

WAYNE STATE UNIVERSITY WDET-FM

(A Department of Wayne State University)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors
Wayne State University
Detroit, Michigan

Report on the Audit of the Financial Statements

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, 2024 and 2023, 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, 2024 and 2023, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issue by the Comptroller General of the United States. 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, 2024 and 2023, 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 and Government 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 and Government 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.

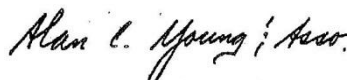
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 18, 2025 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 18, 2025



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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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise WDET's basic financial statements, and have issued our report thereon dated February 18, 2025.

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 WDET'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.

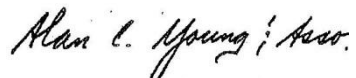
Report on Compliance and Other Matters

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 WDET's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WDET's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Alan L. Young, Assoc.

Detroit, Michigan
February 18, 2025

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, 2024, with selected comparative information as of and for the year ended September 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and related notes for the years ended September 30, 2024 and 2023.

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, 2024, 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, 2024 and 2023 is presented below:

	2024	2023
	(in millions)	
Current Assets		
Other Current Assets	\$ 0.87	\$ 0.84
Total Current Assets	0.87	0.84
Noncurrent Assets		
Investments	0.17	0.16
Noncurrent Receivables, Net	1.43	1.59
Capital Assets, Net	0.43	0.47
Total Assets	<u>\$ 2.90</u>	<u>\$ 3.06</u>
Current Liabilities		
Due to Wayne State University	\$ 0.87	\$ 0.03
Other Current Liabilities	0.44	0.36
Total Current Liabilities	1.31	0.39
Noncurrent Liabilities		
Noncurrent Liabilities	0.15	0.12
Total Liabilities	1.46	0.51
Deferred Inflows of Resources	1.50	1.69
Total Net Position	<u>\$ (0.06)</u>	<u>\$ 0.86</u>

WDET's financial position consists of assets of \$2.90 million at September 30, 2024 and \$3.06 million at September 30, 2023, liabilities of \$1.46 million at September 30, 2024 and \$0.51 million at September 30, 2023, and deferred inflows of resources of \$1.50 million at September 30, 2024 and \$1.69 million at September 30, 2023. The station's net position decreased \$0.92 million from a \$0.86 million surplus at September 30, 2023 to a \$0.06 million deficit at September 30, 2024.

Current assets increased \$0.03 million from \$0.84 million at September 30, 2023 to \$0.87 million at September 30, 2024. As indicated in Note 2, WDET owed the University \$0.87 million and \$0.03 million at September 30, 2024 and 2023, respectively, which represents payments made by the University on WDET's behalf, which were in excess of WDET's available cash. Non-current assets decreased \$0.19 million from \$2.22 million at September 30, 2023 to \$2.03 million at September 30, 2024. The investment in capital assets net of accumulated depreciation and amortization was \$0.43 million and \$0.47 million at September 30, 2024 and 2023, respectively.

WAYNE STATE UNIVERSITY WDET-FM

Management's Discussion and Analysis – Unaudited (Continued)

FINANCIAL HIGHLIGHTS (Continued)

Statement of Net Position (Continued)

Total liabilities increased \$0.95 million from \$0.51 million at September 30, 2023 to \$1.46 million at September 30, 2024.

Deferred Inflows of Resources decreased from \$1.69 at September 30, 2023 to \$1.50 million at September 30, 2024. The deferred inflows of resources in both years are 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, 2024 and 2023 is as follows:

