



**WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH
FOUNDATION, INC.)**

FINANCIAL REPORT

June 30, 2022



**WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)**

FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WVTF-FM Radio Station (a division of Virginia Tech Foundation, Inc.)
Roanoke, Virginia

Opinion

We have audited the accompanying financial statements of WVTF-FM Radio Station (a division of Virginia Tech Foundation, Inc.), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WVTF-FM Radio Station (a division of Virginia Tech Foundation, Inc.) as of June 30, 2022 and 2021, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station 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 the Station's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. 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, 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 Station'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 Station'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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Christiansburg, Virginia
January 13, 2023

WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 3,661,622	\$ 3,842,022
Restricted cash	<u>277,175</u>	<u>269,561</u>
Total cash	3,938,797	4,111,583
Underwriting and other receivables	132,318	131,652
Prepaid expenses	178,308	166,887
Contributions receivable (Note 2)	466,553	558,986
Compact discs	151,209	139,386
Investments (Note 3)	3,050,837	3,320,807
Property and equipment, net (Note 5)	2,898,340	2,629,567
Intangible assets, net of amortization of \$78,949 and \$69,951 at June 30, 2022 and 2021, respectively (Note 6)	<u>1,924,587</u>	<u>1,933,585</u>
Total assets	<u><u>\$ 12,740,949</u></u>	<u><u>\$ 12,992,453</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 385,987	\$ 481,830
Deferred revenue	110,122	127,750
Lease liabilities (Note 15)	156,947	148,778
Note payable (Note 7)	-	363,042
Bonds payable (Note 7)	<u>2,171,080</u>	<u>2,415,179</u>
Total liabilities	<u>2,824,136</u>	<u>3,536,579</u>
NET ASSETS (Note 8)		
Without donor restrictions	7,702,784	7,068,465
With donor restrictions	<u>2,214,029</u>	<u>2,387,409</u>
Total net assets	<u>9,916,813</u>	<u>9,455,874</u>
Total liabilities and net assets	<u><u>\$ 12,740,949</u></u>	<u><u>\$ 12,992,453</u></u>

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

WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND NET GAINS			
Contributions	\$ 2,772,652	\$ 156,600	\$ 2,929,252
Contributions of nonfinancial assets (Note 12)	341,031	-	341,031
Corporate underwritings (Note 11)	895,499	-	895,499
Investment income	4,727	7,267	11,994
Rental income (Note 15)	113,487	-	113,487
Net gain (loss) on investments	(63,773)	(111,912)	(175,685)
Grants and contracts (Note 13)	195,710	101,553	297,263
Contribution from Virginia Tech Foundation, Inc.	197,153	-	197,153
Other income	8,431	42	8,473
Net assets released from restrictions (Note 8)	326,930	(326,930)	-
	<u>4,791,847</u>	<u>(173,380)</u>	<u>4,618,467</u>
EXPENSES			
Program services			
Programming and production	1,559,002	-	1,559,002
Broadcasting	639,203	-	639,203
	<u>2,198,205</u>	<u>-</u>	<u>2,198,205</u>
Supporting services			
Management and general	1,432,819	-	1,432,819
Fundraising	610,983	-	610,983
Underwriting and grant solicitation	278,563	-	278,563
	<u>2,322,365</u>	<u>-</u>	<u>2,322,365</u>
Total expenses (Note 16)	<u>4,520,570</u>	<u>-</u>	<u>4,520,570</u>
Gain on extinguishment of debt (Note 7)	363,042	-	363,042
CHANGE IN NET ASSETS	634,319	(173,380)	460,939
NET ASSETS			
Beginning	7,068,465	2,387,409	9,455,874
Ending	<u>\$ 7,702,784</u>	<u>\$ 2,214,029</u>	<u>\$ 9,916,813</u>

