

Report of Audit

on the

Financial Statements

of the

*WWFM Classic Network
Public Radio Station, A Department of
Mercer County
Community College*

for the

*Years Ending
June 30, 2022 and 2021*

WWFM THE CLASSICAL NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE
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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
WWFM The Classical Network Public Radio Station
A Department of Mercer County Community College
West Windsor, New Jersey 08550

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of WWFM The Classical Network Public Radio Station ("WWFM Radio") or (the "Station"), a department of Mercer County Community College (the "College"), as of and for the fiscal year ended June 30, 2022, and the related statement of operations and the related notes to the financial statements, which collectively comprise the WWFM Radio's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the WWFM Radio, as of June 30, 2022, and the changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As more fully discussed in Note A of the notes to the financial statements, the financial statements of WWFM Radio are intended to present the statements of net position, its revenues, expenses, and changes in net position, and its cash flows that are attributable to the transactions of a single department of the College. They do not purport to, and do not, present fairly the financial position of the College as of June 30, 2022, and the changes in its financial position and its cash flows for the fiscal year ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards and provisions 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 WWFM Radio and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

SUPLEE, CLOONEY & COMPANY

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 WWFM Radio's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WWFM Radio'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 WWFM Radio'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.

SUPLEE, CLOONEY & COMPANY

Required Supplementary Information

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

Prior Period Financial Statements

The financial statements of the WWFM Radio as of June 30, 2021, were audited by other auditors whose report dated March 7, 2022, expressed an unmodified opinion on the financial statements as to the conformity of the financial statements with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

January 12, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WWFM THE CLASSICAL NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

Introduction and Reporting Entity

The following Management Discussion and Analysis ("MD&A") is an overview of the financial condition and operations of WWFM The Classical Network Public Radio Station ("WWFM") or (the "Station"), a department of Mercer County Community College (the "College") for fiscal years ended June 30, 2022, 2021 and 2020.

The Classical Network includes WWFM, Trenton, NJ; WWCJ, Cape May, NJ; WWNJ, Toms River, NJ; and WWPJ, Pen Argyl, PA. In addition, the network is the licensee for five translators and one HD2 channel programming lease. MCCC/WWFM signed an agreement with Educational Media Foundation (WYPA, Cherry Hill/Philadelphia) for use of their HD2 (digital radio) channel for twelve (12) years (the Station is in the process of extending said agreement through 2024). In addition, one of our translators (Atlantic City, NJ) is currently being leased by Latina Broadcasting, securing more revenue for WWFM.

The Stations of WWFM provide in-kind marketing and advertising air time to the College. At current rate card, the amount paid by comparable institutions for similar marketing and advertising of this in-kind airtime provides the College with marketing valued at nearly \$100,000 each year.

This MD&A is supplemental to and should be read with the financial statements and related footnotes that follow this section.

General Financial Information

WWFM's basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows. The financial statements are prepared in accordance with the accounting principles established by the Governmental Accounting Standards Board ("GASB").

		<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>Change 2022-2021</u>	<u>Change 2021-2020</u>
Assets:						
Current Assets	\$	45,720.00	\$ 136,524.00	\$	(90,804.00)	\$ 136,524.00
Noncurrent Assets		400,933.00	405,683.00	431,121.00	(4,750.00)	(25,438.00)
Capital Assets, net		<u>91,931.00</u>	<u>99,111.00</u>	<u>108,003.00</u>	<u>(7,180.00)</u>	<u>(8,892.00)</u>
Total Assets		<u>538,584.00</u>	<u>641,318.00</u>	<u>539,124.00</u>	<u>(102,734.00)</u>	<u>102,194.00</u>
Current Liabilities		<u>45,720.00</u>	<u>136,524.00</u>		<u>(90,804.00)</u>	<u>136,524.00</u>
Net Position	\$	<u>492,864.00</u>	<u>504,794.00</u>	<u>539,124.00</u>	<u>(11,930.00)</u>	<u>(34,330.00)</u>

**WWFM THE CLASSICAL NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

Condensed Statement of Revenues, Expenses and Changes in Net Position

WWFM receives its revenue from four major sources: Corporation for Public Broadcasting ("CPB") grants, tower leases, listeners' donations/bequests and indirect administrative support from the College.