	2024	2023
	(in millions)	
Operating Revenues		
Grant from Corporation for Public Broadcasting	\$ 0.28	\$ 0.26
Underwriting Sales	0.75	0.77
Production Revenue and Other Sales	0.24	0.85
Rental Revenue	0.19	0.19
Indirect Administrative Support	0.86	0.75
Other Grants	0.09	0.02
Total Operating Revenues	<u>2.41</u>	<u>2.84</u>
Operating Expenses		
Salaries, Payroll Taxes, and Employee Benefits	3.60	3.40
Membership Dues and Other Fees	0.06	0.06
Indirect Administrative Support	0.86	0.75
Contracted Services	1.21	1.24
Postage	0.05	0.05
Equipment, Software, and Maintenance	0.07	0.08
Depreciation and Amortization	0.06	0.08
Telephone, Supplies and Materials, and Other	0.36	0.35
Total Operating Expenses	<u>6.27</u>	<u>6.01</u>
Operating Loss	<u>(3.86)</u>	<u>(3.17)</u>
Non-operating Revenues		
Contributions	2.57	2.36
Transfer from Wayne State University	0.20	0.20
Other, net	0.17	0.23
Total Non-operating Revenues, Net	<u>2.94</u>	<u>2.79</u>
Decrease in Net Position	<u>(0.92)</u>	<u>(0.38)</u>
Net Position, Beginning of Year	<u>0.86</u>	<u>1.24</u>
Net Position (Deficit), End of Year	<u>\$ (0.06)</u>	<u>\$ 0.86</u>

FINANCIAL HIGHLIGHTS (Continued)

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

Revenues (operating and non-operating, net) totaled \$5.35 million at September 30, 2024 and \$5.63 million at September 30, 2023. The 2024 decrease in revenues of \$0.28 million is primarily attributable to the decrease from production revenue and other sales of \$0.61 million, other non-operating income, net of \$0.06 million, underwriting sales of \$0.02 million, offset partially by an increase in donor contributions of \$0.21, other grants of \$0.07 million, and the grant from Corporation for Public Broadcasting of \$0.02 million. During fiscal year 2024, operating expenses increased \$0.26 million to \$6.27 million compared to \$6.01 million in 2023. The increase was attributable principally to increases in compensation-related expenses of \$0.20 million, Indirect Administrative Support of \$0.11 million, offset partially by a decrease in Contracted Services of \$0.03 million, Telephone, Supplies and Other Materials of \$0.01 million, and Equipment, Software & Maintenance of \$0.01 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 and suppliers.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

During WDET's 75th anniversary year, it has accomplished a feat not happening nationally in radio today – WDET has increased its audience by 15% at a time use of this medium is shrinking. More people are listening because WDET programming is more appealing and more uniquely Detroit. In 2024, WDET made significant changes in its program offerings in response to listener research and requests. The changes represent a significant investment in distinct local programming more than doubling the domestically produced programs on 101.9 FM. New and long-standing local programming on WDET is always produced by local people – knowledgeable about a Detroit genre of music and seasoned journalists. The program changes are designed to reach new, younger, and more diverse audiences. It's working. Revenue trending up is not improving at the same pace.

Local programming is more expensive. New listeners take a long time to convert to members. This concerns the station in the future as individual giving, business sponsorships and foundation and corporate grants continue to not meet expectations. Furthermore, changes in federal leadership cause concern about ongoing revenue from the Corporation for Public Broadcasting and other grant programs with roots in the federal budget.

Within that context, the factors that will influence the future of WDET are the disposition and 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, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Current Portion of Receivables, Net (Note 3)	\$ 725,892	\$ 716,616
Current Portion of Lease Receivables, Net (Note 3)	138,988	125,869
Prepaid Expenses	8,791	1,324
Total Current Assets	873,671	843,809
Investments	165,823	155,635
Noncurrent Receivables, Net (Note 3)	4,607	30,277
Noncurrent Lease Receivables, Net (Note 3)	1,421,905	1,560,893
Capital Assets, Net (Notes 4)	434,609	467,951
Total Assets	\$ 2,900,615	\$ 3,058,565
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Payroll	\$ 188,603	\$ 152,397
Unearned Income	77,211	40,029
Current Portion of Compensated Absences (Note 5)	156,965	149,873
Current Portion of Right-to-Use SBITA liability (Note 7)	13,804	15,990
Due to Wayne State University (Note 2)	868,406	31,055
Total Current Liabilities	1,304,989	389,344
Noncurrent Portion of Compensated Absences (Note 5)	80,645	76,481
Noncurrent Portion of Right-to-Use SBITA liability (Note 7)	74,244	48,401
Total Liabilities	1,459,878	514,226
Deferred Inflows of Resources (Note 1)	1,500,023	1,687,526
Total Liabilities and Deferred Inflows of Resources	2,959,901	2,201,752
NET POSITION		
Net Investment in Capital Assets	346,561	403,560
Restricted - Expendable	203,497	222,586
Unrestricted - (Deficit) Net Position	(609,344)	230,667
Total (Deficit) Net Position	\$ (59,286)	\$ 856,813