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

WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND NET GAINS			
Contributions	\$ 3,089,156	\$ 101,916	\$ 3,191,072
Contributions of nonfinancial assets (Note 12)	317,633	-	317,633
Corporate underwritings (Note 11)	834,680	-	834,680
Investment income	8,794	1,104	9,898
Rental income (Note 15)	107,340	-	107,340
Net gain (loss) on investments	238,342	418,106	656,448
Grants and contracts (Note 13)	357,627	91,910	449,537
Contribution from Virginia Tech Foundation, Inc.	188,972	-	188,972
Other income	1,268	45	1,313
Net assets released from restrictions (Note 8)	216,297	(216,297)	-
	<u>5,360,109</u>	<u>396,784</u>	<u>5,756,893</u>
EXPENSES			
Program services			
Programming and production	1,512,030	-	1,512,030
Broadcasting	679,375	-	679,375
	<u>2,191,405</u>	<u>-</u>	<u>2,191,405</u>
Supporting services			
Management and general	1,292,647	-	1,292,647
Fundraising	640,775	-	640,775
Underwriting and grant solicitation	258,110	-	258,110
	<u>2,191,532</u>	<u>-</u>	<u>2,191,532</u>
Total expenses (Note 16)	<u>4,382,937</u>	<u>-</u>	<u>4,382,937</u>
Gain on extinguishment of debt (Note 7)	-	-	-
CHANGE IN NET ASSETS	977,172	396,784	1,373,956
NET ASSETS			
Beginning	6,091,293	1,990,625	8,081,918
Ending	<u>\$ 7,068,465</u>	<u>\$ 2,387,409</u>	<u>\$ 9,455,874</u>

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

WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 460,939	\$ 1,373,956
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	152,436	162,208
Net loss (gain) on investments	175,685	(656,448)
Noncash rent expense	93,114	-
Gain on extinguishment of debt	(363,042)	-
(Increase) decrease in:		
Underwriting and other receivables	(666)	(63,080)
Prepaid expenses	(11,421)	(32,018)
Contributions receivable	92,433	(97,914)
Compact discs	(11,823)	(63)
Increase (decrease) in:		
Accounts payable and accrued expenses	(62,536)	172,602
Deferred revenue	(17,628)	1,125
Lease liability	(89,977)	-
Net cash provided by operating activities	<u>417,514</u>	<u>860,368</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(459,585)	(247,515)
Proceeds from sale of investments	<u>94,285</u>	<u>130,040</u>
Net cash used in investing activities	<u>(365,300)</u>	<u>(117,475)</u>
FINANCING ACTIVITIES		
Proceeds from borrowings on notes payable	-	363,042
Bond principal payments	<u>(225,000)</u>	<u>(196,495)</u>
Net cash provided by (used in) financing activities	<u>(225,000)</u>	<u>166,547</u>
Increase (decrease) in cash and restricted cash	(172,786)	909,440
CASH AND RESTRICTED CASH		
Beginning	<u>4,111,583</u>	<u>3,202,143</u>
Ending	<u>\$ 3,938,797</u>	<u>\$ 4,111,583</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Cash payments for interest	<u>\$ 94,746</u>	<u>\$ 97,202</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Establishment of right-of-use assets	<u>\$ 98,146</u>	<u>\$ 242,522</u>
Establishment of lease liabilities	<u>\$ 98,146</u>	<u>\$ 242,522</u>
Purchases of property and equipment included in accounts payable and accrued expenses	<u>\$ 33,307</u>	<u>\$ -</u>

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

**WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 1. Description of Business and Summary of Significant Accounting Policies

Description of business

WVTF-FM Radio Station (the “Station”), a division of the Virginia Tech Foundation, Inc. (the “Foundation”), is an institutionally licensed public radio station serving listeners in Central and Western Virginia. It is regulated by the Federal Communication Commission (FCC) and its license and supervisory responsibilities reside with the Executive Committee of the Virginia Tech Foundation, Inc.’s Board of Directors (the “Board”). The Station’s broadcasting programs include regional and national news coverage, jazz and classical music, and a reading service for the visually impaired. Listener contributions, corporate underwritings, and grants provide the majority of support for the Station’s operations.

