

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
New Bern, North Carolina**

**Financial Statements and
Independent Auditor's Report**

Years Ended June 30, 2024 and 2023

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
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June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Management of Public Radio East and Affiliate and
The Board of Trustees of Craven Community College
New Bern, North Carolina

Opinion

We have audited the accompanying financial statements of Public Radio East (WTEB-FM) and its affiliate, Radio East Foundation, a component unit of Craven Community College, which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position, 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 Public Radio East and Affiliate as of June 30, 2024, and the changes in 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.. 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 Public Radio East and Affiliate 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.

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 Public Radio East and Affiliate'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 and *Government 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 the 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 and *Government 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 Public Radio East and Affiliate'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 Public Radio East and Affiliate's ability to continue as a going concern for a reasonable period of time.

Required Supplementary Information

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

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.

Report of Prior Year Information

Other auditors previously audited Public Radio East and Affiliate's 2023 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated February 2, 2024. In our opinion, the information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sharpe Patel PLLC

Raleigh, North Carolina
March 4, 2025

Management's Discussion and Analysis

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Management's Discussion and Analysis
June 30, 2024**

The information in this section is intended to provide a general overview of Public Radio East (WTEB-FM) and its affiliate, Public Radio East Foundation (Foundation), a component unit of Craven Community College's financial statements and is based upon the information contained in the financial statements accompanying this discussion and analysis. The user is encouraged to reference the appropriate section of the financial statements for the supporting detailed information.

Overview of the Financial Statements

Public Radio East's discussion and analysis (MD&A) provides an overview of Public Radio East's financial performance during the fiscal years ended June 30, 2024 and 2023, based on currently known facts and conditions; and is designed to assist readers in understanding the accompanying financial statements. The MD&A, financial statements and notes are the responsibility of Public Radio East's management. Since the MD&A is designed to focus on current activities, resulting change, and currently known facts, it should be read in conjunction with Public Radio East's financial statements and the related footnote disclosures.

Basic Financial Statements

The basic financial statements present information for Public Radio East as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents information on all of Public Radio East's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Public Radio East is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position report Public Radio East's results of operation for the fiscal year. It presents the revenues earned by Public Radio East's and the expenses incurred by Public Radio East, both operating and nonoperation, and any other revenues, expenses, gains, and losses received or spent by Public Radio East. It is intended to summarize and simplify the user's analysis of the cost of various Public Radio services to students and the public.

The Statement of Cash Flows provides information regarding the Foundation's cash receipts and cash payments during the reported period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. The statement reconciles the beginning cash as of July 1, 2023, to the ending cash as of June 30, 2024. The statement also includes comparative information.

The Notes to Financial Statements provide additional information that is essential to a complete understanding of the data provided in the basic financial statements.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Management's Discussion and Analysis (continued)
June 30, 2024**

Condensed Statement of Net Position

The Statement of Net Position presents the assets (current and noncurrent), liabilities (current and noncurrent), and net position (total assets minus total liabilities) of Public Radio East. This statement provides a fiscal snapshot of Public Radio East's financial position as of June 30, 2024 and 2023.

Condensed Statements of Net Position			
	2024	2023	Increase (Decrease)
ASSETS			
Current assets	\$ 521,892.67	\$ 427,110.78	\$ 94,781.89
Noncurrent assets	444,106.83	475,112.40	(31,005.57)
Total assets	<u>965,999.50</u>	<u>902,223.18</u>	<u>63,776.32</u>
LIABILITIES			
Current liabilities	13,373.32	11,297.14	2,076.18
Noncurrent liabilities	69,884.48	73,987.80	(4,103.32)
Total liabilities	<u>83,257.80</u>	<u>85,284.94</u>	<u>(2,027.14)</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows for leases	170,055.04	190,102.77	(20,047.73)
Total deferred inflows of resources	<u>170,055.04</u>	<u>190,102.77</u>	<u>(20,047.73)</u>
NET POSITION			
Net investment in capital assets	246,419.24	262,182.44	(15,763.20)
Restricted	34,570.00	-	34,570.00
Unrestricted	431,697.42	364,653.03	67,044.39
Total net position	<u>\$ 712,686.66</u>	<u>\$ 626,835.47</u>	<u>\$ 85,851.19</u>

