WSHU-FM A PUBLIC TELECOMMUNICATIONS COMPONENT OF SACRED HEART UNIVERSITY

Financial Statements (Together with Independent Auditors' Report)

For the Years Ended June 30, 2022 and 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Sacred Heart University

Opinion

We have audited the financial statements of WSHU-FM (the "Organization" or "WSHU"), a public telecommunications component of Sacred Heart University, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets (deficit), functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization 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 opinion.

Report on 2021 Financial Statements

The financial statements of WSHU, as of and for the year ended June 30, 2021 were audited by another auditor whose report dated January 6, 2022 expressed an unmodified opinion on those statements.

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 Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Purchase, NY February 6, 2023

Mayer Hoffman McCann P.C.

WSHU-FM A PUBLIC TELECOMMUNICATIONS COMPONENT OF SACRED HEART UNIVERSITY STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2022 AND 2021

		2022	 2021
ASSETS Cash and cash equivalents Contributions receivable, net Equipment and furniture, net	\$	935,672 176,969	\$ 790,844 175,104
TOTAL ASSETS	\$	1,112,641	\$ 965,948
LIABILITIES AND NET ASSETS (DEFICIT) Accounts payable and accrued expenses Deferred liability Due to Sacred Heart University	\$	37,500 116,000 2,884,282	\$ 30,000 14,000 2,894,873
TOTAL LIABILITIES		3,037,782	 2,938,873
COMMITMENTS AND CONTINGENCIES			
NET ASSETS (DEFICIT) Without donor restrictions With donor restrictions		(2,028,218) 103,077	 (2,152,353) 179,428
TOTAL NET DEFICIT		(1,925,141)	 (1,972,925)
TOTAL LIABILITIES AND NET (DEFICIT)	<u>\$</u>	1,112,641	\$ 965,948

WSHU-FM A PUBLIC TELECOMMUNICATIONS COMPONENT OF SACRED HEART UNIVERSITY STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT) YEAR ENDED JUNE 30, 2022

	 Without Donor Restrictions	 With Donor Restrictions	 TOTAL
Support and Revenue			
Membership contributions	\$ 2,507,005	\$ 26,746	\$ 2,533,751
Underwriting revenue	1,465,977	· -	1,465,977
Business and industry grants	17,561	69,399	86,960
Grants from the Corporation for Public Broadcasting ("CPB")	237,614	86,155	323,769
Contributed non-financial assets - donated facilities and			
administrative support from Sacred Heart University	1,426,329	-	1,426,329
Foundation grants	516,755	28,750	545,505
Rental income	85,866	-	85,866
Public broadcasting income - non-CPB	344,699	-	344,699
Contributed non-financial assets - professional services	15,975	-	15,975
Other income	9,893	-	9,893
Program events	12,500	-	12,500
Net assets released from restrictions	 287,401	 (287,401)	
Total Support and Revenue	 6,927,575	 (76,351)	 6,851,224
Expenses			
Program Services			
Programming and production	3,352,753	_	3,352,753
Broadcasting	774,604	_	774,604
Total Program Services	4,127,357	-	4,127,357
Supporting Services			
Management and general	933,839	-	933,839
Membership and fundraising	1,742,244	-	1,742,244
Total Supporting Services	2,676,083	_	2,676,083
Total Expenses	 6,803,440	 <u>-</u>	 6,803,440
CHANGE IN NET ASSETS (DEFICIT)	124,135	(76,351)	47,784
Net assets (deficit) - beginning of year	 (2,152,353)	 179,428	 (1,972,925)
Net assets (deficit) - end of year	\$ (2,028,218)	\$ 103,077	\$ (1,925,141)

WSHU-FM A PUBLIC TELECOMMUNICATIONS COMPONENT OF SACRED HEART UNIVERSITY STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT) YEAR ENDED JUNE 30, 2021