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>Change 2022-2021</u>	<u>Change 2021-2020</u>
Operating Revenues:					
CPB Grant	\$ 124,971.00	\$ 90,668.00	\$ 83,592.00	\$ 34,303.00	\$ 7,076.00
Underwriting Revenues	1,100.00	2,100.00	27,475.00	(1,000.00)	(25,375.00)
Tower Lease Revenue	82,301.00	155,710.00	187,767.00	(73,409.00)	(32,057.00)
Listener Donations	496,036.00	502,303.00	501,858.00	(6,267.00)	445.00
Private Foundation Donation	30,853.00	46,900.00	9,553.00	(16,047.00)	37,347.00
Bequests	3,610.00		455,478.00	3,610.00	(455,478.00)
Federal Aid (CARES Act)	90,804.00		75,000.00	90,804.00	(75,000.00)
In-Kind Radio Transmissions	101,710.00	93,026.00	80,607.00	8,684.00	12,419.00
Institutional/Admin Support	607,145.00	511,844.00	412,885.00	95,301.00	98,959.00
Total Operating Revenues	\$ <u>1,538,530.00</u>	\$ <u>1,402,551.00</u>	\$ <u>1,834,215.00</u>	\$ <u>135,979.00</u>	\$ <u>(431,664.00)</u>
Operating Expenses:					
Program & Production	\$ 189,594.00	\$ 181,254.00	\$ 177,543.00	\$ 8,340.00	\$ 3,711.00
Broadcasting	548,797.00	520,448.00	499,278.00	28,349.00	21,170.00
Program Information	28,562.00	27,306.00	26,747.00	1,256.00	559.00
Depreciation	11,930.00	34,330.00	34,330.00	(22,400.00)	
Management & General	668,019.00	574,540.00	602,550.00	93,479.00	(28,010.00)
Fundraising	103,558.00	99,003.00	96,976.00	4,555.00	2,027.00
Total Operating Expenses	\$ <u>1,550,460.00</u>	\$ <u>1,436,881.00</u>	\$ <u>1,437,424.00</u>	\$ <u>113,579.00</u>	\$ <u>(543.00)</u>
Net Increase/(Decrease) in Net Position	\$ (11,930.00)	\$ (34,330.00)	\$ 396,791.00	\$ 22,400.00	\$ (431,121.00)
Net Position - Beginning of Year	<u>504,794.00</u>	<u>539,124.00</u>	<u>142,333.00</u>	<u>(34,330.00)</u>	<u>396,791.00</u>
Net Position - End of Year	\$ <u>492,864.00</u>	\$ <u>504,794.00</u>	\$ <u>539,124.00</u>	\$ <u>(11,930.00)</u>	\$ <u>(34,330.00)</u>

The CPB grant varies from year to year, because the CPB funding formula is based on non-federal financial support from two fiscal years ago.

**WWFM THE CLASSICAL NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

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

Listeners' donations saw a small increase despite WWFM being without their major gifts officer (development director) since January 2017. This has had an impact on fundraising. In addition, there was a decline in underwriting revenue and bequests, the latter which is not budgeted for due to the uncertainty of these monies. Listeners' donations and major new gifts should see an increase when a new major gifts officer (development director) is hired possibly in early in FY2023. The search will continue when the College lifts its hiring freeze.

Expenses were in line with the previous year. The Corporation for Public Broadcasting instituted a new method for the calculation of Indirect Administrative Support, which resulted in an increase in revenues and management & general expenses for FY2022. There remains the vacant Development Director for three full fiscal years, and related expenses are comparative. The Station operated within its means for FY2022.

Capital Assets

Capital activity for the fiscal years ended June 30, 2022, 2021 and 2020 is as follows:

	Balance June 30, 2021	Additions	Balance June 30, 2022	Balance June 30, 2020
Construction in Progress	\$ 25,438.00	\$ 4,750.00	\$ 30,188.00	\$
Transmission Equipment	560,075.00		560,075.00	560,075.00
Studio Equipment	382,549.00		382,549.00	382,549.00
Transportation Equipment	12,676.00		12,676.00	12,676.00
Furniture	33,049.00		33,049.00	33,049.00
Total Depreciable Capital Assets	988,349.00		988,349.00	988,349.00
Less Accumulated Depreciation for:				
Transmission Equipment	486,399.00	11,930.00	498,329.00	452,069.00
Studio Equipment	382,552.00		382,552.00	382,552.00
Transportation Equipment	12,676.00		12,676.00	12,676.00
Furniture	33,049.00		33,049.00	33,049.00
Total Accumulated Depreciation	914,676.00	11,930.00	926,606.00	880,346.00
Capital Assets, Net	\$ 99,111.00	\$ (7,180.00)	\$ 91,931.00	\$ 108,003.00

As required in the designation of the bequest received in FY2020, WWFM purchased equipment to enhance station operations which was recorded as construction in progress during FY2021 and FY2022. Capital assets, net has decreased over the previous year as a result of current year depreciation expense.

