

WCBE-FM
A Public Telecommunications Entity Operated
by the Columbus City School District

Columbus, Ohio

Financial Statements
For the Years Ended June 30, 2021 and 2020

WCBE-FM
Columbus, Ohio

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INDEPENDENT AUDITOR'S REPORT

WCBE-FM, a Component of
Columbus City School District
Columbus, Ohio

We have audited the accompanying financial statements of WCBE-FM (WCBE), a component of the Columbus City Schools, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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





INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCBE, a component of Columbus City Schools as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HWA Alliance of CPA Firms, Inc.

Westerville, Ohio
January 12, 2022



WCBE-FM
Statement of Financial Position
As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 182,170	\$ 158,960
Accounts Receivable - Underwriting	12,102	3,186
Accounts Receivable - Pledges	50,908	320
Accounts Receivable - Other	-	1,588
Total Current Assets	<u>245,180</u>	<u>164,054</u>
Long-Term Assets		
Property & Equipment, Net of Accumulated Depreciation of \$ 234,051 and \$232,826	15,952	17,177
TOTAL ASSETS	<u><u>\$ 261,132</u></u>	<u><u>\$ 181,231</u></u>
 LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 80,082	\$ 28,741
Accrued Wages & Benefits	150,890	134,208
TOTAL LIABILITIES	<u>230,972</u>	<u>162,949</u>
 NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>30,160</u>	<u>18,282</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 261,132</u></u>	<u><u>\$ 181,231</u></u>

See Notes to Financial Statements

WCBE-FM
Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT			
Revenue			
Underwriting Income	\$ 122,176	-	\$ 122,176
Total Revenue	<u>122,176</u>	<u>-</u>	<u>122,176</u>
Support			
Contributions, Membership	504,709	-	504,709
Contributions, Operating Support	701,958	-	701,958
E Tech Ohio contribution	31,350	-	31,350
Other Contributions	37,917	-	37,917
In-Kind Support (Note 4)			
Trade Values	77,958	-	77,958
Donated Facilities and Administrative Support (Note 3)	114,005	-	114,005
Other in-kind support (Note 3)	97,005	-	97,005
Total Support	<u>1,564,902</u>	<u>-</u>	<u>1,564,902</u>
TOTAL REVENUE AND SUPPORT	<u>1,687,078</u>	<u>-</u>	<u>1,687,078</u>
EXPENSES			
Program Services			
Programming and Production	279,587	-	279,587
Broadcasting	1,092,741	-	1,092,741
Public Information	106,994	-	106,994
Total Program Services	<u>1,479,322</u>	<u>-</u>	<u>1,479,322</u>
Supporting Services			
Management and General	195,878	-	195,878
Total Supporting Services	<u>195,878</u>	<u>-</u>	<u>195,878</u>
TOTAL EXPENSES	<u>1,675,200</u>	<u>-</u>	<u>1,675,200</u>
Change in Net Assets	11,878	-	11,878
Net Assets at Beginning of Year	<u>18,282</u>	<u>-</u>	<u>18,282</u>
Net Assets at End of Year	<u><u>\$ 30,160</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,160</u></u>