Notable changes in the Condensed Statement of Net Position include:

- Total assets increased by \$63,776.32. Current assets increased by \$94,781.89 primarily due to an increase in restricted cash and cash equivalents from increased pledge and contribution revenues. Noncurrent assets decreased by \$31,005.57 mainly due to a decrease in lease receivables related to lease agreements. See Note 4 for further details on leased assets.
- Total liabilities decreased by \$2,027.14. This was primarily due to changes in lease payables, including both the current and noncurrent portions for leased assets. See Note 4 for further details on leased assets.
- Deferred inflows decreased by \$20,047.73 due to the annual adjustments in lease receivables for leased assets. See Note 4 for further details on leased assets.
- Total net position increased by \$85,851.19 primarily due to the increase in restricted cash and cash equivalents for current assets and annual adjustments to capitalized leased assets.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Management's Discussion and Analysis (continued)
June 30, 2024**

Condensed Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position reports the activity of Public Radio East during the year and is subdivided into three major components: operating revenues, operating expenses, and non-operating revenues. Revenues are reported by major source. Depreciation is recognized and presented as an operating expense. Intradepartmental transfers are eliminated.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2024	2023	Increase (Decrease)
Operating revenues:			
Pledges and contributions	\$ 807,287.39	\$ 625,176.54	\$ 182,110.85
Grants	289,037.33	295,107.87	(6,070.54)
Other operating revenues	70,049.44	49,966.52	20,082.92
Total operating revenues	<u>1,166,374.16</u>	<u>970,250.93</u>	<u>196,123.23</u>
Operating expenses:			
Programming and production	598,046.19	550,448.30	47,597.89
Broadcasting and engineering	81,067.67	134,531.03	(53,463.36)
Program information and promotion	1,304.42	1,184.28	120.14
Management and general	323,757.86	346,768.16	(23,010.30)
Fundraising and membership development	88,617.20	48,159.37	40,457.83
Underwriting	30,651.02	8,158.50	22,492.52
Total operating expenses	<u>1,123,444.36</u>	<u>1,089,249.64</u>	<u>34,194.72</u>
Operating income (loss)	42,929.80	(118,998.71)	161,928.51
Nonoperating revenues (expenses):			
Interest	15,374.28	14,837.96	536.32
Other nonoperating expenses	(2,452.89)	(1,788.96)	(663.93)
Total nonoperating revenues	<u>12,921.39</u>	<u>13,049.00</u>	<u>(127.61)</u>
Change in net position	55,851.19	(105,949.71)	161,800.90
Net position, July 1	626,835.47	737,828.49	(110,993.02)
Restatement	30,000.00	(5,043.31)	35,043.31
Net position, July 1	<u>656,835.47</u>	<u>732,785.18</u>	<u>(75,949.71)</u>
Net position, June 30	<u>\$ 712,686.66</u>	<u>\$ 626,835.47</u>	<u>\$ 85,851.19</u>

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Management's Discussion and Analysis (continued)
June 30, 2024**

Notable changes in the Condensed Statement of Revenues, Expenses, and Changes in Net Position include:

- Total operating revenues increased by \$196,123.23. This was largely due to an increase of \$182,110.85 for total pledge and contribution revenues from the receipt of several large gifts. Other operating revenues increased by \$20,082.92 due to an increase in rent revenues and an increase in revenues from donated vehicles. Grants also decreased by \$6,070.54 primarily due to a decrease in underwriting revenues.
- Total operating expenses increased by \$34,194.72. Programming and production increased by \$47,597.89 as a result of increasing programming & production salary costs. Broadcasting and engineering expenses decreased by \$53,463.26, as fewer expenses for repairs occurred during FY4 as compared to FY23. Expenses decreased by \$23,010.30 for management and general, increased by \$40,457.83 for fundraising and membership development and increased by \$22,492.52 for underwriting primarily as a result of staff restructuring.
- Net position increased by \$85,851.19 as a result of the increase in revenues being greater than the increase in operating expenses during the year, as well as a restatement of net position for FY2023. See Note 13 for additional details on the restatement.

