

WMRA – FM RADIO

**A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY,
A COMPONENT UNIT OF
THE COMMONWEALTH OF VIRGINIA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023



ASSURANCE, TAX & ADVISORY SERVICES

WMRA – FM RADIO
A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY

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INDEPENDENT AUDITOR'S REPORT

WMRA – FM Radio
James Madison University
Report on the Audit of the Financial Statements

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying basic financial statements of WMRA – FM Radio, a Public Telecommunications Station (the Station), operated by James Madison University, a component unit of the Commonwealth of Virginia, which comprise the statement of net position as of June 30, 2023, the related statements of revenues, expenses and change in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Station as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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 opinion. 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 GAAS 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.

In performing an audit in accordance with GAAS, 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 the Station'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

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 on pages 4 – 7 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 GAAS 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

P. B. Mares, LLP

Harrisonburg, Virginia
January 10, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Accounting Standards

The following Management's Discussion and Analysis is required supplementary information under the Governmental Accounting Standards Boards (GASB) reporting model. It is designed to assist readers in understanding the accompanying basic financial statements and provide an objective, easily readable analysis of WMRA – FM Radio's (the Station or WMRA) financial activities based on currently known facts, decisions, and conditions. This discussion includes an analysis of the Station's financial condition and results of operations for the fiscal year ended June 30, 2023. Since this presentation includes highly summarized information, it should be read in conjunction with the accompanying basic financial statements, notes to financial statements, and supplementary information. Station management is responsible for all of the financial information presented, including the discussion and analysis.

Financial Highlights

- The Station's total net position increased in fiscal year 2023 by \$70,989.
- During fiscal year 2023, net investment in capital assets increased by \$15,750. The decrease is due to current year additions exceeding depreciation expense.
- During fiscal year 2023, restricted net position increased by \$11,910. The increase was primarily due to investment gains and expenses paid by the endowment held by James Madison University (JMU Foundation) exceeding contributions.
- During fiscal year 2023, unrestricted net position increased by \$46,320. The principal reason for the increase was operating revenue and changes to deferred inflows and resources.

Statement of Net Position

The Statement of Net Position presents the Station's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the fiscal year. The purpose of the Statement of Net Position is to present a financial snapshot at the end of the fiscal year. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the Station's operations. They are also able to determine how much the Station owes vendors. Finally, the Statement of Net Position provides a picture of ending net position and its availability for expenditure by the Station. Sustained increases in net position are one indicator of an organization's financial health.

Net position is divided into three categories. The first category, "Net investment in capital assets," provides the Station's equity in equipment, software and land leases. The second category, "Restricted," relates to externally imposed constraints. The third category, "Unrestricted," is available to the Station for any lawful purpose of the Station.

Summary Statement of Net Position

| | June 30, | |
|----------------------------------|-------------------|-------------------|
| | 2023 | 2022 |
| Assets: | | |
| Current assets | \$ 1,008,703 | \$ 1,066,986 |
| Capital assets, net | 332,184 | 347,934 |
| Other noncurrent assets | 328,052 | 323,652 |
| | <u>1,668,939</u> | <u>1,738,572</u> |
| Deferred Outflows of Resources | <u>120,767</u> | <u>158,161</u> |
| Liabilities: | | |
| Current liabilities | 299,973 | 293,952 |
| Noncurrent liabilities | 879,903 | 836,393 |
| | <u>1,179,876</u> | <u>1,130,345</u> |
| Deferred Inflows of Resources | <u>178,937</u> | <u>406,484</u> |
| Net Position: | | |
| Net investment in capital assets | 46,602 | 33,843 |
| Restricted | 292,843 | 280,933 |
| Unrestricted (deficit) | 91,448 | 45,128 |
| | <u>\$ 430,893</u> | <u>\$ 359,904</u> |

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position presented on the Statement of Net Position are based on the activity as presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present the Station's operating and nonoperating revenues recognized and expenses incurred.

Operating revenues are received for support of the services of the Station. Operating expenses are those expenses incurred to acquire or produce the services provided in return for the operating revenues.

Nonoperating revenues are revenues received for which the normal services of the Station are not provided.