Basis of financial statement presentation

The financial statements of the Station have been prepared on the accrual basis of accounting and in accordance with the provisions of accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit organizations. The accompanying financial statements present information regarding the Station’s financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two classes as follows:

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions. These net assets may be designated for specific purposes by action of the Board or may otherwise be limited by contractual agreements with outside parties. Board-designated endowment funds are not subject to donor restrictions and are included in net assets without donor restrictions. Revenues, gains, and losses that are not net assets with donor restrictions are included in this classification. Expenses are reported as decreases in this classification.

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled by action of the Station pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported on the statements of activities and changes in net assets as net assets released from restrictions.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

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WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Description of Business and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents and restricted cash

The Station considers all highly liquid investments with a maturity of three months or fewer when purchased to be cash equivalents. As of June 30, 2022 and 2021, the Station had no cash equivalents. Cash restricted for new construction or equipment has been separately presented on the statements of financial position as restricted cash. During the year, the Station's bank deposits may exceed federal insured limits; however, the Station has not experienced losses in such accounts and does not believe it is exposed to any significant risk.

Underwriting and other receivables

Underwriting and other receivables are stated at the amount management expects to collect on outstanding balances and do not bear interest. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. There was no valuation allowance as of June 30, 2022 and 2021.

Compact discs

Compact discs are valued at cost at the date of purchase or fair value at the date of the gift, if donated.

Investments

Investments carried at fair value were invested by the Foundation on behalf of the Station and are held and managed by the Foundation. As of June 30, 2022 and 2021, the funds were invested in a diversified portfolio of marketable equity and fixed income securities as well as limited marketability investments including private equities, absolute return investments, and real estate. In accordance with fair value guidance, net asset value (NAV) is used as a practical expedient to estimate the fair value of this portfolio. The Foundation reviews and evaluates the NAV provided by investment managers and agrees with the valuation assumptions and methods used in determining NAV. The carrying value of investments fluctuates with the financial markets and, as a result, the value of such investments may have declined from year end values and that decline could be material.

Property and equipment

Property and equipment are stated at cost at the date of acquisition or fair value at the date of the gift, if contributed, less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of buildings and building improvements (7 – 40 years), furniture and equipment (5 – 15 years), and automobiles (5 years). Amortization of leasehold improvements is calculated using either the estimated useful lives of the assets or the lease term, whichever is shorter.

(Continued)

**WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 1. Description of Business and Summary of Significant Accounting Policies (Continued)

Long-lived assets

Long-lived assets, such as property and equipment and intangible assets, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Station first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the years ended June 30, 2022 and 2021.

Bond issuance/placement costs

Bond issuance/placement costs are generally deferred and amortized using the straight-line method over the life of the bond. Bond issuance/placement costs are presented on the statements of financial position as a direct deduction from the carrying amount of the debt liability.

Deferred revenue

Deferred revenue consists of prepaid corporate underwriting contracts not earned as of year end.

Statements of activities

Revenues, expenses, gains, and losses are classified as increases or decreases in net assets without donor restrictions or net assets with donor restrictions based on the existence or absence of donor-imposed restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Realized and unrealized gains and losses on investments as well as dividends, interest, and other investment income are reported as follows:

- Increases or decreases in net assets with donor restrictions if donor stipulations of the assets received require that they be added to the principal of an endowment fund to be held in perpetuity, if the donor stipulations of the assets received impose restrictions on the use of the income, or as required by law; or
- Increases or decreases in net assets without donor restrictions in all other cases.

Contributions

Contributions of cash and other assets, including unconditional promises to give or contributions receivable, are recognized as contribution revenue without donor restrictions or with donor restrictions depending on the existence or nature of any donor stipulations. Contributions designated for future periods or restricted by the donor for a specific purpose are reported as contributions with donor restrictions.