**WWFM THE CLASSICAL NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

Outstanding Debt

WWFM does not have any outstanding debt as of June 30, 2022, 2021 and 2020.

Economic and Other Factors That Will Affect the Future

The current climate in Washington D.C. and overall support for the arts appears to be the most immediate factor affecting WWFM's future. Fortunately, Public Broadcasting stations, including WWFM, received CARES ACT Grant money (Spring 2020) and American Rescue Plan Act Stabilization Grant money (Spring 2021) both from CPB during the pandemic. Both grants will help WWFM to continue to deliver quality programming content through local and national sources.

The Station continues to operate with minimal staff. WWFM was in the process of a search for a new development director when the pandemic hit and MCCC put a freeze on new hires in March of 2020. Despite the open position of a full-time development director, Station management continues to recognize the need to fill this crucial position and that will be the focus in FY2023.

Requests for Information

Requests for information concerning any facts provided in this report can be addressed to:

WWFM The Classical Network
Public Radio Station, a Department of
Mercer County Community College
1200 Old Trenton Road
West Windsor, New Jersey 08550

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BASIC FINANCIAL STATEMENTS

EXHIBIT "A-1"

WWFM THE CLASSIC NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS:		
Current assets:		
Restricted Cash	\$ 45,720	\$ 136,524
Noncurrent assets:		
Restricted Cash	400,933	405,683
Capital Assets, net	<u>91,931</u>	<u>99,111</u>
Total assets	\$ <u><u>538,584</u></u>	\$ <u><u>641,318</u></u>
LIABILITIES:		
Current liabilities:		
Unearned revenue	\$ <u>45,720</u>	\$ <u>136,524</u>
NET POSITION:		
Net investments in capital assets	91,931	99,111
Restricted Net Position	<u>400,933</u>	<u>405,683</u>
Total net position	\$ <u><u>492,864</u></u>	\$ <u><u>504,794</u></u>
Total Liabilities and Net Position	\$ <u><u>538,584</u></u>	\$ <u><u>641,318</u></u>

The Accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT "A-2"

WWFM THE CLASSIC NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Corporation for Public Broadcasting Grant	\$ 124,971	\$ 90,668
Underwriting Revenues	1,100	2,100
Tower Revenue	82,301	155,710
Private Foundation Donation	30,853	46,900
Listeners' Donations	496,036	502,303
Bequests Restricted	3,610	
Federal Aid	90,804	
In-Kind Contributions	101,710	93,026
Institutional and Administrative College Support	<u>607,145</u>	<u>511,844</u>
Total operating revenues	\$ <u>1,538,530</u>	\$ <u>1,402,551</u>
OPERATING EXPENSES:		
Program Services:		
Programming and Production	\$ 189,594	\$ 181,254
Broadcasting	548,797	520,448
Programming Information	28,562	27,306
Depreciation	11,930	34,330
Management and General	668,019	574,540
Fundraising	<u>103,558</u>	<u>99,003</u>
Total operating expenses	\$ <u>1,550,460</u>	\$ <u>1,436,881</u>
Increase/(Decrease) in Net Position	(11,930)	(34,330)
Total net position - July 1	<u>504,794</u>	<u>539,124</u>
Total net position - June 30	\$ <u><u>492,864</u></u>	\$ <u><u>504,794</u></u>

The Accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT "A-3"