Summary Statement of Revenues, Expenses and Changes in Net Position

| | Year Ended June 30, | |
|----------------------------------|---------------------|--------------|
| | 2023 | 2022 |
| Operating Revenues | \$ 1,676,017 | \$ 1,680,476 |
| Operating Expenses | 1,614,112 | 1,568,130 |
| Operating income | 61,905 | 112,346 |
| Nonoperating Revenues (Expenses) | 9,084 | (83,905) |
| Increase in net position | 70,989 | 28,441 |
| Net Position, beginning | 359,904 | 331,463 |
| Net Position, ending | \$ 430,893 | \$ 359,904 |

Operating revenues include primarily member donations, underwriting, and federal, state and licensee grants. Operating revenues were largely unchanged from year to year as membership contributions held steady and an increase in business underwriting offset decreases in revenues from other sources. Appropriations from James Madison University (JMU) include in-kind rent for use of our operating facilities. Operating expenses decreased due to changes in staffing levels and programming costs.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the Station's cash activity during the year. Operating cash flows show the net cash provided by or used in the operating activities of the Station. Significant sources of cash include membership donations, underwriting, grants, and appropriations from JMU. Major uses of cash include payments for salaries, wages, fringe benefits, acquired programming, services, tower leases, and supplies. The last section of the Statement of Cash Flows reconciles net cash provided by or used in operating activities to the operating gains or losses reflected on the Statement of Revenues, Expenses and Change in Net Position.

Summary Statement of Cash Flows

| | Year Ended June 30, | |
|--|---------------------|------------|
| | 2023 | 2022 |
| Cash Provided By (Used In): | | |
| Operating activities | \$ (44,696) | \$ 104,391 |
| Capital and related investing activities | (6,506) | (6,737) |
| Net increase (decrease) in cash | (51,202) | 97,654 |
| Cash, beginning | 891,248 | 793,594 |
| Cash, ending | \$ 840,046 | \$ 891,248 |

Capital Assets

The Station's net investment in capital assets as of June 30, 2023 is \$46,602. This investment in capital assets includes equipment, furniture, software and leased land. The total increase in the Station's investment in capital assets for the fiscal year was 38%. The increase was a result of purchases exceed current year capital depreciation and amortization.

Economic Outlook

Fiscal Year 2023 was a down year in revenue for WMRA. Compared to the previous year, membership revenue dropped by \$45,000, and underwriting sales were down by \$25,000. Investments held by the JMU foundation held their value, which does help WMRA's bottom line, but has little effect on WMRA's operating capital.

FY23 membership revenue declined primarily due to economic inflationary pressures affecting those with the fewest resource. Going into FY24, these pressures have eased and we have increased our membership budget projection to \$800,000. Early indicators show that this is an achievable goal for FY24.

Our FY23 underwriting revenue was also impacted by inflationary forces, the long-term effects of the pandemic, and by a personnel change occurring mid-year. Several of our major, long-term underwriters reduced their spending in FY23, and some ended their underwriting contracts altogether. WMRA's underwriting staff has continued to prospect new businesses to help recoup those losses. Currently, FY24 shows that underwriting revenues may modestly increase from the previous year and we are currently projecting \$325,000.

On a positive note, the WMRA car donation program netted \$93,000 in FY23, which was an increase of \$6,000 from the previous year. The pace of car donations has held steady into FY24 and we are currently projecting a modest increase to \$100,000 for FY24.

Despite the decreases in membership and underwriting revenue, we invested in some capital improvement projects in FY23. Station improvements included improving battery backup systems at all remote locations, transitioning to a cloud-based server system for our CMS, and installing critical redundancy in our audio production system. FY24 has no major capital improvements planned.

While expenses have also increased modestly from FY24, mainly due to cost-of-living wage increases, our FY24 budget projects a modest deficit of \$12,000, which will be covered by WMRA's cash reserves.

BASIC FINANCIAL STATEMENTS

WMRA – FM RADIO
A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY

STATEMENT OF NET POSITION
June 30, 2023

| ASSETS | |
|---|---------------------|
| Current Assets: | |
| Cash | \$ 840,046 |
| Pledges receivable | 146,206 |
| Prepaid items | 12,537 |
| Investments held by JMU Foundation, Inc. | 9,914 |
| Total current assets | 1,008,703 |
| Noncurrent Assets: | |
| Investments held by JMU Foundation, Inc. | 292,843 |
| Capital assets, net | 332,184 |
| Net other postemployment benefit asset | 35,209 |
| Total noncurrent assets | 660,236 |
| Total assets | 1,668,939 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension Plan | 86,230 |
| Other Postemployment Benefits | 34,537 |
| Total deferred outflows of resources | 120,767 |
| Total assets and deferred outflows of resources | \$ 1,789,706 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts payable | \$ 7,852 |
| Accrued payroll | 64,507 |
| Unearned revenue | 163,275 |
| Current portion of lease liabilities | 29,197 |
| Current portion of compensated absences | 35,142 |
| Total current liabilities | 299,973 |
| Noncurrent Liabilities: | |
| Lease liabilities | 256,385 |
| Noncurrent portion of compensated absences | 8,858 |
| Net pension liability | 483,415 |
| Net other postemployment benefit obligations | 131,245 |
| Total noncurrent liabilities | 879,903 |
| Total liabilities | 1,179,876 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension Plan | 106,661 |
| Other Postemployment Benefits | 72,276 |
| Total deferred inflows of resources | 178,937 |
| NET POSITION | |
| Net Position: | |
| Net investment in capital assets | 46,602 |
| Restricted: | |
| Endowments | 292,843 |
| Unrestricted | 91,448 |
| Total net position | 430,893 |
| Total liabilities, deferred inflows of resources, and net position | \$ 1,789,706 |