Economic Forecast

Public Radio East is comprised of two separate networks broadcast over five transmitting stations. It is licensed by the Federal Communications Commission to the Board of Trustees of Craven Community College, (Craven) and does not receive any direct financial support from Craven. The funding needed to operate the stations is the responsibility of PRE. Public Radio East Foundation is a separate 501(c)(3) and was formed to support the operations of PRE. PRE Foundation funds are blended with the operation funds of PRE for the purpose of this financial statement.

Membership revenue in FY24 was up from FY23 with a total of \$807,287.39 reflecting an overall increase of \$182,110.85 or 29%. We are budgeting \$728,889 in expected membership receipts during FY25. While this amount is less than the actual revenues received in FY24, it reflects a 4.5% increase from the originally budgeted membership receipts. This figure was determined by estimating conservative membership growth in expected revenues, while also adjusting for several large, one-time gifts received in FY24.

Organizational personnel structure is solidifying following the restructuring at the beginning of FY24. New fundraising staff and methods are improving and showing promise. Existing fundraising methods will continue while increased grant funding will be pursued.

Payments received from sustaining members whose donations are made automatically each month have remained consistent. They now account for more than \$21,000 in donations each month. We expect this number to increase with continuing efforts to recruit more sustainers.

Underwriting revenue decreased in FY24 due to staffing changes and industry trends, though improvement was noted towards the end of the year. Nationally, underwriting customers have cut their marketing budgets in recent years; we are continually looking for new customers by increasing our efforts in more of our service area. We are also researching third-party underwriting sales solutions. Customer service and prospecting continue to improve, and we have budgeted for a total of \$150,000 in underwriting revenue in FY25.

Public Radio East experienced some financial difficulties over the last several years and needed corrective measures put in place. With the current administrative teams in place – both at PRE and at Craven Community College – we feel that the necessary corrective measures have been enacted and that Public Radio East is now on the right track.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Management's Discussion and Analysis (continued)
June 30, 2024**

Contacting the College's Financial Management

Our financial statements are designed to provide the citizens of North Carolina with a general overview of the PRE's finances and show accountability of all funds received. Questions concerning any of the information found in this report or requests for additional information should be directed to Christine Sachs, Executive Director of Financial Services, Craven Community College, 800 College Court, New Bern, NC 28562.

Financial Statements

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Statements of Net Position
June 30, 2024 and 2023

Exhibit A-1

ASSETS	2024	2023
Current assets:		
Cash and cash equivalents (Note 2)	\$ 78,096.99	\$ 74,754.27
Restricted Cash and cash equivalents (Note 2)	285,996.49	194,252.76
Pledges receivable, net (Note 8)	119,279.08	124,332.21
Lease receivable, net (Note 4)	17,142.37	24,420.00
Grant Receivable	10,000.00	-
Prepaid Items	11,377.74	9,351.54
Total current assets	521,892.67	427,110.78
Noncurrent assets:		
Lease receivable, net (Note 4)	161,892.73	165,682.77
Property and equipment, net of depreciation (Note 3)	282,214.10	309,429.63
Total noncurrent assets	444,106.83	475,112.40
Total assets	965,999.50	902,223.18
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	3,518.62	2,506.63
Current vacation payable	3,633.45	3,073.07
Current lease payable	6,221.25	5,717.44
Total current liabilities	13,373.32	11,297.14
Noncurrent liabilities:		
Lease payable	35,149.80	41,529.75
Interest payable on leases	-	-
Accrued vacation payable	34,734.68	32,458.05
Total noncurrent liabilities	69,884.48	73,987.80
Total liabilities	83,257.80	85,284.94
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows for leases	170,055.04	190,102.77
Total Deferred Inflows of Resources	170,055.04	190,102.77
NET POSITION		
Net investment in capital assets	246,419.24	262,182.44
Restricted	34,570.00	-
Unrestricted	431,697.42	364,653.03
Total net position	\$ 712,686.66	\$ 626,835.47