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, 2024 and 2023**

	2024	2023
Operating Revenues		
Grant from Corporation for Public Broadcasting	\$ 274,436	\$ 262,191
Underwriting Sales	752,661	770,438
Production Revenue and Other Sales	238,479	851,740
Rental Revenue	193,383	190,154
Indirect Administrative Support (Note 1)	864,321	748,476
Other Grants	85,729	22,575
Total Operating Revenues	2,409,009	2,845,574
Operating Expenses (Note 9)		
Salaries, Payroll Taxes, and Employee Benefits	3,597,690	3,401,605
Membership Dues and Other Fees	63,290	62,344
Indirect Administrative Support (Note 1)	864,321	748,476
Contracted Services	1,206,689	1,235,115
Printing, Publicity, and Advertising	157,465	123,082
Supplies and Materials	27,539	75,685
Telephone	48,344	45,951
Postage	46,818	46,480
Travel and Training	23,381	29,175
Equipment, Software, and Maintenance	71,355	81,637
Receptions and Business Related Entertainment	74,080	43,710
Miscellaneous	25,426	38,440
Depreciation and Amortization	61,774	84,751
Total Operating Expenses	6,268,172	6,016,451
Operating Loss	(3,859,163)	(3,170,877)
Non-operating Revenues (Expenses)		
Contributions	2,572,489	2,356,616
Transfer from Wayne State University	202,500	202,500
Other Income	181,153	232,929
Interest on Capital Asset, Related Liability	(13,078)	(1,378)
Total Non-operating Revenues, Net	2,943,064	2,790,667
Decrease in Net Position	(916,099)	(380,210)
Net Position, Beginning of Year	856,813	1,237,023
Net Position (Deficit), End of Year	\$ (59,286)	\$ 856,813

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

WAYNE STATE UNIVERSITY WDET-FM

Statements of Cash Flows Years Ended September 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants	\$ 392,546	\$ 272,081
Underwriting Sales	708,461	775,845
Production Revenue and Other Sales	301,479	788,739
Rental Revenue	193,383	115,154
Payments to Employees	(3,556,609)	(3,381,007)
Payments to Suppliers	(1,745,471)	(1,782,041)
Net Cash Used in Operating Activities	(3,706,211)	(3,211,229)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions	2,574,883	2,302,388
Transfer from Wayne State University	202,500	202,500
Other	109,329	228,331
Net Cash Provided by Non-Capital Financing Activities	2,886,712	2,733,219
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on capital debt	(13,072)	(15,623)
Interest paid on capital debt	(4,780)	(1,378)
Net Cash Used in Capital and Related Financing Activities	(17,852)	(17,001)
Net (Decrease) in Due from Wayne State University	(837,351)	(495,011)
Due from Wayne State University, Beginning of Year	(31,055)	463,956
Due from (to) Wayne State University, Beginning of Year	\$ (868,406)	\$ (31,055)
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (3,859,163)	\$ (3,170,877)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation and Amortization Expense	61,774	84,751
(Increase) Decrease in Assets of Current Operating Funds:		
Receivables, Net	14,000	(21,188)
Prepaid Expenses	(7,466)	56,802
Increase (Decrease) in Liabilities of Current Operating Funds:		
Accounts Payable and Accrued Payroll	36,207	(49,118)
Unearned Income	37,182	(124,090)
Compensated Absences	11,256	12,491
Net Cash Used in Operating Activities	\$ (3,706,211)	\$ (3,211,229)

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. There were deferred inflows of resources of \$1,500,023 at September 30, 2024, and reported \$1,687,526 at September 30, 2023 related to lease arrangements in which WDET serves as the Lessor.