WMRA – FM RADIO
A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Year Ended June 30, 2023

| | |
|--|---------------------------------|
| Operating Revenues: | |
| Membership contributions | \$ 810,358 |
| Underwriting and business contributions | 314,197 |
| Community Service Grant - CPB | 157,160 |
| Virginia Radio Reading Service Grant | 58,103 |
| C-Band Relocation Program | 8,948 |
| Appropriations from James Madison University | 216,245 |
| Other contributions and operating revenues | <u>111,006</u> |
| Total operating revenues | <u>1,676,017</u> |
| Operating Expenses: | |
| Program services: | |
| Programming and production | 786,185 |
| Broadcasting | 167,253 |
| Program information and promotion | <u>3,166</u> |
| | <u>956,604</u> |
| Support services: | |
| Management and general | 324,683 |
| Fundraising and membership | 159,487 |
| Underwriting | <u>173,338</u> |
| | <u>657,508</u> |
| Total operating expenses | <u>1,614,112</u> |
| Operating income | <u>61,905</u> |
| Nonoperating Revenues: | |
| Investment gain, net | <u>9,084</u> |
| Total nonoperating revenues | <u>9,084</u> |
| Increase in net position | 70,989 |
| Net Position, beginning | <u>359,904</u> |
| Net Position, ending | <u><u>\$ 430,893</u></u> |

WMRA – FM RADIO
A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2023

| | |
|---|---------------------|
| Cash Flows from Operating Activities: | |
| Receipts from membership donations, underwriting, and business contributions | \$ 1,106,133 |
| Grants | 224,211 |
| Appropriations from James Madison University | 91,245 |
| Other receipts | 111,006 |
| Payments to employees for services | (978,701) |
| Payments to suppliers for goods and services | (598,590) |
| | <hr/> |
| Net cash used in operating activities | (44,696) |
| | <hr/> |
| Cash Flows from Capital and Related Investing Activities: | |
| Purchases of capital assets | (6,506) |
| | <hr/> |
| Net cash used in capital and related investing activities | (6,506) |
| | <hr/> |
| Net decrease in cash | (51,202) |
| | <hr/> |
| Cash, beginning | 891,248 |
| | <hr/> |
| Cash, ending | \$ 840,046 |
| | <hr/> <hr/> |

WMRA – FM RADIO
A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY

STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2023

| | |
|--|--------------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| Operating income | \$ 61,905 |
| Adjustments to reconcile operating income to net cash used in operating activities: | |
| Depreciation and amortization | 22,701 |
| Donations received for WMRA, held by JMU Foundation, Inc. | (11,761) |
| Expenses paid by JMU Foundation, Inc. | 11,608 |
| Increase in pension related deferred outflows of resources | 35,609 |
| Decrease in OPEB related deferred outflows of resources | 1,785 |
| Decrease in pension related deferred inflows of resources | (197,193) |
| Decrease in OPEB related deferred inflows of resources | (30,354) |
| Change in assets and liabilities: | |
| Pledges receivable | 692 |
| Prepaid expenses | 3,271 |
| Accounts payable | 1,827 |
| Accrued payroll | 9,203 |
| Leases payable | (28,509) |
| Compensated absences | 1,655 |
| Unearned revenue | (7,353) |
| Net pension liability | 85,681 |
| Net OPEB asset | 7,510 |
| Net OPEB liability | (12,973) |
| Net cash used in operating activities | \$ (44,696) |

**WMRA – FM RADIO
A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Reporting entity: WMRA – FM Radio (the Station or WMRA) is a public telecommunications station operated as a department of James Madison University (the University or JMU), a component unit of the Commonwealth of Virginia. The assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Station are reported by the University in its financial statements.

The Station has no component units, as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statement 14 and 34*.

WMRA broadcasts National Public Radio programming on FM frequencies of 90.7 in Harrisonburg, 103.5 in Charlottesville, 89.9 in Lexington, 91.3 in Farmville, and 94.5 in Winchester. WMRA also operates WEMC 91.7 FM. Eastern Mennonite University, which owns WEMC, has contracted with WMRA to manage the station.