See Notes to Financial Statements

WCBE-FM
Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT			
Revenue			
Underwriting Income	\$ 97,072	-	\$ 97,072
Total Revenue	<u>97,072</u>	<u>-</u>	<u>97,072</u>
Support			
Contributions, Membership	435,092	-	435,092
Contributions, Operating Support	768,500	-	768,500
E Tech Ohio contribution	34,246	-	34,246
Other Contributions	141,921	-	141,921
In-Kind Support			
Trade Values (Note 3)	110,952	-	110,952
Donated Facilities and Administrative Support (Note 3)	118,364	-	118,364
Other in-kind support	<u>96,203</u>	<u>-</u>	<u>96,203</u>
Total Support	<u>1,705,278</u>	<u>-</u>	<u>1,705,278</u>
TOTAL REVENUE AND SUPPORT	<u>1,802,350</u>	<u>-</u>	<u>1,802,350</u>
EXPENSES			
Program Services			
Programming and Production	324,021	-	324,021
Broadcasting	1,145,702	-	1,145,702
Public Information	<u>169,243</u>	<u>-</u>	<u>169,243</u>
Total Program Services	<u>1,638,966</u>	<u>-</u>	<u>1,638,966</u>
Supporting Services			
Management and General	<u>252,972</u>	<u>-</u>	<u>252,972</u>
Total Supporting Services	<u>252,972</u>	<u>-</u>	<u>252,972</u>
TOTAL EXPENSES	<u>1,891,938</u>	<u>-</u>	<u>1,891,938</u>
Change in Net Assets	(89,588)	-	(89,588)
Net Assets at Beginning of Year	<u>107,870</u>	<u>-</u>	<u>107,870</u>
Net Assets at End of Year	<u><u>\$ 18,282</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,282</u></u>

See Notes to Financial Statements

WCBE-FM
Statement of Cash Flows (Direct Method)
For the Year Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Cash Received from Grantors	\$ 31,350	\$ 34,246
Cash Received from Customers	113,261	597,729
Cash Paid to Employees and Suppliers	(1,316,985)	(1,877,787)
Cash Received from Other	1,195,584	1,240,045
Net Cash(Used in) Operating Activities	<u>23,210</u>	<u>(5,767)</u>
 Cash Flows From Investing Activities		
Adjustment made to Equipment	<u>-</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>
 Cash Flows From Financing Activities		
Prior Period Adjustment	<u>-</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>-</u>
 Net (Decrease) in Cash	23,210	(5,767)
 Beginning Cash Balance	<u>158,960</u>	<u>164,727</u>
 Ending Cash Balance	<u><u>\$ 182,170</u></u>	<u><u>\$ 158,960</u></u>

See Notes to Financial Statements

WCBE-FM
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	PROGRAMMING AND PRODUCTION	BROADCASTING	PROGRAM PROMOTION	TOTAL PROGRAMS	MANAGEMENT AND GENERAL	2021 TOTAL
Salary and Wages	\$ 133,250	\$ 305,601	\$ 65,412	\$ 504,263	\$ 42,770	\$ 547,033
Fringe Benefits	30,745	150,273	26,667	207,685	10,579	218,264
Purchased Services	18,000	485,827	2,000	505,827	45,850	551,677
Supplies	-	4,807	11,509	16,316	2,409	18,725
Other	-	46,427	-	46,427	2,881	49,308
Depreciation	857	122	61	1,040	185	1,225
Indirect Admin Support	18,777	2,679	1,345	22,801	91,204	114,005
Donated Services	-	97,005	-	97,005	-	97,005
Donated Trade Values	77,958	-	-	77,958	-	77,958
Total	<u>\$ 279,587</u>	<u>\$ 1,092,741</u>	<u>\$ 106,994</u>	<u>\$ 1,479,322</u>	<u>\$ 195,878</u>	<u>\$ 1,675,200</u>

See Notes to Financial Statements

WCBE-FM
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	PROGRAMMING AND PRODUCTION	BROADCASTING	PROGRAM PROMOTION	TOTAL PROGRAMS	MANAGEMENT AND GENERAL	2020 TOTAL
Salary and Wages	\$ 121,552	\$ 354,695	\$ 105,175	\$ 581,422	\$ 55,372	\$ 636,794
Fringe Benefits	44,848	131,608	46,441	222,897	8,856	231,753
Purchased Services	18,000	470,682	10,263	498,945	8,950	507,895
Supplies	-	11,403	5,312	16,715	413	17,128
Other	-	77,020	-	77,020	82,721	159,741
Depreciation	9,174	1,310	655	11,139	1,969	13,108
Indirect Admin Support	19,495	2,781	1,397	23,673	94,691	118,364
Donated Services	-	96,203	-	96,203	-	96,203
In-Kind Adjustments	110,952	-	-	110,952	-	110,952
Total	<u>\$ 324,021</u>	<u>\$ 1,145,702</u>	<u>\$ 169,243</u>	<u>\$ 1,638,966</u>	<u>\$ 252,972</u>	<u>\$ 1,891,938</u>

See Notes to Financial Statements

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

WCBE FM (the “Organization”), is a component of Columbus City Schools. WCBE is a non-profit, public radio station and operated by the Columbus City School District (the “District”).