	 Without Donor Restrictions	 With Donor Restrictions	TOTAL
Support and Revenue			
Membership contributions	\$ 2,809,953	\$ 23,418	\$ 2,833,371
Underwriting revenue	1,205,570	-	1,205,570
Business and industry grants	29,816	-	29,816
Capital campaign contributions	-	-	-
Strategic action plan contributions	-	102,330	102,330
Grants from the Corporation for Public Broadcasting ("CPB") Contributed non-financial assets - donated facilities and	390,152	69,061	459,213
administrative support from Sacred Heart University	1,363,800	-	1,363,800
Foundation grants	388,888	93,417	482,305
Rental income	84,819	-	84,819
Public broadcasting income - non-CPB	317,640	_	317,640
Contributed non-financial assets - services	21,400	=	21,400
Other income	20,854	-	20,854
Loss on disposal of equipment and furniture	(9,786)	-	(9,786)
Special event revenues - net of cost of direct benefits to donors (\$5,277)	4,860	-	4,860
Net assets released from restrictions	303,856	(303,856)	-
Total Support and Revenue	 6,931,822	 (15,630)	 6,916,192
Expenses			
Program Services			
Programming and production	3,087,301	=	3,087,301
Broadcasting	 783,243	 <u>-</u>	 783,243
Total Program Services	 3,870,544	 <u>-</u>	 3,870,544
Supporting Services			
Management and general	820,525	-	820,525
Membership and fundraising	 1,558,613	 <u>-</u>	 1,558,613
Total Supporting Services	 2,379,138	 <u>-</u>	 2,379,138
Total Expenses	 6,249,682	 <u>-</u>	 6,249,682
CHANGE IN NET ASSETS (DEFICIT)	682,140	(15,630)	666,510
Net assets (deficit) - beginning of year	 (2,834,493)	 195,058	 (2,639,435)
Net assets (deficit) - end of year	\$ (2,152,353)	\$ 179,428	\$ (1,972,925)

WSHU-FM A PUBLIC TELECOMMUNICATIONS COMPONENT OF SACRED HEART UNIVERSITY STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2022

	F	Program Services					
	Programming and Production	Broadcasting	Total Program Services	Management and General	Membership and Fundraising	Total Supporting Services	Total
Expenses							
Salaries and wages	\$ 1,103,054	\$ 203,483	\$ 1,306,537	\$ 241,370	\$ 586,271	\$ 827,641	\$ 2,134,178
Fringe benefits	381,683	71,039	452,722	68,943	192,057	261,000	713,722
Total salaries and related costs	1,484,737	274,522	1,759,259	310,313	778,328	1,088,641	2,847,900
Media and programming costs	1,034,521	-	1,034,521	-	-	-	1,034,521
Market research and associated press	77,754	-	77,754	=	-	-	77,754
Equipment lease and rentals	6,051	409,411	415,462	695	17,552	18,247	433,709
Outside services	170,369	1,207	171,576	74,867	124,663	199,530	371,106
Scholarship and awards	11,200	_	11,200	-	-	-	11,200
Telephone and internet	41,296	35,132	76,428	36,229	11,260	47,489	123,917
Utilities	-	31,935	31,935	-	-	-	31,935
Travel meals and entertainment	9,479	2,086	11,565	9,738	11,531	21,269	32,834
Dues and subscriptions	6,938	1,182	8,120	6,021	22,037	28,058	36,178
Supplies	1,099	822	1,921	2,501	3,888	6,389	8,310
Premiums	-	-	-	-	19,655	19,655	19,655
Printing and postage	21	52	73	476	159,832	160,308	160,381
Bank charges	-	_	-	-	94,429	94,429	94,429
Donated facilities and services	475,443	_	475,443	475,443	491,418	966,861	1,442,304
Advertising and promotions	299	2,040	2,339	5,929	126	6,055	8,394
Miscellaneous	11,478	2,974	14,452	7,213	3,111	10,324	24,776
Total expenses before depreciation and amortization	3,330,685	761,363	4,092,048	929,425	1,737,830	2,667,255	6,759,303
Depreciation and amortization	22,068	13,241	35,309	4,414	4,414	8,828	44,137
Total Expenses	\$ 3,352,753	\$ 774,604	\$ 4,127,357	\$ 933,839	\$ 1,742,244	\$ 2,676,083	\$ 6,803,440

WSHU-FM A PUBLIC TELECOMMUNICATIONS COMPONENT OF SACRED HEART UNIVERSITY STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2021