Financial statement presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of accounting: The Station follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and its requirements for “reporting by special-purpose governments engaged only in business-type activities” and GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement 34*. Accordingly, the Station’s financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Pledges receivable: Pledges receivable consist of underwriting contracts which have been agreed to by a sponsor but which have not been fulfilled. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Pledges receivable are written off when deemed uncollectible. Recoveries of amounts previously written off are recorded when received. All pledge receivables at the fiscal year end are expected to be collected within one year.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**WMRA – FM RADIO
A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Investments: In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, investments are recorded at fair value. All investment income, including changes in the fair value of investments (unrealized gains and losses), is reported as nonoperating revenue in the Statement of Revenues, Expenses and Changes in Net Position. WMRA, as a department of JMU, a component unit of the Commonwealth of Virginia, is prohibited from holding investments. WMRA is required to direct contributions of investments to the James Madison University Foundation, Inc. (JMU Foundation). The investments are held in the name of JMU Foundation; however, JMU Foundation does not hold the investments as a broker or custodian. The investments are governed by JMU Foundation policies and procedures. This would include a variance power to redirect the use of the funds only in the event it becomes impracticable to carry out any provisions of the endowment agreements.

Cash and cash equivalents: The Station considers its accounts with JMU to be cash and cash equivalents. These balances are in accounts held by the Treasurer of Virginia, and include restricted cash.

Capital assets: Capital assets are generally defined by the Station as equipment or software with an initial cost of \$2,000 or more and useful life in excess of two years. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized.

Depreciation of equipment assets is computed using the straight-line method based on useful life of ten years for all items, except for computers, which are estimated to have a useful life of five years. Software is amortized using the straight-line method based on a useful life of five years. Intangible right-to-use leased land and transmitters are amortized over the period of the related lease.

Leases: The Station is a lessee for noncancellable leases of certain land and transmitters. The Station recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Station recognizes lease assets with an initial, individual value of \$2,000 or more. At the commencement of the lease, the Station initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Station determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Station uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and any renewal options that the Station is reasonable certain to exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Station is reasonably certain to exercise.

**WMRA – FM RADIO
A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Leases (Continued): The Station monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets and lease liabilities are reported separately on the statement of net position.

Lessor: The Station recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of the lease, the Station 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 judgements include how the Station determines (1) the discount rate is used to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Station uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

At June 30, 2023, the Station did not have any lessor agreements as described above.

Subscription-based information technology arrangements (SBITAs): The Station adopted GASB Statement No. 96 on July 1, 2022.

For new or modified contracts, the Station determines whether the contract is a SBITA. If a contract is determined to be, or contain, a SBITA with a non-cancellable term in excess of 12 months (including any options to extend or terminate the subscription when exercise is reasonably certain), the Station records a subscription asset and subscription obligation which is calculated based on the value of the discounted future subscription payments over the term of the subscription. If the interest rate implicit in the subscription is not readily determinable, the Station will use the applicable incremental borrowing rate in the calculation of the present value of the subscription payments.

The Station recognizes a subscription liability and subscription asset on the Statement of Net Position. Subscriptions with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the subscription term.

**WMRA – FM RADIO
A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Subscription-based information technology arrangements (SBITAs) (continued):

At the commencement of a SBITA, the Station measures the subscription liability at the present value of payments expected to be made during the subscription term and then reduces the liability by the principal portion of the subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs, then amortized on a straight-line basis over the subscription term.

Subscription payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

At June 30, 2023, the Station did not have any subscription agreements as described above.

Deferred outflows/inflows of resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Accrued compensated absences: The amount of leave earned but not taken by salaried employees is recorded as a liability on the Statement of Net Position. The amount, as of June 30, includes all unused vacation leave and the amount payable upon termination under the Commonwealth of Virginia's sick leave pay-out policy. The applicable share of employer-related taxes payable on the eventual termination payments is also included.

Unearned revenue: Unearned operating revenue consists of the unearned portion of underwriting support and grant revenue.

Income taxes: The Station is a department of JMU, a component unit of the Commonwealth of Virginia. Accordingly, the Station is exempt from federal income tax.

Net position: The Statement of Net Position reports the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as net position. Net position is classified as net investment in capital assets, restricted and unrestricted.

"Net investment in capital assets" consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. Net position is reported as "restricted" when constraints on the net position use are externally imposed. "Unrestricted" net position consists of net position that does not meet the definitions above.

**WMRA – FM RADIO
A PUBLIC TELECOMMUNICATIONS STATION
OPERATED BY JAMES MADISON UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Station's retirement plan and the additions to/deductions from the Station's retirement plan fiduciary net position have been determined on the same basis as they are reported by the Virginia Retirement System (VRS). Investments are reported at fair value.