The notes to the financial statements are an integral part of this statement.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Statements of Revenues and Expenses
Years Ended June 30, 2024 and 2023

Exhibit A-2

REVENUES	2024	2023
Operating revenues:		
Pledges and contributions	\$ 807,287.39	\$ 625,176.54
Underwriting contributions	103,525.33	124,878.87
Grants received and expended currently:		
Affiliate grant	50,800.00	44,000.00
Community service grants from CPB	134,712.00	126,229.00
Rental and lease earnings	25,410.37	14,135.08
Other income	44,639.07	35,831.44
Total operating revenues	1,166,374.16	970,250.93
EXPENSES		
Operating expenses:		
Programming and production	598,046.19	550,448.30
Broadcasting and engineering	81,067.67	134,531.03
Program information and promotion	1,304.42	1,184.28
Management and general	323,757.86	346,768.16
Fundraising and membership development	88,617.20	48,159.37
Underwriting	30,651.02	8,158.50
Total operating expenses	1,123,444.36	1,089,249.64
Operating loss	42,929.80	(118,998.71)
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	7,384.59	6,194.16
Lease interest revenue	7,989.69	8,643.80
Interest expense on leased assets	(2,452.89)	(1,788.96)
Total nonoperating revenues	12,921.39	13,049.00
Change in net position	55,851.19	(105,949.71)
NET POSITION		
Net position, beginning	626,835.47	737,828.49
Restatement	30,000.00	(5,043.31)
Net position, ending	\$ 712,686.66	\$ 626,835.47

The notes to the financial statements are an integral part of this statement.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

Exhibit A-3
Page 1 of 2

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from other fundraising and contributions	\$ 1,166,374.16	\$ 974,756.34
Cash paid to employees and fringe benefits	(577,321.92)	(506,060.25)
Cash paid to vendors and suppliers	(517,084.11)	(565,720.83)
Other receipts (payments)	(2,452.89)	(1,788.96)
	<u>69,515.24</u>	<u>(98,813.70)</u>
Net cash used in operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital gifts and endowments received	25,053.13	(4,136.38)
	<u>25,053.13</u>	<u>(4,136.38)</u>
Net cash provided by noncapital and related financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from lease arrangements	(990.37)	8,643.80
Acquisition and construction of Capital Assets	-	-
Interest paid on capital debt and leases	-	-
Principal paid on capital debt and leases	(5,876.14)	(4,040.07)
	<u>(6,866.51)</u>	<u>4,603.73</u>
Net cash used by capital financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	7,384.59	6,194.16
	<u>7,384.59</u>	<u>6,194.16</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	95,086.45	(92,152.19)
Cash and cash equivalents, beginning of year	269,007.03	361,159.22
Cash and cash equivalents, end of year	<u>\$ 364,093.48</u>	<u>\$ 269,007.03</u>

The notes to the financial statements are an integral part of this statement.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

Exhibit A-3
Page 2 of 2

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 42,929.80	\$ (118,998.71)
Adjustments to reconcile operating loss to net cash used by operating activities -		
Depreciation	27,215.53	25,158.63
Miscellaneous nonoperating income (expense)	(2,452.89)	(1,788.96)
Changes in assets and liabilities:		
Receivables, net	-	4,505.41
Prepaid items	(2,026.20)	-
Accounts payable and accrued liabilities	1,011.99	(2,788.22)
Unearned Revenue	-	-
Accrued vacation payable	2,837.01	(4,901.85)
Net cash provided by (used for) operating activities	<u>69,515.24</u>	<u>(98,813.70)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Current assets:		
Cash and cash equivalents	78,096.99	74,754.27
Restricted Cash and cash equivalents	285,996.49	194,252.76
Total cash and cash equivalents	<u>364,093.48</u>	<u>269,007.03</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Assets acquired through assumption of a liability	-	-
Net cash used by financing activities	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Public Radio East is a public service radio station whose purpose is to serve the education and cultural needs of Eastern North Carolina. Public Radio East is an entity owned and governed by the Board of Trustees of Craven Community College (College). The College is a component unit of the North Carolina Community College System. Public Radio East Foundation (Foundation) has been established as the gift receiving organization which solicits funds to be used to support Public Radio East. The Foundation is owned and operated by the College. The Foundation's board consists of not less than 15 nor more than 25 directors. As such, the accompanying statements of financial position and related statements of activities, cash include the assets owned by the College and the Foundation designated for use by Public Radio East. Public Radio East is funded mainly by federal grants, indirect support from the College, community fundraising and underwriting contributions.

