENSES (Continued)

	2022 (as restated)					Total
	Programming and Production	Broadcasting	Program Information	Fundraising	Management and General	
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	38,506	-	91,788
Miscellaneous	8,433	1,264	-	5,891	3,721	19,309
Depreciation and Amortization	31,947	10,248	2,828	11,695	28,521	85,239
Total Functional Expenses Before Indirect Administrative Support	2,158,827	692,524	191,138	813,627	824,021	4,680,137
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	\$ 928,716	\$ 935,928	\$ 5,328,801