WWFM THE CLASSIC NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Tower Lease Rentals	\$ 82,301	\$ 155,710
Listeners' Donations	496,036	502,303
Underwriting Revenue	1,100	2,100
Grant Receipts	124,971	90,668
Private Foundation Donation	30,853	46,900
Bequests Restricted	3,610	
Federal Aid - CARES Act		136,524
Due to MCCC	(61,549)	(134,505)
Payments to Suppliers	(174,041)	(133,020)
Payments to Employees	(594,085)	(530,156)
Net cash provided (used for) by operating activities	\$ (90,804)	\$ 136,524
Cash flows from capital and related financing activities		
Purchase of Capital Assets	\$ (4,750)	\$ (25,438)
Net cash provided by (used for) capital and related financing activities	\$ (4,750)	\$ (25,438)
Net increase (decrease) in cash and cash equivalents	\$ (95,554)	\$ 111,086
Cash and cash equivalents - July 1	542,207	431,121
Cash and cash equivalents - June 30	\$ 446,653	\$ 542,207
Operating income (loss)	\$ (11,930)	\$ (34,330)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	11,930	34,330
Change in assets and liabilities:		
Increase/(Decrease) Unearned Grant Revenue	(90,804)	136,524
Net cash provided (used) by operating activities	\$ (90,804)	\$ 136,524

The Accompanying Notes to Financial Statements are an integral part of these statements.

**WWFM THE CLASSICAL NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE**

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

WWFM The Classical Network Public Radio Station ("WWFM") or (the "Station"), a department of Mercer County Community College (the "College") consists of four full-service stations and five translator stations. WWFM The Classical Network broadcasts under the call letters "WWFM" and is owned and operated by the College in Trenton, New Jersey. The following stations are licensed by the FCC as noncommercial, classical music radio stations: WWFM 89.1 FM, 1,150 watts, Trenton, New Jersey; WWNJ 91.1 FM, 6,000 watts, Toms River, New Jersey; WWNJ 89.1 FM, 13,500 watts, Cape May, New Jersey; WWPJ 89.5 FM, 100 watts, Pen Argyl, Pennsylvania. In addition, WWFM broadcasts on with four translators in New Jersey, Pennsylvania and Colorado. A fifth translator in Atlantic City, NJ, owned by MCCC, is currently being leased to Latina Broadcasting.

WWFM is a department of the College. The College does not routinely produce separate financial statements for its departments. However, for purposes of complying with the Corporation for Public Broadcasting's financial reporting guidelines, the accompanying financial information is presented as if WWFM is a separate entity. In order to obtain the accounting information necessary to produce the accompanying financial statements, expense items of the College were allocated to the Station.

Basis of Presentation

The accounting policies of WWFM conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities.

Basis of Accounting

The financial statements of WWFM have been prepared on the accrual basis of accounting using the economic resources measurement focus. WWFM reports as a business-type activity. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the College / WWFM considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The College has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act.

**WWFM THE CLASSICAL NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE**

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Equipment costing in excess of \$5,000.00 is recorded at cost or, in the case of donated equipment, at estimated fair value at date of receipt. Depreciation is recorded on a straight-line basis over the estimated useful lives of the respective assets, which range from 4 to 20 years.

Public Support and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to WWFM that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Corporate Broadcasting grants are recognized when revenue is spent.

WWFM receives tower rental income, which is recognized based on the terms of lease occupancy agreements.

In-kind Contributions

WWFM records the value of in-kind goods and services as revenues and expense when the in-kind contribution is both budget-relieving and relates to events and programs under WWFM's control.

Financial Dependency

WWFM receives support from the College and is economically dependent on these amounts to carry on its operations.

Income Taxes

The College is exempt from income taxes under section 115(l) of the Internal Revenue Code, as amended. As a department of the College, WWFM is also exempt from income taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**WWFM THE CLASSICAL NETWORK
PUBLIC RADIO STATION, A DEPARTMENT OF
MERCER COUNTY COMMUNITY COLLEGE**

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

WWFM's net position is classified as follows:

Net Investment in Capital Assets

This component represents capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of Net Investment in Capital Assets.

Restricted

Net position is reported as restricted when there are limitations imposed on their use either through the legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted

Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

B. CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, WWFM's deposits might not be recovered. Although WWFM does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by WWFM in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to WWFM relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2022 and 2021, WWFM's bank balances were insured, collateralized and uninsured as follows:

	<u>FY 2022</u>	<u>FY 2021</u>
Insured	\$ 250,000.00	\$ 250,000.00
Collateralized under GUDPA	196,653.00	292,207.00
Uninsured and Uncollateralized	<u> </u>	<u> </u>
	<u>\$ 446,653.00</u>	<u>\$ 542,207.00</u>

**WWFM THE CLASSICAL NETWORK
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**NOTES TO FINANCIAL STATEMENTS
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C. CAPITAL ASSETS