Other postemployment benefits (OPEB):

Medical Insurance Program: The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the Code of Virginia for retirees who are not yet eligible to participate in Medicare. The employer does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the employer effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

Group Life Insurance Program: The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the total GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Health Insurance Credit Program: The VRS State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Other postemployment benefits (Continued):

Line of Duty Act Program: The VRS Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. LODA was established pursuant to Section 9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. LODA provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net LODA OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA OPEB, and LODA OPEB expense, information about the fiduciary net position of the LODA OPEB Plan and the additions to/deductions from the LODA OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VRS Disability Insurance Program: The VRS Disability Insurance Program (Virginia Sickness and Disability Program) is a single-employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to Section 51.1-1100 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees. For purposes of measuring the net Disability Insurance Program OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related of the Disability Insurance Program OPEB, and Disability Insurance Program OPEB expense, information about the fiduciary net position of the VRS Disability Insurance Program OPEB Plan and the additions to/deductions from the VRS Disability Insurance Program OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Revenue and expense: Operating revenues include amounts that result from the Station's normal operations, such as membership donations, underwriting, business contributions, and grants. The Station also receives administrative and other support from James Madison University.

Nonoperating revenues include activities that do not result from the Station's normal operations, such as the rental of studio and tower space, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Propriety and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as investment income.

Expenses have been summarized by function in the Statement of Revenues, Expenses and Changes in Net Position. Accordingly, expenses according to their natural classification have been allocated to the functional activity benefitted.

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NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Estimates and assumptions: 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and other support and expenses during the reporting period. Actual results could differ from those estimates.

In-kind contributions: Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Station recognized \$91,245 of contributed facilities as appropriations from James Madison University and as rent expense for the year ended June 30, 2023.

Subsequent events: Subsequent events have been evaluated through January 10, 2024, which is the date the financial statements were available to be issued.

Note 2. Cash

The Station's operating cash is held by the University. Pursuant to Section 2.2-1800, et. seq., *Code of Virginia*, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Except for cash held in foreign banks, operating cash deposits held by the University are maintained in accounts that are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et. seq., *Code of Virginia*. These amounts are insured in accordance with the banking regulations of the respective countries where the funds are maintained. In accordance with the GASB Statement No. 9, definition of cash and cash equivalents, cash represents cash with the Treasurer of Virginia, cash on hand, cash deposits, including certificates of deposits and temporary investments with original maturities of 90 days or less, and cash equivalents under the Commonwealth's securities lending and state non-arbitrage programs.

Note 3. Investments Held by James Madison University Foundation, Inc.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the following risk disclosures:

- **Credit Risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations. This statement requires the disclosure of the credit quality ratings on any investments subject to credit risk. All Station investments are held in an agency capacity by JMU Foundation in pooled funds. The funds are commingled with other JMU Foundation investments. Credit ratings on these investments are not readily available.

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NOTES TO FINANCIAL STATEMENTS

Note 3. Investments Held by James Madison University Foundation, Inc. (Continued)

- Concentration of Credit Risk – The risk of loss attributed to the magnitude of an entity’s investment in a single issuer. This statement requires disclosure of investments with any one issuer with more than five percent of total investments. However, investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. All Station investments are held by JMU Foundation in pooled funds.
- Interest Rate Risk – The risk that interest rate changes will adversely affect the fair value of an investment. This statement requires disclosure of maturities for any investments subject to interest rate risk. The Station does not have an interest rate risk policy. Interest rate risk is not readily available as all Station investments are held by JMU Foundation in pooled funds.
- Foreign Currency Risk – The risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Station does not have any foreign deposits.

The Station has expendable and endowed funds which are held and managed by the JMU Foundation. The balances at June 30, 2023 at fair market value are as follows:

| | 2023 |
|--|-------------------|
| Investments in pooled funds - expendable | \$ 9,914 |
| Investments in pooled funds - endowed | 292,843 |
| | \$ 302,757 |

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes general principles for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date. A fair value hierarchy of inputs is used in measuring fair value and requires that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing an asset or liability based on market data obtained from sources independent of the Station. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Station has ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are not observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, and/or prices for similar instruments in inactive markets.
- Level 3 – Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Station’s own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

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NOTES TO FINANCIAL STATEMENTS

Note 3. Investments Held by James Madison University Foundation, Inc. (Continued)

The Station has cash and investments which are held in pooled investment funds by the JMU Foundation. For the purposes of determining the fair value of investments as of June 30, 2023, the Station relies upon the classifications provided by the JMU Foundation, which uses Level 1 and Level 2 inputs. Sources of these inputs may include observable price information, and/or quotations received from market makers, brokers, dealers, and/or counterparties (when available and considered reliable) provided by independent pricing services or derived from market data.

