

**WCLK-FM RADIO**  
**(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)**

**AUDITED FINANCIAL STATEMENTS**  
**Together With Independent Auditor's Report**

**JUNE 30, 2020 and 2019**

**WCLK-FM RADIO**  
**(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2020 and 2019**

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**INDEPENDENT AUDITOR'S REPORT**

To the President and Board of Trustees of  
Clark Atlanta University

We have audited the accompanying financial statements of WCLK-FM RADIO (a Public Telecommunications Activity of Clark Atlanta University ("the Station")), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCLK-FM RADIO as of June 30, 2020 and 2019, 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.

*PJC Group, LLC*

Atlanta, Georgia  
January 11, 2021

**WCLK-FM RADIO**  
**(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 and 2019**

<b><u>ASSETS</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Current assets		
Due from other funds	\$ -	\$ 50,875
Total Current Assets	-	50,875
Property and equipment:		
Studio and other broadcast equipment	386,377	363,299
Furniture and fixtures	4,216	4,216
Office machines and equipment	14,260	14,260
Vehicle	71,231	71,231
Construction in progress	-	9,407
	476,085	462,414
Less Accumulated depreciation	(307,518)	(268,949)
Total Property and Equipment	168,567	193,465
<b>TOTAL ASSETS</b>	<b>\$ 168,567</b>	<b>\$ 244,340</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current liabilities		
Accounts payable	\$ 1,060	\$ 1,563
Accrued expenses	13,516	-
Total Current Liabilities	14,576	1,563
Net assets		
Without donor restrictions	153,960	229,115
With donor restrictions	31	13,662
Total Net Assets	153,991	242,777
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 168,567</b>	<b>\$ 244,340</b>

ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**WCLK-FM RADIO**  
**(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 TOTALS</u>
<b><u>REVENUE AND OTHER SUPPORT</u></b>			
General appropriation from Clark Atlanta University	\$ 269,853	\$ -	\$ 269,853
Donated facilities and indirect administrative support from Clark Atlanta University	576,850	-	576,850
Contributions, memberships and development activities	1,015,621	-	1,015,621
Grants	265,835	53,358	319,193
In-kind donations	121,500	-	121,500
Net assets released from restriction:			-
Satisfaction of program restrictions	66,989	(66,989)	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u><u>\$ 2,316,648</u></u>	<u><u>\$ (13,631)</u></u>	<u><u>\$ 2,303,017</u></u>
<b><u>EXPENSES</u></b>			
Program Services			
Local programming and production	659,421	-	659,421
Broadcasting	539,112	-	539,112
Program information and promotion	159,533	-	159,533
	<u>1,358,066</u>	<u>-</u>	<u>1,358,066</u>
Supporting Services			
Fundraising	381,014	-	381,014
Management and general	652,723	-	652,723
	<u>1,033,737</u>	<u>-</u>	<u>1,033,737</u>
<b>TOTAL EXPENSES</b>	<u>2,391,803</u>	<u>-</u>	<u>2,391,803</u>
Change in Net Assets	(75,155)	(13,631)	(88,786)
Net assets, beginning of year	<u>229,115</u>	<u>13,662</u>	<u>242,777</u>
Net assets, end of year	<u><u>\$ 153,960</u></u>	<u><u>\$ 31</u></u>	<u><u>\$ 153,991</u></u>

**ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS**

**WCLK-FM RADIO**  
**(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 TOTALS</u>
<b><u>REVENUE AND OTHER SUPPORT</u></b>			
General appropriation from Clark Atlanta University	\$ 351,255	\$ -	\$ 351,255
Donated facilities and indirect administrative support from Clark Atlanta University	413,553	-	413,553
Contributions, memberships and development activities	1,150,900	-	1,150,900
Grants	156,944	56,673	213,617
In-kind donations	26,000	-	26,000
Net assets released from restriction:			-
Satisfaction of program restrictions	58,768	(58,768)	-
	<u>58,768</u>	<u>(58,768)</u>	<u>-</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u><u>\$ 2,157,420</u></u>	<u><u>\$ (2,095)</u></u>	<u><u>\$ 2,155,325</u></u>
<b><u>EXPENSES</u></b>			
Program Services			
Local programming and production	585,190	-	585,190
Broadcasting	478,425	-	478,425
Program information and promotion	141,575	-	141,575
	<u>1,205,190</u>	<u>-</u>	<u>1,205,190</u>
Supporting Services			
Fundraising	338,124	-	338,124
Management and general	579,245	-	579,245
	<u>917,369</u>	<u>-</u>	<u>917,369</u>
<b>TOTAL EXPENSES</b>	<u>2,122,559</u>	<u>-</u>	<u>2,122,559</u>
Change in Net Assets	34,861	(2,095)	32,766
Net assets, beginning of year	194,254	15,757	210,011
Net assets, end of year	<u><u>\$ 229,115</u></u>	<u><u>\$ 13,662</u></u>	<u><u>\$ 242,777</u></u>

**ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS**

**WCLK-FM RADIO**  
**(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended JUNE 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (88,786)	\$ 32,766
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	38,569	36,125
Change in due from other funds	50,875	(50,875)
Change in accounts payable	(503)	1,563
Change in accrued expenses	13,516	(10,172)
Net cash provided by operating activities	<u>13,671</u>	<u>9,407</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(13,671)	-
Construction in progress	<u>-</u>	<u>(9,407)</u>
Net cash used by investing activities	<u>(13,671)</u>	<u>(9,407)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>CASH, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**WCLK-FM RADIO**  
**(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 and 2019**

**NOTE 1 – ORGANIZATION**

WCLK-FM RADIO (the Station), is a public telecommunications activity owned and operated by Clark Atlanta University, Atlanta, Georgia (The University).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

**FINANCIAL STATEMENT PRESENTATION**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- a) Net Assets Without Donor Restrictions – Net assets that are not subject to any donor-imposed restrictions.
- b) Net Assets With Donor Restrictions – Net assets that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary or permanent in nature that may or will be met, either by actions of the Organization and/or the passage of time.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

**PROPERTY AND EQUIPMENT**

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment is recorded at cost or in the case of donated property, at their estimated fair value determined at the date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the individual asset that range from five to 40 years.



**WCLK-FM RADIO**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 and 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**REVENUE RECOGNITION**

Revenues from sources other than contributions are reported as increases in net assets with donor restrictions. Unrestricted contributions, pledges, and grants are recognized as revenues in the statement of activities upon receipt. Other unrestricted revenues are recognized as earned either upon receipt or accrual. Expenditures of unrestricted funds are recognized as expenses when expended or upon incurrence of the related liability.

**CORPORATION FOR PUBLIC BROADCASTING GRANTS**

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) and National Program Production and Acquisition Grants (NPPAGs) to qualifying public telecommunication entities. CSGs and NPPAGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each grant must be expended over one or two federal fiscal years as described in the Communication Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communication Act, funds may be used at the discretion of recipients. The Station uses these funds for purposes relating to production and acquisition of programming. Also, the Grants may be used to sustain activities began with CPB grants awarded in prior years.

**CARES ACT FISCAL STABILIZATION FUNDS**

The CPB board of directors unanimously approved a distribution plan for the \$75 million of emergency stabilization funds for public media included in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was signed into law on March 27, 2020. Congress directed that the funds for public media be used to maintain programming and services and preserve the ability of small and rural public media stations to continue to provide essential information, educational content, and services to the American people.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 and 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The distribution plan was a consensus recommendation of the Advisory Group of public radio and television system representatives convened by CPB. The Advisory Group followed two primary principles in developing the funding formula: 1) to follow congressional intent on ensuring the preservation of small or rural stations, and 2) that the funding approach would be simple in its construct, impactful and easy to explain to interested audiences. The Advisory Group recommended splitting the \$75 million stabilization funds equally between television and radio grantees. The Station received \$112,136 in relief funds awarded to the University from the CPB and it is recognized in the statements of activities within the grant funds. The funds are to be used to sustain operations and services.

**INCOME TAXES**

The University qualifies as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal income taxes. The University believes more likely than not, that its tax exempt position will be sustained if examined by the authorities.

**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 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. Actual results could differ from those estimates.

**INDIRECT ADMINISTRATIVE SUPPORT**

A portion of the licensee's general overhead costs relate to and benefit the public broadcaster. Such items include administrations, utilities, maintenance and repair. These services were provided without cost and have been allocated to WCLK-FM. The fair values of these services are reported as revenue and expenses in the accompanying statement of activities.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 and 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**IN-KIND SUPPORT**

WCLK-FM from time to time receives services, equipment and materials without payment or compensation. When the value of such services is ascertainable, it is reflected in the accompanying financial statements as revenue and expense. All in-kind equipment is accounted for in accordance with the Financial Accounting Standards Board in its Accounting Standards Codification, "*Accounting for Contributions Received and Contributions Made*". Equipment and other non-cash donations are recorded as contributions at cost or estimated fair value determined at the date of the donation.

