

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

Audited Financial Statements
For the Years Ended June 30, 2022 and 2021
(With Independent Auditor's Report Thereon)

**WCBE-FM
Columbus, Ohio**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCBE-FM as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WCBE-FM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.





INDEPENDENT AUDITOR'S REPORT

(Continued)

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 WCBE-FM'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 WCBE-FM'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.

HWA Alliance of CPA Firms, Inc.

Westerville, Ohio
January 9, 2023



WCBE-FM
STATEMENTS OF FINANCIAL POSITION
As of JUNE 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash	\$ 148,320	\$ 182,170
Accounts Receivable - Underwriting	8,888	12,102
Accounts Receivable - Pledges	2,212	50,908
Accounts Receivable - Other	1,702	-
Total Current Assets	<u>161,122</u>	<u>245,180</u>
Property and Equipment (Net)		
Property and Equipment, Net		
of Accumulated Depreciation		
of \$235,276 and \$234,051	14,727	15,952
TOTAL ASSETS	<u><u>\$ 175,849</u></u>	<u><u>\$ 261,132</u></u>
 LIABILITIES		
Accounts Payable	\$ 46,457	\$ 80,082
Accrued Wages and Benefits	28,903	150,890
Accrued Severance	142,965	-
TOTAL LIABILITIES	<u>218,325</u>	<u>230,972</u>
 NET ASSETS		
Net Assets With Donor Restrictions	-	-
Net Assets Without Donor Restrictions	(42,476)	30,160
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 175,849</u></u>	<u><u>\$ 261,132</u></u>

See notes to the financial statements.

WCBE-FM
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUE AND SUPPORT			
Revenue			
Underwriting Income	\$ 70,058	-	\$ 70,058
Total Revenue	<u>70,058</u>	<u>-</u>	<u>70,058</u>
Support			
Contributions, Membership	376,031	-	376,031
Contributions, Operating Support (Note 3)	683,390	-	683,390
Corporation for Public Broadcasting grant	144,298	-	144,298
E Tech Ohio contribution	33,570	-	33,570
Other Contributions	57,891	-	57,891
In-Kind Support			
Trade Values	74,847	-	74,847
Donated Facilities and Administrative Support (Note 3)	117,656	-	117,656
Other in-kind support (Note 3)	112,047	-	112,047
Total Support	<u>1,599,730</u>	<u>-</u>	<u>1,599,730</u>
TOTAL REVENUE AND SUPPORT	<u>1,669,788</u>	<u>-</u>	<u>1,669,788</u>
EXPENSES			
Program Services			
Programming and Production	246,561	-	246,561
Broadcasting	1,149,858	-	1,149,858
Public Information	123,793	-	123,793
Total Program Services	<u>1,520,212</u>	<u>-</u>	<u>1,520,212</u>
Supporting Services			
Management and General	222,212	-	222,212
Total Supporting Services	<u>222,212</u>	<u>-</u>	<u>222,212</u>
TOTAL EXPENSES	<u>1,742,424</u>	<u>-</u>	<u>1,742,424</u>
Change in Net Assets	(72,636)	-	(72,636)
Net Assets at Beginning of Year	<u>30,160</u>	<u>-</u>	<u>30,160</u>
Net Assets at End of Year	<u><u>\$ (42,476)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (42,476)</u></u>

See notes to the financial statements.

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

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
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 (Note 3)	701,958	-	701,958
E Tech Ohio contribution	31,350	-	31,350
Other Contributions	37,917	-	37,917
In-Kind Support			
Trade Values	77,958	-	77,958
Donated Facilities and Administrative Support (Note 3)	114,005	-	114,005
Other in-kind support (Note 3)	<u>97,005</u>	<u>-</u>	<u>97,005</u>
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	<u>106,994</u>	<u>-</u>	<u>106,994</u>
Total Program Services	<u>1,479,322</u>	<u>-</u>	<u>1,479,322</u>
Supporting Services			
Management and General	<u>195,878</u>	<u>-</u>	<u>195,878</u>
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 the financial statements.

