WNCW 88.7
(A Wholly Owned Enterprise Fund Entity of
Isothermal Community College)

Financial Statements and
Independent Auditors’ Report
For the Year Ended June 30, 2021

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants
WNCW 88.7

(A Wholly Owned Enterprise Fund Entity of Isothermal Community College)

OFFICERS
June 30, 2021

Officers

Chairman               Roger Jolly
Vice-Chairman          John Condrey
Secretary              Jacqueline Godlock

Board of Trustees

James Hutchins
Don Hofmann
Grady Franklin
Tommy Melton
Chivous Bradley
Alan Toney
Amy Jenkins
Joan King
Ron Chapman
David Hunt
Vacant - SGA President

Administrative Officers

President, Isothermal Community College   Margaret Annunziata
Vice-President of Administrative Services, and
Chief Operating Officer of
Isothermal Community College               Stephen Matheny
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors’ Report</td>
<td>1-2</td>
</tr>
<tr>
<td>Management’s Discussion and Analysis</td>
<td>3-7</td>
</tr>
<tr>
<td>Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Statement of Net Position</td>
<td>8</td>
</tr>
<tr>
<td>Statement of Revenues, Expenses, and Changes in Net Position</td>
<td>9</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>10</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>11-19</td>
</tr>
</tbody>
</table>
Independent Auditors' Report

To the Board of Trustees of
WNCW 88.7
Spindale, North Carolina

We have audited the accompanying financial statements of the business-type activities of WNCW 88.7 (the "Station") a wholly owned enterprise fund entity of Isothermal Community College, as of, and for, the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 the 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 opinions.
Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of WNCW 88.7 as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Loew, Smith & Co., L.L.P.

Morganton, North Carolina
January 4, 2022
Management’s Discussion and Analysis

As management of WNCW 88.7 (the “Station”), we offer readers of the Station’s financial statements this narrative overview and analysis of the financial activities of the Station for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with the additional information that we have furnished in the Station's financial statements, which follow this narrative.

The Station is a department under the auspices of the Vice President for Administrative Services of Isothermal Community College, a State of North Carolina Community College System facility located in Spindale, North Carolina. The FCC license is held by the Trustees of Isothermal Community College. WCNW is a public radio station broadcasting its main signal at frequency 88.7 FM (which covers much of Western North Carolina and parts of Upstate South Carolina, East Tennessee, southwest Virginia, and northeast Georgia), a repeater station in Wilkesboro, North Carolina (WSIF 90.9 FM) and a series of translators serving Boone and Charlotte, North Carolina and Greenville, South Carolina.

The Station programs an eclectic mixture of music, news and information, educational, and public service programming that has established it as a significant regional artistic and cultural icon and perennial winner of “Best of” awards as voted by readers of regional periodicals.

Financial Highlights

- The assets of the Station exceeded its liabilities at the close of the fiscal year by $537,337 (net position).
- The Station's total net position increased by $34,023 for the year.
- At the end of the current fiscal year, there was $241,668 of unrestricted net position available for spending. The remaining net position of $295,669 represents the Station’s investment in capital assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to WNCW 88.7’s basic financial statements. The Station’s basic financial statements consist of two components: 1) the financial statements and 2) the notes to the financial statements (see Figure 1).
Basic Financial Statements

The first two statements in the basic financial statements are the **Statement of Net Position** and the **Statements of Revenues, Expenses, and Changes in Net Position**. They provide both short and long-term information about the Station's financial status.

The next statement is the **Statement of Cash Flows**. This statement's focus is on the cash inflows and outflows of the Station.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes to the financial statements explain in detail some of the data contained in those statements.

**Proprietary Funds** - WNCW 88.7 operates as a proprietary, enterprise fund. Enterprise funds are used to report business-type activities. WNCW 88.7 uses an enterprise fund to account for its activities. Because the Station only has one enterprise fund, and there are no other funds, the basic enterprise fund statements are complete financial statements.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements are on pages 11 through 19 of this report.
WNCW 88.7’s Net Position
Figure 2

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other assets</td>
<td>$511,989</td>
</tr>
<tr>
<td>Capital assets</td>
<td>295,669</td>
</tr>
<tr>
<td>Total assets</td>
<td>$807,658</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$197,825</td>
</tr>
<tr>
<td>Long-term liabilities outstanding</td>
<td>72,496</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$270,321</td>
</tr>
</tbody>
</table>