The Organization's mission is to provide the highest quality local, national and international programming featuring news, music and information to its listeners in the central Ohio area.

Basis of Presentation

The accompanying financial statements have been derived from the trial balance of the District. The District maintains the accounting for the Organization in a manner that allows for the component to be separately reported upon.

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when incurred.

Use of Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting Pronouncement Adopted

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers, as amended*, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, changed the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 using the modified retrospective approach to all contracts when adopting this standard, and has adjusted the presentation in these financial statements accordingly. The Organization’s contracts with customers include underwriting arrangements.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Net Assets and Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies (Continued)
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Net Assets Without Donor Restriction – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Cash

The Organization’s cash is maintained by the District and accounted for in Funds 019 and 020. The cash is commingled with all other funds in the bank accounts of the District. As of June 30, 2021, and 2020, these funds had a total balance of \$182,170 and \$158,960, respectively.

Accounts Receivable

Accounts receivable are stated at unpaid balances. The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. When amounts become uncollectible, they are charged to operations when that determination is made.

Property and Equipment

Property and equipment are recorded at cost, or in the case of donated property, at their estimated fair value at the date of receipt. Depreciation is recognized over the estimated useful lives of the assets on a straight-line basis. The Organization’s policy is to expense property additions less than \$5,000 in the year purchased. The estimated lives of such assets range between 5 and 10 years. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in revenue and support.

Revenue and Support Recognition

The Organization’s specific revenue and support recognition policies are as follows:

Underwriting Revenue

Underwriting revenue is recognized over time as the performance obligations are met, which include the planning and execution of certain on-air programming.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies (Continued)
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Contributions

Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

All contributions are considered to be available for use without restrictions unless specifically restricted by the donor. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as without restrictions.

Donated Services and Facilities

In accordance with generally accepted accounting principles, contributions of services are recognized, at their estimated fair value, if the services received a) create or enhance non-financial assets or, b) require specialized skills, are provided by individuals possessing those skills, would typically need to be purchased if not provided by donation, and are recorded as expenses for program services. Contributed services and promises to give services that do not meet the aforementioned criteria are not recognized. Contributions of facilities are recorded at their fair value of the donation.

Income Taxes

The Organization is a component of the District. The District is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no tax provisions have been made by the Organization.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on total personnel costs or other systematic bases.

Recently Issued but Not Yet Effective Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will change the Organization's statement of financial position by adding lease-related assets and liabilities. This may affect compliance with contractual agreements and loan covenants. This new standard is effective for the Organization's annual reporting periods beginning after December 15, 2021, with early implementation permitted. Management has not yet determined whether this new standard will have a material effect on its financial statements.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies (Continued)
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Related Parties

Related parties exist when an entity has the ability to significantly influence the management or operating policies of another entity to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interest.

Subsequent Events

The Organization has evaluated subsequent events through January 12, 2022 the date on which the financial statements were available to be issued. Management has determined that there were no transactions or events that required disclosure through the evaluation date.

Note 2 – Risks and Uncertainties

Grants and Contracts

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management deems the contingency unlikely.

Funding Concentrations

A significant portion of the Organization’s revenue is derived from operating support from the District. If such funding were curtailed or lost, it would have a substantial impact on the Organization’s ability to provide program services.

Historically, the Organization has received significant funding from the Corporation for Public Broadcasting (“CPB”), however, the latest grant award was not received until July 2021, and therefore, no grant support was recorded for the year ended June 30, 2021.