WCBE-FM
STATEMENTS OF CASH FLOWS (Direct Method)
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash Received from Grantors	\$ 144,298	\$ 31,350
Cash Received from Customers	73,272	113,261
Cash Paid to Employees and Suppliers	(1,449,296)	(1,316,985)
Cash Received from Contributors	1,197,876	1,195,584
Net Cash (Used in) Provided by Operating Activities	<u>(33,850)</u>	<u>23,210</u>
Cash Flows from Investing Activities		
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>
Cash Flows from Financing Activities		
Net Cash Provided by Financing Activities	<u>-</u>	<u>-</u>
Net (Decrease) Increase in Cash	(33,850)	23,210
Beginning Cash Balance	<u>182,170</u>	<u>158,960</u>
Ending Cash Balance	<u><u>\$ 148,320</u></u>	<u><u>\$ 182,170</u></u>

See notes to the financial statements.

WCBE-FM
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	PROGRAMMING AND PRODUCTION	BROADCASTING	PROGRAM PROMOTION	TOTAL PROGRAMS	MANAGEMENT AND GENERAL	TOTAL
Salary and Wages	\$ 105,513	\$ 306,686	\$ 64,613	\$ 476,812	\$ 63,856	\$ 540,668
Fringe Benefits	27,965	138,410	43,285	209,660	35,565	245,225
Purchased Services	18,000	531,572	2,000	551,572	20,850	572,422
Supplies	-	5,160	12,445	17,605	2,246	19,851
Other	-	53,096	-	53,096	5,387	58,483
Depreciation	857	122	61	1,040	185	1,225
Indirect Admin Support	19,379	2,765	1,389	23,533	94,123	117,656
Donated Services	-	112,047	-	112,047	-	112,047
Donated Trade Values	74,847	-	-	74,847	-	74,847
Total	<u>\$ 246,561</u>	<u>\$ 1,149,858</u>	<u>\$ 123,793</u>	<u>\$ 1,520,212</u>	<u>\$ 222,212</u>	<u>\$ 1,742,424</u>

See notes to the 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	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 the financial statements.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

WCBE-FM (the “Organization”) is a component of Columbus City Schools. WCBE-FM 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 includes 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.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

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

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 19 and 20. The cash is commingled with all other funds in the bank accounts of the District. As of June 30, 2022, and 2021, these funds had a total balance of \$148,320 and \$182,170, respectively.

Accounts Receivable

Accounts receivables 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.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

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

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.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies (Continued)
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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. Therefore, the Organization will be required to adopt and implement this standard for the year ending June 30, 2023.

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 9, 2023, 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.

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
For the Years Ended June 30, 2022 and 2021

Note 3 – Related Party Transactions

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

	2022	2021
General operating support	\$ 683,390	\$ 701,958
In-kind support – facilities and administrative services	117,656	114,005
In-kind support – other services	112,047	97,005
Total	<u>\$ 913,093</u>	<u>\$ 912,968</u>

Note 4 – Property and Equipment, Net

A summary of property and equipment is as follows:

	2022	2021
Telecommunications Equipment	\$ 177,203	\$ 177,203
Office Equipment	51,363	51,363
Furniture and Fixtures	21,437	21,437
Total	250,003	250,003
Less: Accumulated Depreciation	(235,276)	(234,051)
Property and Equipment, Net	<u>\$ 14,727</u>	<u>\$ 15,952</u>

Depreciation expenses for the years ended June 30, 2022, and 2021 were \$1,225 and \$1,225, 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
For the Years Ended June 30, 2022 and 2021

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 \$84,954 and \$81,182 for the years ended June 30, 2022, and 2021, 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, 2022, and 2021.

Note 7 - Operating Lease Obligation

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, 2022, total future minimum lease payments under this lease are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 38,546
2024	39,317
2025	40,103
2026	40,905
2027	41,723
Thereafter	483,061
	<u>\$ 683,655</u>

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

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, 2022, 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	\$ 148,320
Accounts receivable	12,802
Financial assets, at year-end	161,122
Less: those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions:	
Restriction by donor with purpose restrictions	-
Board designated funds	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 161,122

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.