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, 2024 and 2023

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.

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 amounts due to Wayne State University at September 30, 2024 and 2023, were \$868,406 and \$31,055, respectively. These amounts represent payments made by the University on behalf of WDET in excess of cash on deposit in the University's pooled cash account.

3) RECEIVABLES

Receivables at September 30, 2024 and 2023 were as follows:

	2024	2023
Pledge Receivables, Current	\$ 662,613	\$ 635,301
Less Allowance for Doubtful Pledge Receivables - Current	(69,806)	(65,770)
	592,807	569,531
Underwriting Receivables	139,220	107,410
Less Allowance for Doubtful Underwriting Receivables	(6,135)	(23,325)
	133,085	84,085
Other Receivables	-	63,000
Current Receivables, Net	\$ 725,892	\$ 716,616
Pledge Receivables - Noncurrent	\$ 6,236	\$ 33,824
Less Allowance for Doubtful Pledge Receivables - Noncurrent	(1,629)	(3,547)
Noncurrent Receivables, Net	\$ 4,607	\$ 30,277
Lease Receivables, Current	\$ 138,988	\$ 125,869
Lease Receivables - Noncurrent	1,421,905	1,560,893
Total Lease Receivables	\$ 1,560,893	\$ 1,686,762

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued) September 30, 2024 and 2023

3) RECEIVABLES (Continued)

Payments on right-to-use assets at September 30, 2024 are expected to occur in the following fiscal years:

Fiscal Year Ending September 30,	Principal	Interest	Total Payments
2025	\$ 138,988	\$ 77,435	\$ 216,423
2026	152,995	69,921	222,916
2027	167,944	61,660	229,604
2028	183,889	52,603	236,492
2029	200,890	42,697	243,587
2030-2032	716,187	59,302	775,489
	<u>\$ 1,560,893</u>	<u>\$ 363,618</u>	<u>\$ 1,924,511</u>

WDET leases tower and building space to an external party. In accordance with GASB 87, WDET reports lease receivables which totaled \$1,560,893 and \$1,686,762 at September 30, 2024 and 2023, respectively. Of the total balances, noncurrent accounts receivable were \$1,421,905 and \$1,560,893 at September 30, 2024 and 2023, 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, 2024, and 2023, WDET recorded revenues from this lease agreement amounting to \$271,754 and \$278,236, respectively. These revenues are presented in the statement of revenues, expenses, and changes in net position under rental revenue and non-operating revenue - other income, totaling \$187,503 and \$84,251, and \$187,503 and \$90,733 respectively, for 2024 and 2023.

4) CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

	2024			
	Beginning Balance	Additions	Retirements	Ending Balance
Tower	\$ 926,562	\$ -	\$ -	\$ 926,562
Furniture and Equipment	633,242	-	(107,415)	525,827
Right-to-Use Asset - SBITA	94,544	28,432	-	122,976
Subtotal	1,654,348	28,432	(107,415)	1,575,365
Less: Accumulated Depreciation and Amortization	(1,186,397)	(61,774)	107,415	(1,140,756)
Capital Assets, Net	<u>\$ 467,951</u>	<u>\$ (33,342)</u>	<u>\$ -</u>	<u>\$ 434,609</u>

4) CAPITAL ASSETS (Continued)

Capital asset activity for the year ended September 30, 2023 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

5) COMPENSATED ABSENCES

Compensated absences represent the liability for earned and vested employee vacation and sick time. The compensated absence amounts are \$237,610 and \$226,354 at September 30, 2024 and September 30, 2023, 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 the 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) RIGHT-TO-USE-SUBSCRIPTION BASE INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) LIABILITY

SBITA activity for the years ending September 30, 2024 and 2023 was as follows:

	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Right-to-Use SBITA Liability	\$ 64,391	\$ 36,729	\$ 13,072	\$ 88,048	\$ 13,804
	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Right-to-Use SBITA Liability	\$ 80,014	\$ -	\$ 15,623	\$ 64,391	\$ 15,990