The following information is provided with respect to JMU Foundation's cash and cash equivalents and investments at June 30, 2023. JMU Foundation considers cash in demand deposit accounts and short-term certificates of deposit to be cash equivalents. The balances in these accounts are subject to electronic transfer for investment purposes and at times exceed federally insured limits. However, JMU Foundation does not believe it is subject to any significant credit risk as a result of these deposits.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the change in unrestricted net position unless the income or loss is restricted by donor or law.

The Investment Committee of JMU Foundation's Board of Directors establishes the investment policies, objectives, and guidelines. The major portions of the investments are maintained in a portfolio managed by JMU Foundation's investment advisors. As prescribed by the Financial Accounting Standards Board Accounting Standards Codification 820, investments are placed into one of three categories based on the inputs used in valuation techniques. As of June 30, 2023, JMU Foundation held investments totaling \$79,503,280 and \$2,624,771 in category 1 and 2, respectively. Hedge funds are not categorized as to credit risk. JMU Foundation's investments by type of security are as follows:

| | 2023 |
|---|-----------------------|
| Cash and Cash Equivalents | \$ 28,529,558 |
| Certificates of Deposit | 588,086 |
| U.S. Treasury Securities and Government Bonds | 3,919,730 |
| Corporate Debt Securities | 2,231,364 |
| Common Stock | 7,069,622 |
| Mutual Funds | 39,396,284 |
| Privately Managed Investment Pools | 92,346,188 |
| Cash Value of Life Insurance Policies | 393,407 |
| | \$ 174,474,239 |

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NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

| | 2023 | | | |
|---|------------------------------|-------------------|-------------------|---------------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance |
| Equipment | \$ 423,404 | \$ 6,506 | \$ - | \$ 429,910 |
| Software | 55,194 | - | - | 55,194 |
| Right-to-use lease land and transmitters | 344,686 | - | (6,061) | 338,625 |
| Total capital assets being depreciated or amortized | 823,284 | 6,506 | (6,061) | 823,729 |
| Less accumulated depreciation and amortization | (475,350) | (16,195) | - | (491,545) |
| Total capital assets, net | \$ 347,934 | \$ (9,689) | \$ (6,061) | \$ 332,184 |

Equipment includes a satellite ground terminal and other interconnection equipment provided by National Public Radio through the activities of the Future Interconnection System Project Office (FISPO). The total book value of the equipment as of June 30, 2023 was fully depreciated (cost basis of \$6,566, less \$6,566 accumulated depreciation). As a condition of the Station's receipt of this equipment, the Station is obligated to comply with applicable provisions of the Public Broadcasting Act. The terms and conditions under which the Station received the equipment are in the Station's files in a document titled Future Interconnection System Project Agreement for Equipment.

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NOTES TO FINANCIAL STATEMENTS

Note 5. Long Term Obligations

The following is a summary of changes in long-term obligation transactions for the year ended June 30, 2023:

| | 2023 | | | | |
|---------------------------------|----------------------|------------------|------------------|-------------------|--------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
| Leases Payable | \$ 314,091 | \$ - | \$ 28,509 | \$ 285,582 | \$ 29,197 |
| Accrued Compensated Absences | 42,345 | 68,558 | 66,903 | 44,000 | 35,142 |
| Total | \$ 356,436 | \$ 68,558 | \$ 95,412 | \$ 329,582 | \$ 64,339 |

Note 6. Leases

During the current fiscal year, the Station had lease agreements for land and towers. The terms of these leases are described below.

Lease agreement for JMU Telecommunications Facility with Tidewater Communications, LLC at Little North Mountain

On June 17, 1993, JMU, on behalf of WMRA, entered into a lease agreement with Massanutten Broadcasting Company and Shenandoah Valley Electric Cooperative. In return for reduced rent of \$190 per month, JMU agreed to pay all Massanutten Broadcasting Company's share of expenses of relocation and repair to the road and to reimburse Massanutten Broadcasting Company for the expense of installing an extension to the existing tower at the site.

Road construction and installation of the tower extension was completed in October 1993. These initial expenses, which amounted to \$21,060, were treated as prepaid expenses and amortized over the initial ten-year term of the lease.

After the initial ten-year period, the lease became renewable for three successive ten-year periods thereafter, and a fourth and final period ending January 1, 2039. The lease has been renewed for the second of the three successive ten-year periods. The lease was assigned to Tidewater Communications, LLC in October 2016. The rent for renewal terms is \$553 per month, plus a cost of living adjustment after ten years.