	Program Services						
	Programming and Production	Broadcasting	Total Program Services	Management and General	Membership and Fundraising	Total Supporting Services	Total
Expenses							
Salaries and wages	\$ 1,018,976	\$ 151,400	\$ 1,170,376	\$ 206,295	\$ 509,074	\$ 715,369	\$ 1,885,745
Fringe benefits	335,482	52,990	388,472	56,142	157,839	213,981	602,453
Total salaries and related costs	1,354,458	204,390	1,558,848	262,437	666,913	929,350	2,488,198
Media and programming costs	949,329	-	949,329	-	-	-	949,329
Market research and associated press	69,156	=	69,156	-	-	-	69,156
Equipment lease and rentals	5,398	488,020	493,418	-	22,892	22,892	516,310
Outside services	156,995	6,966	163,961	47,304	129,801	177,105	341,066
Scholarship and awards	21,600	-	21,600	-	-	=	21,600
Telephone and internet	35,229	21,037	56,266	48,449	11,915	60,364	116,630
Utilities	-	44,110	44,110	-	-	-	44,110
Travel meals and entertainment	3,593	2,220	5,813	878	2,223	3,101	8,914
Dues and subscriptions	11,253	2,380	13,633	1,128	13,615	14,743	28,376
Supplies	1,338	798	2,136	234	8,713	8,947	11,083
Premiums	-	-	-	-	19,249	19,249	19,249
Printing and postage	-	-	-	683	112,893	113,576	113,576
Bank charges	-	-	-	-	92,123	92,123	92,123
Donated facilities and services	454,600	-	454,600	454,600	476,000	930,600	1,385,200
Advertising and promotions	· <u>-</u>	-	· -	160	325	485	485
Miscellaneous	2,150		2,150	212	2,788	3,000	5,150
Total expenses before depreciation and amortization	3,065,099	769,921	3,835,020	816,085	1,559,450	2,375,535	6,210,555
Depreciation and amortization	22,202	13,322	35,524	4,440	4,440	8,880	44,404
Sub-total	3,087,301	783,243	3,870,544	820,525	1,563,890	2,384,415	6,254,959
Less: direct benefit to donors					(5,277)	(5,277)	(5,277)
Total Expenses	\$ 3,087,301	\$ 783,243	\$ 3,870,544	\$ 820,525	\$ 1,558,613	\$ 2,379,138	\$ 6,249,682

WSHU-FM A PUBLIC TELECOMMUNICATIONS COMPONENT OF SACRED HEART UNIVERSITY STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES: Change in net deficit	\$ 47,784	\$ 666,510
Adjustments to reconcile change in net deficit to net cash provided by (used in) operating activities: Depreciation and amortization Changes in operating assets and liabilities:	44,137	44,404
Capital campaign pledges receivable Contributions receivable Deferred liability Accounts payable and accrued expenses	(144,828) 102,000 7,500	2,842 (72,019) 14,000 (5,001)
Total Adjustments Net Cash Provided by Operating Activities	<u>8,809</u> 56,593	(15,774) 650,736
CASH FLOWS FROM INVESTING ACTIVITIES: Acquisition of equipment and furniture	(46,002)	(31,041)
CASH FLOWS FROM FINANCING ACTIVITIES: Due to Sacred Heart University	(10,591)	(619,695)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
Cash and cash equivalents - beginning of year	_	
Cash and cash equivalents - end of year	<u>\$</u>	\$ -

NOTE 1 - WSHU-FM

WSHU-FM (the "Organization" or "WSHU") is a public telecommunications component of Sacred Heart University (the "University"). WSHU began broadcasting in June 1964 as a non-commercial, educational station. The assets, change in net assets (deficit) and cash flows of WSHU are clearly distinguished from those of the University. In May 1984, WSHU was accredited by the Corporation for Public Broadcasting ("CPB") and declared eligible for funding under the Community Service Grant Program. WSHU is also a member of the National Association of Broadcasters and the Connecticut Broadcasters Association. These affiliations and satellite interconnections allow expanded broadcasting of fine arts and news information programs. WSHU owns and operates: FM Stations WSHU-FM and WSUF-FM with effective radiated power of 20,000 and 12,500 watts, respectively; AM Stations WSHU-AM and WSTC-AM, with effective radiated power of 1,000 and 780 watts, respectively; and has time brokerage agreements to operate WQQQ-FM and WYBC-AM with effective radiated power of 1,500 and 1,000 watts, respectively. WSHU Public Radio serves approximately 320,000 listeners each week.

In April 1991, WSHU and Suffolk Community College (the "College") became party to a cooperative agreement in which the College allows WSHU to use office and studio space at their Ammerman Campus in Selden, New York, to produce Long Island shows for WSHU. In return, WSHU provides educational internships to college students and professional supervision for their production projects. The fair value of this agreement is not readily determinable and not reflected in the financial statements as revenue or an expense.