B. Basis of Presentation

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

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, the full scope of Public Radio East's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

C. Basis of Accounting

The financial statements of the Foundation have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Nonexchange transactions, in which Public Radio East receives (or gives) value without directly giving (or receiving) equal value in exchange, include both monetary and in-kind donor contributions. Revenue is recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

D. Cash and Cash Equivalents

All deposits and expenditures of Public Radio East are maintained by the College's accounting office. PRE's cash accounts are combined with the College's central depository account. PRE cash accounts are "dedicated" with College cash receipts and assigned a percentage of participation based on amounts held. The College maintains its deposits in designated official depositories which are secured as required by State Law.

Public Radio East considers all highly liquid assets with a maturity of three months or less to be cash equivalents.

E. Investments

Generally, investments are reported at fair value, as determined by quoted market prices or estimated amounts determined by management if quoted market prices are not available. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net increase (decrease) in the fair value of investments is recognized as a component of investment income.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Receivables

Receivables consist of pledges, underwriting, lease, and grants that are verifiable, measurable, and expected to be collected and available for expenditures. Reported receivables are expected to be collected.

G. Restricted Assets

Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted or designated for the acquisition or construction of capital assets and resources whose use is limited by external parties or statute.

H. Noncurrent Long- Term Liabilities - Noncurrent long-term liabilities include principal amounts of long-term debt and other long-term liabilities that will not be paid within the next fiscal year. Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Other long-term liabilities include lease payable.

I. Net Position

Public Radio East's net positions are classified as follows:

Net in Capital Assets - This represents Public Radio East's total investment in capital assets.

Restricted Net Position - The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation.

Unrestricted Net Position - Unrestricted net position includes resources derived from contributions, grants, interest income, underwriting fees, and the board designated quasi-endowment.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at PRE.

J. Use of 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.

K. Revenue and Expense Recognition

Public Radio East classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Public Radio East's principal ongoing operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Public Radio East's principal ongoing operations. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by *GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Revenue and Expense Recognition (continued)

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions that represent subsidies or gifts to the Foundation, as well as investment income, are considered nonoperating since these are investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

L. Income Taxes

Public Radio East and its affiliate are exempt from federal and state income taxes under Internal Revenue Service Code 501(c)(3).

M. Property and Equipment

Public Radio East follows the College policy to expense property additions less than \$5,000 in the year purchased. Lease payables are capitalized as a right-to-use asset when the leased asset has a cost of \$10,000 or greater and an estimated useful life of more than one year. Fixed assets are reported at cost or, in the case of donated property, at estimated fair value determined as of the date of receipt. Depreciation and amortization are computed on a straight-line basis over the estimated used lives of the asset as follows:

Asset Category	Estimated Useful Lives (in years)
Transmitters and towers	10-50
Studio and technical equipment	10-40
Furniture, fixtures, and equipment	10-50
Right to use assets - land	10-40

N. Donated Materials and Services

Donated materials are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended June 30, 2024 and 2023, there was no donated equipment.

O. Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting ("CPB") is a private, nonprofit grant-making organization responsible for funding numerous television and radio stations. CPB distributes annual Community Service Grants ("CSG's") to qualifying public broadcasting entities. CSG's are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services.

The CSG's are reported on the accompanying financial statements as unrestricted revenues since time and purpose restrictions were all met in the current period.