**7) RIGHT-TO-USE-SUBSCRIPTION BASE INFORMATION TECHNOLOGY
ARRANGEMENTS (SBITA) LIABILITY (Continued)**

Principal and interest maturities on SBITA activity at September 30, 2024 are as follows:

Fiscal Years	Right-to-Use Liability	
	Principal	Interest
2025	\$ 13,804	\$ 4,105
2026	15,348	3,379
2027	17,096	2,569
2028	18,980	1,667
2029	21,012	668
2030	1,808	10
Total	<u>\$ 88,048</u>	<u>\$ 12,398</u>

8) FUNDRAISING ACTIVITY

During fiscal year 2024, WDET engaged in a fundraising activity in partnership with a Non-profit arts and cultural organization in Southeast Michigan serving Wayne. This event was designed to raise funds and awareness for cultural music programming initiatives. The event generated total proceeds of \$132,785. The breakdown of the expenses incurred includes venue rental, marketing, catering, and miscellaneous costs, amounting to \$35,774. As a result, the net proceeds from the event were \$97,011. According to the joint partnership agreement, the net proceeds are to be allocated equally between WDET and the partnering non-profit. Therefore, each party received \$48,506 representing 50 percent of the net proceeds. This predetermined allocation was agreed upon to ensure equitable distribution of funds raised from the event.

9) FUNCTIONAL EXPENSES

Operating expenses, reported on the Statement of Revenues, Expenses and Changes in Net Position are categorized by natural classifications. Functional breakdowns of operating expenses classified by activity for the years ended September 30, 2024 and 2023 are presented on the following pages:

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued)
September 30, 2024 and 2023

9) FUNCTIONAL EXPENSES (Continued)

	2024					
	Programming and Production	Broadcasting	Program Information	Fundraising	Management and General	Total
Salaries, Payroll Taxes, and Employee Benefits	\$ 1,143,853	\$ 444,182	\$ 524,298	\$ 661,030	\$ 824,327	\$ 3,597,690
Membership Dues and Other Fees	1,167	-	570	-	61,553	63,290
Contracted Services	1,019,899	53,135	31,809	56,717	45,129	1,206,689
Printing, Publicity, and Advertising	12,016	426	18,347	92,438	34,238	157,465
Supplies and Materials	4,886	14,885	2,186	1,250	4,332	27,539
Telephone	19,459	14,726	2,162	5,818	6,179	48,344
Postage	410	200	447	44,517	1,244	46,818
Travel and Training	9,746	-	1,216	2,874	9,545	23,381
Equipment, Software and Maintenance	72	41,112	314	29,251	606	71,355
Receptions and Business Related Entertainment	2,215	-	-	47,274	24,591	74,080
Miscellaneous	2,337	-	893	-	22,196	25,426
Depreciation and Amortization	19,944	5,119	5,572	8,151	22,988	61,774
Total Functional Expenses						
Before Indirect Administrative Support	2,236,004	573,785	587,814	949,320	1,056,928	5,403,851
Indirect Administrative Support	358,444	92,007	100,132	146,486	167,252	864,321
Total Functional Expenses	<u>\$ 2,594,448</u>	<u>\$ 665,792</u>	<u>\$ 687,946</u>	<u>\$ 1,095,806</u>	<u>\$ 1,224,180</u>	<u>\$ 6,268,172</u>

WAYNE STATE UNIVERSITY WDET-FM

Notes to Financial Statements (Continued)
September 30, 2024 and 2023

9) FUNCTIONAL EXPENSES (Continued)

	2023					
	Programming and Production	Broadcasting	Program Information	Fundraising	Management and General	Total
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	251,442	1,235,115
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
Receptions and Business Related Entertainment	1,600	-	-	39,965	2,145	43,710
Miscellaneous	10,971	-	-	904	26,565	38,440
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	871,837	1,096,939	5,267,975
Indirect Administrative Support	328,353	89,854	50,454	126,133	153,682	748,476
Total Functional Expenses	<u>\$ 2,639,836</u>	<u>\$ 722,394</u>	<u>\$ 405,630</u>	<u>\$ 997,970</u>	<u>\$ 1,250,621</u>	<u>\$ 6,016,451</u>