Net position:
- Invested in capital assets: $295,669
- Unrestricted: 241,668

Total net position: $537,337

Net position may serve, over time, as one useful indicator of an entity's financial condition. Increases or decreases in WNCW 88.7’s net position are an indicator of whether its financial health is improving or deteriorating. The assets of the Station exceeded liabilities by $537,337 as of June 30, 2021. The Station’s net position increased by $34,023 for the fiscal year then ended. A portion of the Station’s net position, $295,669, or 55.0%, represents an investment in capital assets. The remaining balance of $241,668, or 45.0%, is unrestricted. To assess the overall health of WNCW 88.7 one also needs to consider additional, non-financial factors such as stability of audience service and listener loyalty.
WNCW 88.7’s Changes in Net Position
Figure 3

Operating revenues:
- Charges for services $467,309
- Operating grants and contributions 1,246,210
- Other 21,579

Total operating revenues 1,735,098

Expenses:
- Personnel services 794,711
- Other operating expenses 880,082
- Depreciation expense 27,226

Total expenses 1,702,019

Increase (decrease) in net position before non-operating revenues 33,079

Non-operating revenues:
- Investment income 944

Increase (decrease) in net position $34,023

Net assets - beginning $503,314
Increase (decrease) in net position 34,023

Net assets - ending $537,337

WNCW 88.7’s net position increased by $34,023. Key elements of this increase are as follows:

WNCW 88.7’s revenue has remained stable through the COVID-19 pandemic. Reductions to underwriting contracts and Live Music Calendar Listings resulting from venue and event cancellations were partially offset by an increase in membership donations from local listeners. In addition, WNCW 88.7 received additional COVID relief grant funds from the American Rescue Plan (ARP) Fund via CPB and from Higher Education Emergency Relief Fund (HEERF) via Isothermal Community College. The remainder of the change in net position can be attributed to a decrease in operating expenses as open positions were not filled and other cost saving measures were implemented.
Capital Assets - WNCW 88.7's investment in capital assets as of June 30, 2021, totals $298,701 (net of accumulated depreciation). These assets include studio, broadcasting, office, and data processing equipment.

### WNCW 88.7's Capital Assets

**Figure 4**

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio and other broadcasting equipment</td>
<td>$713,059</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>9,843</td>
</tr>
<tr>
<td>Office and data processing equipment</td>
<td>19,045</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(446,278)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$295,669</strong></td>
</tr>
</tbody>
</table>

Long-term Liabilities

As of June 30, 2021, WNCW 88.7 had long-term liabilities of $85,521. All of the Station's long-term liabilities consist of accrued compensated absences. Long-term liabilities decreased by $1,739, or 2.0%, over the previous year.

Economic Factors

Thanks to an economy that seems to be making a recovery, WNCW has seen some substantial financial recovery of our own over a good portion of the past fiscal year. It comes from a number of factors, including renewed economic confidence from our underwriters, additional funds provided to us by the Economic Recovery Act, additional CPB grant funding, and an influx of revenue from new underwriting clients, as well as the return of many former underwriting clients, forced to suspend their advertising budgets during the economic shutdown. Despite these positive factors, we have continued with measures put in place to hold down our expenses, and will stay that course throughout the coming fiscal year, limiting our expenses to only those necessary for our continued successful operations and maintaining our current full-time staff levels. Our semi-annual pledge drives were record setting again, and our list of sustaining members continues to grow, providing more and more steady monthly revenue. Our on air product remains as strong as ever. We have a loyal and growing audience, who are willing and able to support public radio on our airwaves. Our mission will remain focused on super serving our existing members and underwriters, while searching out new ones in order to increase our revenue and our ability to be of service to the communities in our broadcast region.