Capital asset activity for the fiscal years ended June 30, 2022 and 2021 was as follows:

	Balance June 30, 2021	Additions	Balance June 30, 2022
Construction in Progress	\$ 25,438.00	\$ 4,750.00	\$ 30,188.00
Transmission Equipment	560,075.00		560,075.00
Studio Equipment	382,549.00		382,549.00
Transportation Equipment	12,676.00		12,676.00
Furniture	33,049.00		33,049.00
Total Depreciable Capital Assets	988,349.00		988,349.00
Less Accumulated Depreciation for:			
Transmission Equipment	486,399.00	11,930.00	498,329.00
Studio Equipment	382,552.00		382,552.00
Transportation Equipment	12,676.00		12,676.00
Furniture	33,049.00		33,049.00
Total Accumulated Depreciation	914,676.00	11,930.00	926,606.00
Capital Assets, Net	\$ 99,111.00	\$ (7,180.00)	\$ 91,931.00

	Balance June 30, 2020	Additions	Balance June 30, 2021
Construction in Progress	\$ 25,438.00	\$ 25,438.00	\$ 25,438.00
Transmission Equipment	560,075.00		560,075.00
Studio Equipment	382,549.00		382,549.00
Transportation Equipment	12,676.00		12,676.00
Furniture	33,049.00		33,049.00
Total Depreciable Capital Assets	988,349.00		988,349.00
Less Accumulated Depreciation for:			
Transmission Equipment	452,069.00	34,330.00	486,399.00
Studio Equipment	382,552.00		382,552.00
Transportation Equipment	12,676.00		12,676.00
Furniture	33,049.00		33,049.00
Total Accumulated Depreciation	880,346.00	34,330.00	914,676.00
Capital Assets, Net	\$ 108,003.00	\$ (8,892.00)	\$ 99,111.00

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FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

D. ADVERTISING

WWFM uses advertisement to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expense was \$6,865 and \$3,430 for the fiscal years ended June 30, 2022 and 2021, respectively.

E. FUNDRAISING

Fundraising, included in non-federal financial support as listeners' donations, consisted of the following for the fiscal years ended June 30, 2021 and 2020:

	<u>FY 2022</u>	<u>FY 2021</u>
Fundraising revenues	\$ 496,036.00	\$ 502,303.00
Fundraising expenses	<u>103,558.00</u>	<u>99,003.00</u>
	<u>\$ 392,478.00</u>	<u>\$ 403,300.00</u>

F. IN-KIND TOWER REVENUE

During the fiscal years ended June 30, 2022 and 2021, WWFM received in-kind contributions in the form of donated radio transmissions. The fair market value of comparable leases was \$101,710 and \$82,626, respectively. During the fiscal year ended June 30, 2022, WWFM made an in-kind contribution of programming to East Tennessee State University in the amount of \$10,400.

G. ALLOCATION OF COLLEGE EXPENSES

A portion of the College's institutional support and physical plant support is allocated to WWFM based on the Station's operating expenses relative to the College's direct costs. Beginning in fiscal year ending June 30, 2022, this cost is calculated based on a Corporation for Public Broadcasting Indirect Administrative Support (IAS) – New Method. WWFM also receives donated building space from the College, which is valued at a portion of the cost of the building space.

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G. ALLOCATION OF COLLEGE EXPENSES (CONT'D)

Total institutional support and physical plant operation allocated to WWFM for the fiscal years ended June 30, 2022 and 2021, are as follows:

	<u>FY 2022</u>	<u>FY 2021</u>
Direct Institutional Support (Reduction in Expenses)	\$ <u>607,145.00</u>	\$ <u>511,844.00</u>
Indirect Administrative Support	560,693.00	471,935.00
In-kind institutional support		
In-kind physical plant	<u> </u>	<u> </u>
	560,693.00	471,935.00
	\$ <u><u>46,452.00</u></u>	\$ <u><u>39,909.00</u></u>

These amounts are included in institutional and administrative college support and management and general expenses in the statement of revenues, expenses and changes in net position.

H. SUBSEQUENT EVENTS

The Radio Station has evaluated subsequent events occurring after the financial statement date through January 12, 2023, which is the date the financial statements were available to be issued. Based on this evaluation, the College has determined there are no subsequent events that have occurred which require disclosure in the financial statements.