P. Indirect Administrative Support

Public Radio East receives administrative support from the College. Indirect administrative support consists of allocated institutional support and physical plan costs incurred by the College for which Public Radio East receives benefits. The fair value of this support is recognized in the Statement of Activities as indirect administrative support and also as expense in the management and general functional expense category.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Indirect Administrative Support (continued)

The College also provides office, studio and tower facilities, the benefit for which is included as a building use allowance at the approved rate.

Q. Program Underwriting

Revenues for program underwriting are recorded on a pro-rata basis for the period covered. Underwriting is a term for funds (and in-kind gifts) given by businesses to help support Public Radio East's mission as a non-commercial radio service working in the public interest. The companies who provide underwriting funds, or in-kind goods and/or services, are acknowledged on-air through tightly regulated announcements which, under FCC rules, may not employ wording that is considered commercial in nature. As a nonprofit station, underwriting is an essential element of radio programs. According to National Public Radio guidelines, underwriting is defined as third-party pieces read aloud by the station personnel that are technical and informative, allowing listeners to form their own opinion about the product or service. Unlike advertising, underwriting spots cannot include calls to action and cannot persuade an audience to buy, purchase or donate to a cause.

R. Functional Allocation of Expenses

The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

S. Advertising Costs

Advertising costs are expensed in the period in which they are incurred.

T. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Public Radio East and its subsidiary, Public Radio East Foundation, as of the balance sheet date. The financial statements of the subsidiary are prepared for the same reporting date as Public Radio East.

NOTE 2 – DEPOSITS

All funds of Public Radio East are deposited in College board designated official depositories and are required to be collateralized in accordance with North Carolina General Statute 115D 58.7. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina. The amount shown on the Statement of Net Position as cash and cash equivalents includes deposits in private financial institutions with a carrying amount of \$364,093.48 and bank balance of \$385,249.70 at June 30, 2024. At June 30, 2023, cash and cash equivalents included deposits in private financial institutions with a carrying amount of \$269,007.03 and bank balance of \$287,271.44.

The North Carolina Administrative Code (20 NCAC 7) requires all depositories to collateralize public deposits in excess of federal depository insurance coverage by using one of two methods, dedicated or pooled. Under the dedicated method, a separate escrow account is established by each depository in the name of each local governmental unit and the responsibility of monitoring collateralization rests with the local unit. Under the pooling method, each depository establishes an escrow account in the name of the State Treasurer to secure all of its public deposits. This method shifts the monitoring responsibility from the local unit to the State Treasurer.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2024 and 2023, the College's bank balance in excess of federal depository insurance coverage was covered under the pooling method.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 2 – DEPOSITS (continued)

Details of "dedicated" cash held by Craven Community College at June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Public Radio East accounts	\$ 285,996.49	\$ 194,252.76
Public Radio East Foundation accounts	78,096.99	74,754.27
Total cash and cash equivalents	<u>\$ 364,093.48</u>	<u>\$ 269,007.03</u>

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2024 and 2023 is presented as follows:

	Balance July 1, 2023	Increases	Decreases	Adjustments	Balance June 30, 2024
Capital assets being depreciated:					
Transmitters and towers	\$ 721,195.45	\$ -	\$ -	\$ -	\$ 721,195.45
Studio and technical equipment	221,853.14	-	-	-	221,853.14
Furniture, fixtures, and equipment	49,572.67	-	-	-	49,572.67
Right to use lease assets - land	76,482.63	-	-	-	76,482.63
Total capital assets being depreciated	<u>\$ 1,069,103.89</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069,103.89</u>

Less accumulated depreciation for:

Transmitters and towers	\$ 536,545.59	\$ 15,886.20	\$ -	\$ -	\$ 552,431.79
Studio and technical equipment	167,289.27	4,023.12	-	-	171,312.39
Furniture, fixtures, and equipment	19,981.56	1,462.08	-	-	21,443.64
Right to use lease assets - land	35,857.84	5,844.13	-	-	41,701.97
Total accumulated depreciation	<u>\$ 759,674.26</u>	<u>\$ 27,215.53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 786,889.79</u>
Capital assets, net	<u>\$ 309,429.63</u>				<u>\$ 282,214.10</u>