Requests for Information

This report is designed to provide an overview of the Station's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to the General Manager, WNCW 88.7, P. O. Box 804, Spindale, North Carolina, 28160.
### WNCW 88.7
(A Wholly Owned Enterprise Fund Entity of Isothermal Community College)

**Statement of Net Position**

**June 30, 2021**

#### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$424,294</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>84,311</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>2,171</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,213</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>511,989</td>
</tr>
<tr>
<td>Noncurrent assets:</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>295,669</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>807,658</td>
</tr>
</tbody>
</table>

#### Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$184,800</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>13,025</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>197,825</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
<td></td>
</tr>
<tr>
<td>Due in more than one year</td>
<td>72,496</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>270,321</td>
</tr>
</tbody>
</table>

#### Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>295,669</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>241,668</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$537,337</td>
</tr>
</tbody>
</table>

*The accompanying notes to the financial statements are an integral part of this statement.*
Operating Revenues:
Membership and donations $ 617,936
Corporation for Public Broadcasting grants 267,733
Sales and services 467,309
Special events 21,579
Other revenues 43,788
In-kind facilities and administrative support 316,753

Total operating revenues 1,735,098

Operating Expenses:
Personnel services 794,711
Supplies and materials 65,843
Services 497,486
In-kind facilities and administrative support 316,753
Depreciation 27,226

Total operating expenses 1,702,019

Operating income (loss) 33,079

Non-Operating Revenues (Expenses):
Loss on disposal of asset -
Investment income 944
Total non-operating revenues (expenses) 944

Increase (decrease) in net position $ 34,023

Net assets - beginning $ 503,314
Increase (decrease) in net position 34,023
Net assets - ending $ 537,337

The accompanying notes to the financial statements are an integral part of this statement.
# WNCW 88.7
(A Wholly Owned Enterprise Fund Entity of Isothermal Community College)

## Statement of Cash Flows
For the Year Ended June 30, 2021

### Cash Flows From Operating Activities:
- Received from customers $1,100,570
- Cash paid for good and services $(535,416)
- Cash paid to or on behalf of employees for services $(796,451)
- Grant income $267,733
- Net cash provided (used) by operating activities $36,436

### Cash Flows From Investing Activities:
- Interest $944

### Cash Flows From Capital and Related Financing Activities:
- Purchase of equipment $-
- Net increase (decrease) in cash and cash equivalents $37,380
- Cash and cash equivalents at beginning of year $386,914
- Cash and cash equivalents at end of year $424,294

### Reconciliation of Operating Income to Net Cash Provided by Operating Activities:
- Operating income (loss) $33,079
- Depreciation expense $27,226
- Donated equipment $(24,194)
- Accounts receivable $(28,030)
- Pledges receivable $2,183
- Inventory $(854)
- Accounts payable and accrued liabilities $28,766
- Long-term liabilities $(1,740)
- Net cash provided (used) by operating activities $36,436

### Supplemental Disclosures:
- Noncash - in kind contributions and expenses $316,753
- Noncash - equipment acquisition $24,194

*The accompanying notes to the financial statements are an integral part of this statement.*
1. Significant Accounting Policies

**Organization** - WNCW 88.7 (the "Station") is owned and operated by Isothermal Community College (the "College") in Spindale, North Carolina. The Station’s FM broadcast signal extends throughout 74 counties in North Carolina, South Carolina, Tennessee, Georgia, and Virginia. It is a wholly owned entity of the College and operates under the supervision of the Board of Trustees of the College. The Station’s accounting activities are maintained and supervised by the College.

The Station provides full-service, professional, public, FM broadcast service to the constituents of the College and to other listeners in their coverage area. Its mission is to assist the College in the advancement of educational opportunities in the region and to encourage listeners to pursue a quest for lifelong learning.

**Basis of Presentation** - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management’s Discussion and Analysis - for Public Colleges and Universities* effective for the Station’s year ended June 30, 2002, the full scope of the Station’s activities is considered to be a single business-type activity (BTA) and, accordingly, is reported within a single column in the basic financial statements.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Station does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 for proprietary activities, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

**Basis of Accounting** - The financial statements of the Station have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Cash and Cash Equivalents** - This cash classification appears on the statements of net position and the statements of cash flows and includes cash on deposit in private bank accounts, petty cash and undeposited receipts, and short-term investments with the State Treasurer’s Cash and Investment Pool (a governmental external investment pool). The short-term investment portfolio, maintained by the State Treasurer, has the general characteristics of a demand deposit account, and the participants may deposit and withdraw cash at any time without prior notice or penalty.
Receivables and Allowance for Doubtful Accounts - Accounts receivable consist of amounts due for services performed on, or before, the fiscal year end and are shown in the accompanying financial statements net of an allowance for uncollectible accounts. For the year ended June 30, 2021, the allowance for uncollectible accounts receivable was $29,697. Pledges receivable consist of promises to give and are shown at an estimated realizable value. The provision for uncollectible pledges receivable was $3,018.