Additionally, WCLK-FM receives a significant amount of skilled, contributed time which does not meet the above criteria. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

**NEW ACCOUNTING POLICY**

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The ASU is effective for the Station in fiscal year 2020. The Station has adopted this guidance noting no material impact on the financial statements as of June 30, 2020.

**FUNCTIONAL EXPENSES**

There are two types of functional expenditures, program services and support services. The main difference between the two is that program services directly relate to the station's mission, such as delivering programs to listening audiences. Support services, on the other hand, do not directly relate to the station's mission. Support services include management and general activities that are indispensable to providing program services. Costs that are attributed to more than one program or supporting function have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied using a reasonable allocation method in accordance with the required classification by the Corporation for Public Broadcasting.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 and 2019**

**NOTE 3 – FUNCTIONAL EXPENSES**

The functional expenses as of June 30, 2020 and 2019 are as follows:

						<b>2020</b>
<b>Expense</b>	<b>Local Programming &amp; Production</b>	<b>Broadcasting</b>	<b>Program Information &amp; Promotion</b>	<b>Fundraising</b>	<b>Management &amp; General</b>	<b>Total</b>
Salaries and wages	\$ 212,910	174,065	51,509	123,020	210,747	772,251
Fringe benefits	56,621	46,290	13,698	32,716	56,046	205,370
Contractual services	55,547	45,413	13,438	32,095	54,983	201,476
Travel	3,860	3,156	934	2,231	3,821	14,003
Supplies	3,981	3,255	963	2,300	3,940	14,439
Repairs and maintenance	2,618	2,140	633	1,512	2,591	9,495
Other expenses	128,349	104,932	31,051	74,160	127,045	465,537
Communication costs	24,397	19,946	5,902	14,097	24,150	88,493
Printing and duplication	1,467	1,199	355	848	1,452	5,322
Depreciation	10,633	8,693	2,573	6,144	10,525	38,569
Indirect Costs	159,038	130,022	38,476	91,892	157,422	576,850
	<u>\$ 659,421</u>	<u>539,112</u>	<u>159,533</u>	<u>381,014</u>	<u>652,723</u>	<u>2,391,803</u>
						<b>2019</b>
<b>Expense</b>	<b>Local Programming &amp; Production</b>	<b>Broadcasting</b>	<b>Program Information &amp; Promotion</b>	<b>Fundraising</b>	<b>Management &amp; General</b>	<b>Total</b>
Salaries and wages	\$ 225,632	184,466	54,587	130,371	223,340	818,396
Fringe benefits	60,506	49,467	14,638	34,960	59,891	219,462
Contractual services	49,769	40,688	12,041	28,757	49,264	180,519
Travel	5,086	4,158	1,230	2,938	5,034	18,446
Supplies	702	574	170	405	695	2,546
Repairs and maintenance	50	41	12	30	50	183
Other expenses	96,178	78,631	23,268	55,572	95,201	348,850
Communication costs	21,411	17,505	5,180	12,371	21,194	77,661
Printing and duplication	1,880	1,537	455	1,086	1,861	6,819
Depreciation	9,960	8,143	2,410	5,755	9,859	36,127
Indirect Costs	114,016	93,215	27,584	65,879	112,859	413,553
	<u>\$ 585,190</u>	<u>478,425</u>	<u>141,575</u>	<u>338,124</u>	<u>579,245</u>	<u>2,122,559</u>

**WCLK-FM RADIO**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 and 2019**

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were released from restriction by incurring expenses satisfying the purpose specified by the grantor. Net assets with donor restrictions as of June 30, 2020 and 2019 of \$31 and \$13,662 respectively are available for subsequent year's activities as follows:

	<u>2020</u>	<u>2019</u>
FY2017 CSG Radio Grant	\$ -	\$ 6
FY2017 NPPAG Radio Grant	-	2,545
FY2019 NPPAG Radio Grant	<u>31</u>	<u>11,111</u>
Total	<u>\$ 31</u>	<u>\$ 13,662</u>

**NOTE 5 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Station's liquidity is supported by the grants, memberships and contributions received on behalf of the Station and the University's financial assets, which are sufficient to cover the liquidity needs of the Station. The Station actively manages its donor restriction resources to be used in a particular manner or in a future period. All general expenditures and operating expenses that are outside of donor responsibilities are part of the University's liquidity management.

The University's financial assets available within one year of the balance sheet date for general expenditures at June 30, 2020 and 2019, was \$38,241,895 and \$37,844,580, respectively.

**NOTE 6 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 11, 2021, which is the date the financial statements were available to be issued.