WSHU is supported by membership contributions (39% of total support and revenue in fiscal year 2022 and 41% in fiscal year 2021); business and industry donations (23% of total support and revenue in fiscal year 2022 and 18% in fiscal year 2021); and grants, government, foundation, licensing management agreements, and other miscellaneous support (34% and 35% of total support and revenue for the fiscal years 2022 and 2021, respectively). Support and revenue from the CPB represented approximately 5% and 6% of total support for the years ended June 30, 2022 and 2021, respectively. The University has the ability and intent to provide financial support to WSHU operations, if necessary, through the 2023 fiscal year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

WSHU's financial statements are presented on the accrual basis of accounting and in accordance with Financial Accounting Standards Board ("FASB") guidance on reporting information regarding its financial position and activities for not-for-profit organizations. Under that guidance, WSHU is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

Revenue Recognition

Contributions: All contributions are recognized as support without donor restrictions unless their use is specifically restricted by the donor. When a donor restriction expires, the stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets (deficit) as net assets released from restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are recognized as support with donor restrictions that increases those net asset classes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FASB Accounting Standards Update ("ASU") 2018-08: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958): Under ASU 2018-08, grants and contributions awarded by government agencies and other donors are generally considered as conditional grants, non-exchange transactions restricted for specific purposes and are recognized as revenue when the barriers within the contract are overcome, and there is no right of return.

Promises to Give: Unconditional promises to give (including multi-year promises or pledges) are recognized as revenue in the period received and recorded as assets or decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Government and foundation grants and contracts are non-exchange transactions (contributions) and accounted for under ASU 2018-08. Grants and contracts are recognized as revenue when barriers within the contract are overcome and there is no right of return. Grants and contracts amounted to \$954,151 and \$971,334 as of June 30, 2022 and 2021, respectively, and are included in the statements of activities and changes in net assets. There are instances when the Organization receives advances from the governmental funding sources. Such advances are recorded as refundable advances from governmental agencies in the accompanying statements of financial position, if applicable.

As of June 30, 2022 and 2021, the Organization received conditional grants from government and foundation agencies in the aggregate amounts of \$100,000 and \$0, respectively. Such grants have not been recognized in the accompanying financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the entities are not obligated to expend the funds allotted under the grants and contracts and the Organization may be required to return the funds already remitted.

Contributed non-financial assets: WSHU receives a substantial amount of volunteer services in carrying out its programs and activities. Volunteers perform various administrative and fundraising functions. However, no amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition. Contributed services are not recognized unless the donated services create or enhance non-financial assets or require specialized skills that would typically be purchased if not donated. In-kind contributions are measured at the fair value of the asset transferred to WSHU or the liability cancelled or settled. See Note 7.

Underwriting Revenue

WSHU receives revenue from underwriting announcements which are accounted for under FASB ASU 2014-09. Revenue is reported at the amount that reflects the consideration to which WSHU expects to be entitled in exchange for providing the contracted services. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the WSHU in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Unsatisfied performance obligation was reported as a deferred liability of \$14,000 as of June 30, 2022.

Underwriting revenue is as follows, for the years ended June 30:

	2022	2021
Underwriting revenue	\$ 1,465,977	\$ 1,205,570

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges and Contributions Receivable and Allowance for Doubtful Accounts

Contributions and capital campaign pledges receivable are stated on the statements of financial position net of allowances for doubtful accounts at their estimated fair value. The allowance for doubtful accounts is evaluated by management on an annual basis, based on historical performance levels of the varying types of contributions, matching gifts, corporate underwriting, and individual memberships. The allowance is increased as necessary by recording an estimate of bad debt expense in each period. Amounts determined to be uncollectible during the year are written off against the existing allowance.

Net Assets

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

- Without donor restrictions Net assets that can be spent at the discretion of WSHU have no donorimposed stipulations associated with them.
- With donor restrictions Net assets subject to donor-imposed stipulations consisting of contributions that are restricted by the donor for a specific time period or purpose. WSHU did not have any net assets with donor-imposed stipulations to be held in perpetuity as of June 30, 2022 and 2021.