	Balance July 1, 2022	Increases	Decreases	Adjustments	Balance June 30, 2023
Capital assets being depreciated:					
Transmitters and towers	\$ 721,195.45	\$ -	\$ -	\$ -	\$ 721,195.45
Studio and technical equipment	221,853.14	-	-	-	221,853.14
Furniture, fixtures, and equipment	49,572.67	-	-	-	49,572.67
Right to use lease assets - land	143,365.00	-	-	\$ (66,882.37)	\$ 76,482.63
Total capital assets being depreciated	<u>\$ 1,135,986.26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,882.37)</u>	<u>\$ 1,069,103.89</u>

Less accumulated depreciation for:

Transmitters and towers	\$ 520,659.39	\$ 15,886.20	\$ -	\$ -	\$ 536,545.59
Studio and technical equipment	163,266.15	4,023.12	-	-	167,289.27
Furniture, fixtures, and equipment	18,519.48	1,462.08	-	-	19,981.56
Right to use lease assets - land	11,653.33	3,787.23	-	20,417.28	35,857.84
Total accumulated depreciation	<u>\$ 714,098.35</u>	<u>\$ 25,158.63</u>	<u>\$ -</u>	<u>\$ 20,417.28</u>	<u>\$ 759,674.26</u>
Capital assets, net	<u>\$ 421,887.91</u>				<u>\$ 309,429.63</u>

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 4 – LEASES

A. Lessor Arrangements

Public Radio East leases the right to use general infrastructure to an external party. The lease has an initial term of 5 years, with the option to renew for two (2) additional terms of five (5) years each. Lease receivables and related deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the 10 Year Treasury Risk Free Rate long term average of 4.25%.

During the year Public Radio East did not recognize any variable payment amounts.

During the year ended June 30, 2024, the Affiliate recognized operating revenues related to lessor arrangements totaling \$25,410.37, and nonoperating lease interest income totaling \$7,989.69.

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2024	Current Portion	Lease Terms	Interest Rate/ Ranges
Lessor:					
General Infrastructure	1	179,035.10	17,142.17	15yrs	4.25%
Total	1	179,035.10	17,142.17		

B. Lessee Arrangements

Public Radio East has lease agreements for the right to use land from external parties. The leases expire at various dates, and some have renewal options. Lease liabilities and right-to-use leased assets are recorded based on the present value of expected receipts over the term of the respective leases. The expected payments are discounted using the bank prime loan rate for the fiscal year the lease was initially booked per GASB 87 requirements, or the rate during the current fiscal year for new lease arrangements.

During the year Public Radio East did not recognize any variable payment amounts.

Public Radio East's lessee arrangements at June 30, 2024, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2024	Current Portion	Lease Terms ⁽¹⁾	Interest Rate/ Ranges
Lessee:					
Right-to-Use Land	2	41,371.05	6,221.25	16.06 avg. yrs.	4.38%-8.25%
Total	2	41,371.05	6,221.25		

(1) The lease terms were calculated using weighted averages based on lease payable amounts.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2024

C. Subscription-Based Information Technology Arrangements (SBITAs)

Public Radio East determined that none of the currently held information technology software and cloud computing arrangements met definition of a Subscription-Based Information Technology Arrangement (SBITA) according to the GASB Statement No. 96 standards and guidance.