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NOTES TO FINANCIAL STATEMENTS

Note 6. Leases (Continued)

Lease agreement for JMU Telecommunications Facility with Suters and Ebys at Little North Mountain

On June 17, 1993, JMU, on behalf of WMRA, entered into an agreement with Everett and Evelyn Suter and Harold and Mildred Eby to lease two parcels of land in Rockingham County known as the Little North Mountain sites (upper and lower). The rental amount was \$2,000 per year, commencing July 1, 1993, with an initial term of ten years. An additional rental fee of \$100 per year was required for each sublease. WMRA currently has no subleases.

After the initial ten-year period, the lease became renewable for three successive ten-year periods and a fourth additional period ending January 1, 2039. The lease has been renewed for the second of the three successive ten-year periods. The total rental amount per year during each renewal period is calculated by adding the percentage increase or decrease in the Consumer Price Index for the years in the preceding term and increasing the annual rental amount of the preceding term by that total percentage. The current annual lease payment is \$3,180.

Lease agreement for tower space with Crown Orchard Company and Charlottesville Cellular Partners

On November 1, 1994, JMU, on behalf of WMRA, entered into a lease agreement with Crown Orchard Company and Charlottesville Cellular Partners for use of a tower and access to the premises and equipment shelter at the tower site near the peak of Castle Rock Mountain in Albemarle County, Virginia.

The initial term of the lease was for sixty months, beginning January 1, 1995. The lease states that the rent will be adjusted annually for inflation (not to exceed 4%). The lease terminates December 2027. The current annual lease payment is \$1,964.

Lease agreement for tower and equipment space with Jones Broadcasting

On March 8, 1995, JMU, on behalf of WMRA, entered into a lease agreement with Ruarch Associates, now JL Media, which has now been assigned to Jones Broadcasting, for use of tower and equipment shelter space in Winchester, Virginia. The initial term of the lease was ninety-nine months, beginning April 1, 1995.

After the initial period, the lease became renewable for up to four additional successive ten-year periods at the same rent adjusted pro rata according to the previous term's cumulative change in the Consumer Price Index. The lease has been renewed for the second additional ten-year period effective July 1, 2013, through June 20, 2023. The current annual lease payment is \$394.

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NOTES TO FINANCIAL STATEMENTS

Note 6. Leases (Continued)

Lease Liabilities

As of June 30, 2023, the value of the lease liability was \$285,582. The Station is required to make principal payments based on the terms described in the preceding descriptions. The value of the intangible right-to-use lease assets as of the June 30, 2023 was \$338,625 and had accumulated amortization of \$43,086. Future required payments under these leases as of June 30, 2023 are as follows:

| Year(s) Ending June 30, | Principal | Interest |
|-------------------------|-------------------|------------------|
| 2024 | \$ 29,197 | \$ 8,915 |
| 2025 | 30,164 | 7,948 |
| 2026 | 31,162 | 6,950 |
| 2027 | 32,193 | 5,919 |
| 2028 | 21,394 | 4,934 |
| Thereafter | 141,472 | 30,533 |
| Total | \$ 285,582 | \$ 65,199 |

Note 7. Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization. CPB distributes annual Community Service Grants to qualifying public telecommunications entities. Each grant must be expended within two years of the initial grant authorization. WMRA uses funds received from CPB for purposes relating primarily to production and acquisition of programming.

Note 8. Indirect Administrative Support

Indirect administrative support is the portion of the licensee's general overhead costs that relate to and benefit the Station's operations. These services were provided without cost and have been allocated based on instructions provided by CPB. Total indirect administrative support allocated for the year ended June 30, 2023 was \$263,386.

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NOTES TO FINANCIAL STATEMENTS

Note 9. Retirement Plan

Virginia Retirement System

Employees of the Station are employees of the Commonwealth of Virginia. All full-time, salaried permanent employees are automatically covered by VRS State Employee Retirement Plan upon employment. This plan is administered by VRS along with plans for other employer groups in the Commonwealth of Virginia. The State Employee Retirement Plan is a single employer plan treated as a cost-sharing employer plan for financial reporting purposes. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

VRS administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria.

VRS does not measure assets and pension liabilities separately for WMRA. Therefore, all information relating to this plan is available at the statewide level only and can be found in the Commonwealth's *Annual Comprehensive Financial Report (ACFR)*. The Commonwealth of Virginia, not the Station, has the overall responsibility for contributions to this plan. The ACFR includes required supplementary information and provides required disclosures of the Commonwealth's pension plans.

The Station's expenses include the amount assessed by the Commonwealth for contributions to VRS, which totaled \$73,578 for the year ended June 30, 2023. The contributions represent 12% of covered payroll for fiscal year 2022. Contributions to VRS were calculated using the base salary amounts of \$602,105 for fiscal year 2023. The Station's total payroll expense including benefits was \$993,675 for the year ended June 30, 2023. The Station's portion of the State's special employer contributions was \$23,827 for the year ended June 30, 2023. At June 30, 2022, the Station's portion of the University's net pension liability is estimated to be \$483,415.