Cash Equivalents

For financial statement purposes, WSHU considers all highly liquid investments with initial maturities of three months or less when acquired to be cash equivalents. WSHU does not maintain its own cash accounts, but it executes cash transactions through the University.

Equipment and Furniture

Equipment and furniture are carried at cost, if purchased, or at fair value on dates donated, if contributed. WSHU reports gifts of equipment as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long those donated assets must be maintained, WSHU reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the related assets. Equipment and furniture are depreciated over three, five or seven years; software, five years; broadcasting rights are amortized over ten years. WSHU capitalizes equipment costing greater than \$2,000 and estimated to last greater than three years. Repairs and maintenance to existing facilities are charged as expenses as incurred. Minor replacements are charged to expenses as incurred. WSHU uses the direct expensing method for accounting for planned major maintenance activities.

Leases

WSHU classifies leases as either operating or financing depending on the terms and conditions set forth in the contract. On the statement of financial position, right-of-use assets represent WSHU's right to use the underlying assets for the lease term, and lease liabilities represent the WSHU's obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not included in the consolidated balance sheets, and instead the related lease payments are recognized as expenses on a straight-line basis over the respective lease term in which the obligation for those payments is incurred.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs are expensed as incurred.

Uncertainty in Income Taxes

WSHU evaluates all significant tax provisions as required by accounting principles generally accepted in the United States of America. As of June 30, 2022, the Organization does not believe that it has taken any positions that would require recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets (deficit) and functional expenses. Most of the functional expenses are attributed to actual usage, however, the financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocations on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, depreciation, and other, which are allocated on the basis of estimates of staff time and effort, and proportional use of space based on estimated full-time equivalent functions in the functional areas.

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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. WSHU's management regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES TO MEET GENERAL EXPENDITURES

The Organization does not maintain its own cash accounts, but it executes cash transactions through the University. The University's management monitors levels of available financial assets to anticipate cash requirements for general expenditures as obligations come due.

Financial assets of WSHU available for general expenditure within one year of the statement of financial position date, without donor or other restrictions limiting their use, were as follows as of June 30:

	 2022	 2021
Contributions receivable, net	\$ 935,672	\$ 790,844
Less: Net assets with donor restrictions	 (103,077)	 (179,428)
Total	\$ 832,595	\$ 611,416

NOTE 4 - CONTRIBUTIONS RECEIVABLE

WSHU raises funds for operations, various projects, and endowments. Pledges receivable at June 30, 2022 represent unconditional promises to give payable over periods up to five years. WSHU regularly evaluates the collectability of its pledges outstanding.

Unconditional contributions receivable at June 30 were as follows:

		2022		2021
Receivable in one year or less Less:	\$	1,027,599	\$	875,088
Allowance for uncollectible pledges		(91,927)		(84,244)
Total Capital Campaign Pledges and Contributions Receivable, net	<u>\$</u>	935,672	<u>\$</u>	790,844

NOTE 5 - EQUIPMENT AND FURNITURE

Equipment and furniture as of June 30 were comprised of the following:

		2022	 2021
Equipment	\$	2,177,313	\$ 2,131,311
Furniture		17,258	17,258
Software		15,045	15,045
Vehicle		18,395	18,395
Broadcasting rights		555,608	 555,608
		2,783,619	2,737,617
Accumulated depreciation and amortization		(2,606,650)	 (2,562,513)
Total	<u>\$</u>	176,969	\$ 175,104

Depreciation and amortization expense amounted to \$44,137 and \$44,404 for the years ended June 30, 2022 and 2021, respectively.

NOTE 6 - DUE TO SACRED HEART UNIVERSITY

The University pays all expenditures and collects all revenues earned by WSHU, as well as provides physical facilities to the station. Advances to WSHU are made by the University as necessary. WSHU reduces the liability to the University when revenue is collected. The amounts due to the University at June 30, 2022 and 2021 of \$2,884,282 and \$2,894,873, respectively, and are included in the accompanying statements of financial position.

NOTE 7 - CONTRIBUTED NON-FINANCIAL ASSETS

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities and change in net assets (deficit) included the following:

		2022	 2021
Donated facilities and administrative support Professional services	\$	1,426,329 15,975	\$ 1,363,800 21,400
Total contributed non-financial assets	<u>\$</u>	1,442,304	\$ 1,385,200

The University donates certain office, broadcasting, and production facilities to WSHU and provides security, plant maintenance, utilities, and administrative support.