D. Annual Requirements

The annual requirements to pay principal and interest on leases and SBITAs at June 30, 2024, are as follows:

Fiscal Year	Annual Requirements			
	Lease Liabilities		Subscription (SBITA) Liabilities	
	Principal	Interest	Principal	Interest
2025	\$ 6,221.25	\$ 2,107.78	\$ -	\$ -
2026	6,588.99	1,740.04	-	-
2027	6,980.99	1,348.04	-	-
2028	6,897.30	931.73	-	-
2029	4,685.94	643.09	-	-
2030-2034	9,996.58	661.48	-	-
2035-2039	-	-	-	-
Total Requirements	\$ 41,371.05	\$ 7,432.16	\$ -	\$ -

NOTE 5 – CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANTS

The Community Service Grants, including pandemic related grants, received and expended during the year ended June 30, 2024 and 2023 were as follows:

Date Approved	2024	2023
January 13, 2023	\$ -	\$ 88,360.00
March 24, 2023	-	37,869.00
December 11, 2023	94,299.00	-
March 29, 2024	40,413.00	-
Total	\$ 134,712.00	\$ 126,229.00

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 6 – QUASI-ENDOWMENT

Public Radio East’s quasi-endowment consists of funds designated by the Board of Directors of the Foundation to function as an endowment and are invested in the College’s STIF Account. There are no donor restrictions imposed on the endowment. Changes in endowment net position for the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Endowment net assets at beginning of year	\$ 74,754.27	\$ 73,083.38
Investment income	3,342.72	1,670.89
Transfer to Operating	-	-
Total	\$ 78,096.99	\$ 74,754.27

NOTE 7 – INDIRECT ADMINISTRATIVE SUPPORT

Public Radio East receives administrative support from the College. Indirect administrative support consists of allocated institutional support and physical plant costs incurred by the College for which Public Radio East receives benefits. The Government Accounting Standards Board does not provide criteria for recognizing Indirect Administrative Support. As a part of the radio station grant requirements provided by the Corporation for Public Broadcasting, Public Radio East is required to provide the calculation of indirect administrative support. Indirect administrative support for the year ended June 30, 2024 and 2023 are as follows:

	2024	2023
Institutional support	\$ 369,517.17	\$ 421,983.64
Occupancy	1,920.64	1,920.64
Total indirect support	\$ 371,437.81	\$ 423,904.28

NOTE 8 – RECEIVABLES

A summary of allowances by receivable classification at June 30, 2024 and 2023, were as follows:

	2024	2023
Unrestricted pledges from media fund drives	\$ 146,099.82	\$ 144,131.24
Allowances for uncollectible pledges	(36,276.54)	(32,874.12)
Underwriting receivable	9,455.80	13,075.09
Allowances for uncollectible underwriting	-	-
Total pledge & underwriting receivables	\$ 119,279.08	\$ 124,332.21

NOTE 9 – BENEFIT PLANS

Substantially all of the permanent employees of Public Radio East are included in the College Retirement Plan. The Plan is a cost sharing multiple employer defined benefit pension plan administered by the North Carolina State Treasurer. Benefit and contribution provisions for the Plan are established by North Carolina general statutes. For the years ended June 30, 2024 and 2023, Public Radio East contributed \$94,215.40 and \$81,744.51. to the Plan.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 10 – RISK MANAGEMENT

Public Radio East is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; and natural disasters. These exposures to loss are handled through Craven Community College via a combination of methods, including participation in various risk pools administered by the State of North Carolina, purchase of commercial insurance and self-retention of certain risks.

NOTE 11 – CHANGES IN FINANCIAL ACCOUNT AND REPORTING

For the fiscal year ended June 30, 2024, Public Radio East implemented the following pronouncement issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity, and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for each type of accounting change and error corrections, and requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information.

For the year ended June 30, 2024, Public Radio East implemented a change in the method of revenue recognition for grants received from the Harold H. Bate Foundation. This change follows a recommendation from Public Radio East's independent auditors and is in accordance with current GAAP and GASB guidance. This change resulted in a net position restatement, as detailed in Note 13.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 4, 2025, the date on which the financial statements were available to be issued.

NOTE 13 – NET POSITION RESTATEMENT

As of July 1, 2023, net position as previously reported was restated as follows:

	<u>Amount</u>
July 1, 2023 Net Position as Previously Reported	\$ 626,835.47
Restatements:	
Change in Revenue Recognition for Grants	<u>30,000.00</u>
July 1, 2023 Net Position as Restated	<u>\$ 656,835.47</u>