Inventories - Inventories consist of expendable supplies and postage held for consumption and are valued at cost using the last invoice cost or average cost method.

Capital Assets - Capital assets are stated at cost at date of acquisition or fair market value at date of donation in the case of gifts. The Station capitalizes assets that have a value or cost in excess of $5,000 at the date of acquisition and an expected useful life of more than one year.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets in the following manner:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>5 - 25 years</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>3 - 20 years</td>
</tr>
</tbody>
</table>

Long-term Liabilities - Long-term liabilities consist of compensated absences that will not be paid within the next fiscal year.

Compensated Absences - The Station’s policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of thirty (30) days which can be carried forward each January 1st, or for which an employee can be paid upon termination of employment. Also, any accumulated vacation leave in excess of thirty (30) days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30th equals the leave carried forward at the previous December 31st, plus the leave earned, less the leave taken between January 1st and June 30th.

In addition to the vacation leave described above, compensated absences include the accumulated, unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31st is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward as described above and is not subject to conversion to sick leave.

The Station has adopted the policy of recording the cost of sick leave when taken and paid, rather than when the leave is earned. The policy provides for unlimited accumulation of sick leave, but the employee cannot be compensated for any unused sick leave upon termination of employment.

Net Position - The Station’s net position is classified as follows:

Invested in Capital Assets - Represents the Station’s capital assets, less depreciation and related debt.

Restricted Net Position - Restricted net position includes resources for which the Station is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted Net Position - Unrestricted net position includes resources derived from sales and services, unrestricted gifts, and interest income.
Operating and Non-operating Revenue and Expense - The Station presents its revenues and expenses as operating or non-operating based on recognition definitions from GASB Statement No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. Operating activities are those activities that are necessary and essential to the mission of the Station. Operating revenues include all charges to customers and grants received for Public Broadcasting. Grants received for Public Broadcasting are considered operating revenues, because they provide resource programs that are necessary and essential to the mission of the Station. Revenues from non-exchange transactions and State appropriations that represent subsidies or gifts to the Station, as well as investment income, are considered non-operating, since these are either capital or non-capital financing or investing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor non-operating activities and are presented after non-operating activities on the accompanying statements of revenues, expenses, and changes in net position.

Use of Estimates - The preparation of financial statements in conformity with governmental accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Summary Disclosure of Significant Contingencies - The Station has received grants from federal, State, and private foundations. These grants are subject to audit by the grantor's agency. No violations of grant requirements were discovered during the audit of the Station; therefore, these financial statements do not reflect a provision for refunds to grantors.

Support of the Station - The Station files for an annual grant from the federally-funded Corporation for Public Broadcasting. Grants and allocations are based on non-federal financial support.

2. Deposits

For efficiency of cash management and accountability, the funds of the Station are combined with other cash balances of the College. All funds are deposited by the College in board-designated, official depositories and are required to be collateralized in accordance with North Carolina General Statute 11D-58.7. At June 30, 2021, there was no cash on hand and cash on deposit was $424,294. Cash on deposit at year-end consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on deposit with the State Treasurer</td>
<td>$210,537</td>
</tr>
<tr>
<td>Cash on deposit with private financial institutions</td>
<td>$214,387</td>
</tr>
<tr>
<td>Total cash on deposit</td>
<td>$424,294</td>
</tr>
</tbody>
</table>

The cash on deposit with the State Treasurer is pooled with State agencies and similar institutions in short-term investments with the State Treasurer's Investment Pool. These moneys are invested in accordance with General Statutes 147-69.1(c) and 147-69.2, and, as required by law, are "readily convertible into cash." All investments of the fund are held either by the Department of the State Treasurer or an agent in the State's name. The fund's uninvested cash is either covered by federal depository insurance or, pursuant to the North Carolina Administrative Code (20 NCAC 7), is collateralized under either the Dedicated or Pooling Method.