Pandemic

In March 2020, the World Health Organization recognized the outbreak of COVID-19 disease as a pandemic. Governments worldwide continue to take actions to prevent the spread of the outbreak, including event cancellations and quarantines that have created widespread adverse impacts to the global economy as well as business interruptions. Given the dynamic nature of these circumstances and the duration of business disruption, the future financial impact on the Organization cannot be reasonably estimated at this time.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
June 30, 2021 and 2020

Note 3 – Related Party Transactions

The Organization receives the following revenue and support from the District:

	2021	2020
General operating support	\$ 701,958	\$ 768,500
In-kind support – facilities and administrative services	114,005	118,364
In-kind support – other services	97,005	96,203
Total	<u>\$ 912,968</u>	<u>\$ 983,067</u>

Note 4 – Property and Equipment

A summary of property and equipment is as follows:

	2021	2020
Telecommunications Equipment	\$ 177,203	\$ 177,203
Office Equipment	51,363	51,363
Furniture & Fixtures	21,437	21,437
Total	<u>250,003</u>	<u>250,003</u>
Less Accumulated Depreciation	<u>(234,051)</u>	<u>(232,826)</u>
Net Property & Equipment	<u>\$ 15,952</u>	<u>\$ 17,177</u>

Depreciation expense for the year ended June 30, 2021 and 2020 was \$1,225 and \$13,108 respectively and has been included in the total depreciation expense on the statement of functional expenses.

Note 5 – In-Kind Contributions

Donated facilities from the District consist of a building, to which the District holds title, with office and studio space. The related donated costs are recorded in revenue and expense at the annual calculated depreciation of the building. Indirect administrative support from the District consists of allocated costs based on a formula developed by the Corporation for Public Broadcasting (“CPB”).

In-kind contributions consist of administrative services and other office expenses. These in-kind contributions have been recorded as both a revenue and expense in the statements of activities.

Trade values are comprised of live music performances, CD’s from music companies, and other miscellaneous sources. These in-kind contributions have been recorded as both a revenue and expense in the statements of activities.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
June 30, 2021 and 2020

Note 6 – Retirement Plan

Substantially all Organization employees are participating members of the School Employees Retirement System of Ohio (“SERS”). The Organization's share of the retirement expenses was approximately \$81,182 and \$88,649 for the years ended June 30, 2021 and 2020, respectively. The non-funded actuarial liability for SERS is not determined by the State on a separate entity basis. The liability for the Organization’s employees is included in the liability of the District as of June 30, 2021 and 2020.

Note 7 - Operating Lease Obligation
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The Organization leases space on the 45th floor of an office building for the location of a transmitter and an antenna. The term of this lease was ten (10) years commencing January 1, 2018 and terminating on December 31, 2027. This lease contained a clause allowing its continuation for an additional ten (10) year period; that continuation clause was activated, resulting in a new termination date of December 31, 2037.

Monthly lease payments for the first year were \$3,047 under the lease agreement effective January 1, 2018. Each year thereafter the lease, consistent with a Cost of Living Escalation provision of the lease, and shall be increased so that it equals 75 percent of the rise in the Consumer Price index. In addition, the Organization may receive an allocated electricity charge for this space in conjunction with the billing for the monthly lease payments.

As of June 30, 2021, total future minimum lease payments under this lease are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 37,790
2023	38,546
2024	39,317
2025	40,103
2026	41,174
Thereafter	<u>524,516</u>
	<u><u>\$ 721,446</u></u>

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
June 30, 2021 and 2020

Note 8 – Liquidity and Availability of Funds

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2021, because of contractual or donor-imposed restrictions or internal designations. Amounts not available include any amounts set aside by the Board for growth and sustainability of the Organization that could be drawn upon if the Board approves the action. The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Financial Assets:

Cash	\$ 182,170
Accounts receivable	63,010
Financial assets, at year-end	<u>245,180</u>
Less: those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions	-
Board designations	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 245,180</u></u>

Liquidity Policy

As part of the Organization's liquidity management, it maintains a sufficient level of operating cash to be available as its general expenditures, liabilities, and other obligations come due.