Professional services recognized comprise of design services from a communications design firm advising WSHU on various media communications and administrative matters. These services are valued and reported at the estimated fair value in the financial statements based on current rates for similar design services.

WSHU receives certain donated programming, the value of which has not been recorded because it is not readily determinable. In addition, certain donated services provided by volunteers in connection with fundraising have not been recorded because they do not meet the recognition criteria.

All non-financial assets received by the Organization for the years ended June 30, 2022 and 2021 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30 are as follows:

		2022	 2021
New facility	\$	-	\$ 107
Equipment		17,803	18,478
Strategic action plan		73,786	104,105
Programs		11,488	 56,738
Total net assets with donor restrictions	<u>\$</u>	103,077	\$ 179,428

Net assets released from donor restrictions during the years ended June 30 were as follows:

		2022	 2021
Programs	\$	256,300	\$ 133,908
Equipment		675	-
Strategic action plan		30,319	50,816
New facility		107	 119,132
Total net assets released from restrictions	<u>\$</u>	287,401	\$ 303,856

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

WSHU raised capital funds through a capital campaign for part of a new facility that it shares with other University departments. The new facility for which the capital funds were spent is accounted for and maintained at the University level, not at the station level.

During 2019, WSHU embarked on a strategic action plan campaign to raise funds for program innovation, technology infrastructure, endowments and capacity building and marketing. The campaign concluded in 2021, and a total of \$102,330 was raised during the year.

NOTE 9 - COMMITMENTS

Leases

WSHU maintains antenna site operating lease agreements in various locations in Connecticut and Long Island, New York, to support its broadcasting operations. The lengths of the leases vary and are subject to renewal based on the terms in the specific lease agreements.

Time Brokerage Agreements

During the year ended June 30, 2011, WSHU entered into a time brokerage agreement (the "WQQQ Agreement") with the Ridgefield Broadcasting Corporation to lease all of the broadcast time and provide all of the programming for WQQQ-FM (Sharon, Connecticut), pursuant to licenses issued by the Federal Communications Commission ("FCC"). The term of the WQQQ Agreement commenced January 1, 2011 and continued until January 1, 2016, at which point it was renewed for an additional five-year term. The WQQQ Agreement provides that WSHU make monthly payments with increases of 3% every anniversary date of the commencement of the term over the amount paid during the prior year. This agreement was terminated on January 31, 2021.

In addition, WSHU entered into another time brokerage agreement (the "WYBC Agreement") with the Yale Broadcasting Company, Inc. to lease all of the broadcast time for WYBC-AM (New Haven, Connecticut) and provide all of its programming, pursuant to licenses issued by the FCC. The term of the WYBC Agreement commenced March 1, 2011 and continued through February 2014, at which time it was extended through February 25, 2018. The Agreement lapsed for several months and was renewed in October 2018 for another five years. The WYBC Agreement specifies the programming format permitted.

Under the WYBC Agreement, WSHU makes monthly payments with increases of 3% every anniversary date of the commencement of the term over the amount paid during the prior year.

Total rent expense (including time brokerage agreements) for the years ended June 30, 2022 and 2021 was \$403,251 and \$474,459, respectively. Minimum payments on leases and time brokerage agreements are as follows for the years ended June 30:

2023	\$ 389,730
2024	282,095
2025	232,954
2026	169,444
2027	43,390
Thereafter	177,000

NOTE 9 – COMMITMENTS (Continued)

During 2016, WSHU entered into local program and marketing agreements to sublease certain of its facilities that are cancelable under certain mutually agreed upon conditions. The sublease rental income from those agreements during the years ended June 30, 2022 and 2021 was \$85,866 and \$84,819, respectively. Minimum lease payments due under these sublease agreements are as follows for the years ended June 30:

2023	\$ 62,947
2024	71,448
2025	71,448
2026	71,448
2027	71,448
Thereafter	59,540

NOTE 10 – INCOME TAXES

WSHU, as part of Sacred Heart University, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal taxes on income other than unrelated business income, as defined by Section 512 of the Internal Revenue Code, as amended. Contributions made to WSHU qualify for the maximum deduction allowable under the Internal Revenue Code.

NOTE 11 - COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy, including the industries in which the Organization operates.

NOTE 12 - SUBSEQUENT EVENTS

WSHU management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through February 6, 2023, the date that the financial statements were available to be issued.