Custodial credit risk is the risk that, in the event of a bank failure, the Station's deposits may not be returned to it. As of June 30, 2021, the Station's bank balance in excess of federal depository insurance coverage was covered under the pooling method.
3. Capital Assets

A summary of capital assets is presented below as of June 30, 2021:

<table>
<thead>
<tr>
<th></th>
<th>Balance June 30, 2020</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance June 30, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio and other Broadcast equipment</td>
<td>$688,865</td>
<td>$24,194</td>
<td>$-</td>
<td>$713,059</td>
</tr>
<tr>
<td>Office and data processing equipment</td>
<td>19,045</td>
<td>-</td>
<td>-</td>
<td>19,045</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>9,843</td>
<td>-</td>
<td>-</td>
<td>9,843</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(419,052)</td>
<td>(27,226)</td>
<td>-</td>
<td>(446,278)</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$298,701</td>
<td>(3,032)</td>
<td>-</td>
<td>$295,669</td>
</tr>
</tbody>
</table>

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2021 are described as follows:

- Accounts payable: $3,518
- Uncarred revenue: 170,593
- Accrued payroll: 10,689

Total accounts payable and accrued liabilities: $184,800

5. Lease Commitments

The Station rents several translator locations to broadcast its signal. The Station has operating leases with lease terms ranging from one to five years. The following is a schedule of future minimum lease payments under non-cancelable operating leases as of June 30, 2021:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Minimum Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$50,256</td>
</tr>
<tr>
<td>2023</td>
<td>11,875</td>
</tr>
<tr>
<td>2024</td>
<td>12,290</td>
</tr>
<tr>
<td>2025</td>
<td>12,720</td>
</tr>
<tr>
<td>2026</td>
<td>13,166</td>
</tr>
</tbody>
</table>

Total minimum lease payments: $100,307

Rental expense for all operating leases for the year ended June 30, 2021 was $78,457.

6. Long-Term Liabilities

A summary of changes in the long-term liabilities is presented as follows as of June 30, 2021:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensated absences</td>
<td>$87,260</td>
<td>$30,597</td>
<td>$32,336</td>
<td>$85,521</td>
<td>$13,025</td>
</tr>
</tbody>
</table>
7. **Operating Expenses by Function**

<table>
<thead>
<tr>
<th>Service/Activity</th>
<th>Personnel Services</th>
<th>Supplies and Materials</th>
<th>Services</th>
<th>Donated Support</th>
<th>Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programming and production</td>
<td>$278,149</td>
<td>$23,045</td>
<td>$174,120</td>
<td>$110,864</td>
<td>$ -</td>
<td>$586,178</td>
</tr>
<tr>
<td>Broadcasting</td>
<td>-</td>
<td>6,584</td>
<td>49,749</td>
<td>31,675</td>
<td>-</td>
<td>88,008</td>
</tr>
<tr>
<td>Management and general</td>
<td>158,942</td>
<td>6,584</td>
<td>49,749</td>
<td>31,675</td>
<td>-</td>
<td>246,950</td>
</tr>
<tr>
<td>Fund-raising and development</td>
<td>357,620</td>
<td>29,629</td>
<td>223,869</td>
<td>142,539</td>
<td>-</td>
<td>753,657</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,226</td>
<td>27,226</td>
</tr>
<tr>
<td>Total</td>
<td>$794,711</td>
<td>$65,843</td>
<td>$497,486</td>
<td>$316,753</td>
<td>$27,226</td>
<td>$1,702,019</td>
</tr>
</tbody>
</table>

8. **Pension Plans**

**Retirement Plans** - Each permanent, full-time employee, as a condition of employment, is a member of the Teachers’ and State Employees’ Retirement System. The Teachers’ and State Employees’ Retirement System (the “System”) is a cost sharing, multiple-employer defined benefit pension plan administered by the North Carolina State Treasurer.

Benefit and contribution provisions for the System are established by North Carolina General Statutes 135-5 and 135-8 and may be amended only by the North Carolina General Assembly. Employer and member contribution rates are set each year by the North Carolina General Assembly based on annual actuarial valuations. For the year ended June 30, 2021, these rates were set at 14.78% of covered payroll for employers and 6% of covered payroll for members for the year then ended.