Deferred Compensation Plan

Employees of the Station are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the Plan each pay period with the Commonwealth matching up to \$20 per pay period. The dollar amount match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. The Station's expense for contributions under the Deferred Compensation Plan, which is an amount assessed by the Commonwealth, was \$15,170 for the fiscal year 2023.

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NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits

The University participates in the OPEB – Medical Insurance Program, the OPEB – Group Life Insurance Program, the OPEB – Health Insurance Credit Program, the OPEB – VRS Disability Insurance Program, and the OPEB – Line of Duty Act Program provided by the Commonwealth.

VRS does not measure assets and OPEB liabilities separately for WMRA. Therefore, all information relating to these plans are available at the statewide level only and can be found in the Commonwealth's *Annual Comprehensive Financial Report (ACFR)*. The Commonwealth of Virginia, not the Station, has the overall responsibility for contributions to these plans. The ACFR includes required supplementary information and provides required disclosures of the Commonwealth's OPEB plans.

For more information about these plans and complete disclosure of the total OPEB liability of the University, refer to Note 13, Other Postemployment Benefits and the following schedules contained in the Required Supplementary Information, the *Schedule of Employer's Share of the Net OPEB Liabilities (Assets)*, *Schedule of Employer Contributions – OPEBS*, in the Annual Comprehensive Financial Report of the University. At June 30, 2023, the Station's portion of the University's net OPEB liability is estimated to be \$131,245 and net OPEB asset is estimated to be \$35,209.

Note 11. Risk Management and Employee Health Care Plans

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans.

The University pays premiums to each of those Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth's ACFR.

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NOTES TO FINANCIAL STATEMENTS

Note 12. Grants and Contracts Contingencies

The Station has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Station.

In addition, the Station is required to comply with the various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowance of related direct and indirect charges pursuant to such agreements. As of June 30, 2023, the Station estimates that no material liabilities will result from such audits or questions.

Note 13. Pending GASB Statements

At June 30, 2023, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Station. The following statement might impact the Station:

GASB Statement No. 99, *Omnibus 2022*, will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Statement 99 will be effective for fiscal years beginning after June 15, 2022 and June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement 100 will be effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations for constraints and related events that have occurred or have begun to occur that make a government vulnerable to substantial impact. Statement 102 will be effective for fiscal years beginning after June 15, 2024.

Management has not determined the effects these new Statements may have on prospective financial statements.

SUPPLEMENTARY INFORMATION

WMRA – FM RADIO
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STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

| | Programming and Production | Broad- casting | Program Information and Promotion | Total Program Services | Management and General | Fundraising and Membership | Underwriting | Total Support Services | 2023 Totals |
|-----------------------------------|----------------------------------|-------------------|--|------------------------------|------------------------------|----------------------------------|-------------------|------------------------------|---------------------|
| Salaries and employee benefits | \$ 322,204 | \$ 108,500 | \$ - | \$ 430,704 | \$ 230,125 | \$ 69,369 | \$ 149,426 | \$ 448,920 | \$ 879,624 |
| Programming | 405,476 | - | - | 405,476 | - | - | - | - | 405,476 |
| Contractual services | 19,853 | 6,794 | 2,218 | 28,865 | 59,191 | 36,447 | 6,567 | 102,205 | 131,070 |
| Rent | 23,230 | 19,824 | - | 43,054 | 23,230 | 11,825 | 12,772 | 47,827 | 90,881 |
| Dues and subscriptions | 1,369 | - | - | 1,369 | 1,430 | 2,000 | 2,000 | 5,430 | 6,799 |
| Supplies and utilities | 1,513 | 16,415 | 858 | 18,786 | 9,991 | 18,436 | 218 | 28,645 | 47,431 |
| Media services | - | - | - | - | - | 1,050 | 787 | 1,837 | 1,837 |
| Printing | - | - | - | - | 456 | 9,301 | 848 | 10,605 | 10,605 |
| Convention and travel | 5,934 | - | 31 | 5,965 | - | 11,059 | 344 | 11,403 | 17,368 |
| Repairs | 1,593 | 4,538 | 59 | 6,190 | 260 | - | 376 | 636 | 6,826 |
| Depreciation and amortization | 5,013 | 11,182 | - | 16,195 | - | - | - | - | 16,195 |
| | <u>\$ 786,185</u> | <u>\$ 167,253</u> | <u>\$ 3,166</u> | <u>\$ 956,604</u> | <u>\$ 324,683</u> | <u>\$ 159,487</u> | <u>\$ 173,338</u> | <u>\$ 657,508</u> | <u>\$ 1,614,112</u> |