For the fiscal year ended June 30, 2021, the Station had a total payroll of $577,853, of which $493,513 was covered under the System. Total employer contributions for pension benefits for the year ended June 30, 2021 was $72,941. Total employee contributions for pension benefits for the year ended June 30, 2021 was $29,611. The Station made one hundred percent (100%) of its annual required contributions for the year ended June 30, 2021, which was $102,552.

The Teachers’ and State Employees’ Retirement System’s financial information is included in the State of North Carolina’s Annual Comprehensive Financial Report. An electronic version of this report is available by accessing the North Carolina Office of the State Controller’s Internet home page at [http://www.ncosc.net](http://www.ncosc.net) and clicking on “Financial Reports,” or by calling the State Controller’s Financial Reporting Section at (919) 981-5454.

**IRC Section 401(k) Plan** - All members of the Teachers’ and State Employees’ Retirement System are eligible to enroll in the Supplemental Retirement Income Plan, a defined contribution plan, created under Internal Revenue Code Section 401(k). All costs of administering the Plan are the responsibility of the Plan participants. No costs are incurred by the Station.
IRC Section 457 Plan - The State of North Carolina offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through the North Carolina Public Employee Deferred Compensation Plan (the “Plan”). The Plan permits each participating employee to defer a portion of his or her salary until future years. The deferred compensation is available to employees upon separation from service, or death, disability, retirement, or financial hardships if approved by the Board of Trustees of the Plan. The Board, a part of the North Carolina Department of Administration, maintains a separate fund for the exclusive benefit of the participating employees and their beneficiaries, the North Carolina Public Employee Deferred Compensation Trust Fund. The Board also contracts with an external third party to perform certain administrative requirements and to manage the trust fund’s assets. All costs of administering and funding the Plan are the responsibility of the Plan participants. No costs are incurred by the Station.

9. Other Postemployment Benefits

Healthcare Benefits - The Station participates in the Comprehensive Major Medical Plan (the “Plan”), a cost-sharing, multiple-employer defined benefit healthcare plan that provides postemployment health insurance to eligible former employees. Eligible former employees include long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of the Teachers’ and State Employees’ Retirement System. Coverage eligibility varies depending on the years of contributory membership service in their retirement system prior to disability or retirement.

The Plan’s benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan does not provide for automatic post-retirement benefit increases.

By General Statute, a Retiree Health Benefit Fund (the “Fund”) has been established as a fund in which accumulated contributions from employers, and any earnings on those contributions, shall be used to provide health benefits to retired and disabled employees and applicable beneficiaries. By statute, the Fund is administered by the Board of Trustees of the Teachers’ and State Employees’ Retirement System, and contributions to the Fund are irrevocable. Also by law, the Fund assets are dedicated to providing benefits to retired and disabled employees and applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to the Fund. Contribution rates to the Fund, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill.

For the current fiscal year, the Station contributed 6.68% of the covered payroll under the Teachers’ and State Employees’ Retirement System to the Fund. The Station made one hundred percent (100%) of its annual required contributions to the Plan for the year ended June 30, 2021, which was $32,967. The Station assumes no liability for retiree health care benefits provided by the programs, other than its required contributions.

Additional, detailed information about these programs can be located in the State of North Carolina’s Annual Comprehensive Financial Report. An electronic version of this report is available by accessing the North Carolina Office of the State Controller’s Internet page at http://www.ncosc.net/ and clicking on “Financial Reports,” or by calling the State Controller’s Financial Reporting Section at (919) 981-5454.
Disability Income - The Station participates in the Disability Income Plan of North Carolina ("DIPNC"), a cost-sharing, multiple-employer defined benefit plan, to provide short-term and long-term disability benefits to eligible members of the Teachers’ and State Employees’ Retirement System. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes, and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases.

Disability income benefits are funded by actuarially determined, employer contributions that are established in the Appropriations Bill by the General Assembly. For the fiscal year ended June 30, 2021, the Station made a statutory contribution of 0.09% of covered payroll under the Teachers’ and State Employees’ Retirement System to the DIPNC. The Station made one hundred percent (100%) of its annual required contributions to the DIPNC for the year ended June 30, 2021, which was $444. The Station assumes no liability for long-term disability benefits under the Plan, other than its contribution.

Additional detailed information about the DIPNC is disclosed in the State of North Carolina’s Comprehensive Annual Financial Report.

10. Risk Management

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods and can include participation in State-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Tort claims of up to $1,000,000 are self-insured under the authority of the State Tort Claims Act. In addition, the State provides excess public officers’ and employees’ liability insurance up to $10,000,000 via contract with a private insurance company. The premium, based on a composite rate, is paid by the North Carolina Community College System Office directly to the private insurer.

Fire and other property losses are covered by contracts with private insurance companies. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Station is protected from losses from employee dishonesty and computer fraud through a contract with a private insurance company, with coverage of $100,000, per occurrence, with a $500 deductible.

Employees and retirees are provided health care coverage by the Comprehensive Major Medical Plan (the "Plan"), a component unit of the State. The Plan is funded by employer and employee contributions and is administered by a third-party contractor.

The State Board of Community Colleges makes the necessary arrangements to carry out the provisions of the Workers’ Compensation Act which are applicable to employees whose wages are paid in whole, or in part, from State funds. WNCW 88.7 employees are not paid with State funds and, therefore, do not qualify for the provision. The College purchases Workers’ Compensation Insurance for employees whose salaries or wages are paid by the Board entirely from county or institutional funds.

Term life insurance of $25,000 to $50,000 is provided to eligible workers. This self-insured death benefit program is administered by the State Treasurer and funded via employer contributions. As of June 30, 2021, the employer contribution rate was .13%.
11. Stewardship, Compliance, and Accountability

No instances of non-compliance with fiscal requirements were noted during the audit.

12. Related Parties

The Station is owned and operated by Isothermal Community College. The Station regularly trades services with the College for administrative support and facility use. For the year ended June 30, 2021, the Station recognized $28,196 in sales and service revenues in trade for a portion of administrative support and facility use.

Isothermal Community College has provided the Station additional administrative support and facility use valued at $316,753 for the year ended June 30, 2021, which is reflected in the accompanying financial statements.

13. Translator Rights

The Station has rights to three translators and one repeater in operation as of June 30, 2021. There are two translators in the process of approval by the FCC and are estimated to be approved in 2021.

**Currently Operational**

97.3 FM in Greenville, SC, on air since 1993 (translator)
92.9 FM in Boone, NC, on air since 1995 (translator)
90.9 FM in Wilkesboro, NC, on air since 2010 (repeater)
101.3 FM in Charlotte, NC, on air since 2016 (translator)

**Pending License per FCC**

Asheville, NC & Blowing Rock, NC (translators)

14. Significant Effects of Subsequent Events

Management has evaluated subsequent events through January 4, 2022, the date on which the financial statements were available to be issued. During the period from the end of the year, and through this date, the following event occurred that requires recognition or disclosure in these financial statements:

**COVID-19 Pandemic**

The spread of the Coronavirus Disease (COVID-19) has been deemed a worldwide pandemic. The COVID-19 pandemic has had significant effects on global economic markets, supply chains, businesses and communities. As a result, domestic and international equity markets have experienced significant fluctuations. The impact on the Station is not reflected in the financial statements for the year ended June 30, 2021, since the full impact of COVID-19 is unknown and cannot be reasonably estimated as of January 4, 2022.
Earl Scruggs Music Festival, Inc.

The IRS notified the ESMF, Inc. of its non-profit status on 5/21/2021. The corporation was established in order to provide an oversight board for a music festival and to provide financial support for two eligible entities, The Earl Scruggs Museum and Isothermal Community College (WNCW 88.7 FM). All activities related to the festival, previously managed by WNCW and the museum, were transferred to the ESMF, Inc. in the Fall of 2021 based on the contractual arrangement made between the Tryon Equestrian Festival Partners and ESMF, Inc. In 2019, WNCW had proposed producing a music festival to honor the memory of music legend, Earl Scruggs. It was later determined to transfer all obligations to the ESMF, Inc. non-profit and place the burden of logistics and financial risks away from the College and related departments. In order to maintain the original intent and integrity of the festival’s production, the College President and Chief Operating Officer were elected to serve as Board members for the newly formed 501( c )3. In addition to their Board service, the College was provided another seat, which is currently occupied by a current Trustee. The first festival will be conducted in September 2022 and is contracted with TIEC to conduct all logistics and related festival costs. The ESMF, Inc. will receive an agreed sponsorship fee and 20% of net profits to distribute to eligible recipients.