(Continued)

WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Description of Business and Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

Contributions of assets other than cash are recorded at their estimated fair values. Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported as revenues with donor restrictions and such restrictions are considered to be released at the time the long-lived assets are placed in service.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues with donor restrictions and are reclassified to net assets without donor restrictions to reflect the expiration of such restrictions.

Unconditional promises to give that are expected to be collected in future years are recorded at fair value (pursuant to the Fair Value Option included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*), which is determined by discounting the estimated future cash flows at rates that reflect, among other things, market interest rates and the contributors' overall credit standing. The discounts on those amounts are computed using estimated discount rates at the measurement date applicable to the years in which the promises to give are expected to be received.

Conditional promises to give are not recognized until they become unconditional, i.e., when the conditions on which they depend are substantially met.

Revenue recognition

The Station recognizes revenue from corporate underwriting contracts as performance obligations are satisfied, as indicated by the transfer of services to customers. Revenue is recognized in an amount equal to the consideration the Station receives or expects to receive. The Station does not have any significant financing components, as payment is received at the time services are provided or shortly thereafter. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than one year.

Credit risk concentrations

Financial instruments that potentially subject the Station to concentrations of credit risk consist principally of cash and investment securities. The Station places its temporary cash investments with high-credit, quality financial institutions. Concentration of credit risk for investment securities is limited by the Foundation's policy of diversification of investments.

Income taxes

As a division of the Foundation, the Station qualifies for income tax exemption under Section 501(c)(3) of the *Internal Revenue Code* as long as the exemption remains in effect.

(Continued)

WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Description of Business and Summary of Significant Accounting Policies (Continued)

Functional allocation of expenses

The costs of providing the Station's various programs and supporting services have been summarized on a functional basis on the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation and interest, which are recorded by individual project or asset and assigned to a program or support function based on the project's purpose or use of the asset. Salaries and benefits are also allocated based on estimates of time and effort.

Fair value measurements

The Station uses guidance contained within the provisions of FASB ASC *Topic 820, Fair Value Measurement* for fair value measurements of financial assets and financial liabilities that are recognized at fair value on the financial statements. ASC *Topic 820* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Cash and Restricted Cash, Underwriting and Other Receivables, and Accounts Payable and Accrued Expenses

The carrying amount approximates fair value because of the short maturity of these instruments.

Contributions Receivable

Fair value is determined by discounting the estimated future cash flows at rates that reflect, among other things, market interest rates and the contributors' overall credit standing (Note 2).

Investments

Fair value is determined using NAV as a practical expedient to estimate fair value (Note 4).

ASC *Topic 820* also establishes a framework for measuring fair value and expands disclosures about fair value measurements, which are included in Note 4.

Reclassifications

Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation.

Accounting pronouncements adopted in the current year

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which introduces new guidance for the presentation and disclosure of nonfinancial asset contributions. ASU 2020-07 requires the presentation of contributed nonfinancial assets as a separate line item on the statement of activities and changes in net assets. The new guidance also requires the disclosure of contributed nonfinancial assets by type, whether those assets were utilized during the reporting period, and a description of any donor-imposed restrictions associated with the contributed nonfinancial assets. Disclosure of the Station's valuation techniques and inputs used to arrive at fair value are also necessary. The Station adopted the provisions of ASU 2020-07 effective July 1, 2021.

(Continued)

WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Description of Business and Summary of Significant Accounting Policies (Continued)

Future accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which introduces new guidance for the accounting for expected credit losses on financial instruments measured at amortized cost at the end of each reporting period rather than recognizing the credit losses when it is probable that the loss has been incurred in accordance with current guidance. ASU 2016-13 requires the measurement of all expected credit losses for financial assets based on historical experience, current conditions, and reasonable supportable forecasts. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. The Station is currently assessing the impact that ASU 2016-13 will have on its financial statements and disclosures.

Note 2. Contributions Receivable

Contributions receivable consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Pledges	\$ 453,975	\$ 545,646
Charitable remainder unitrust held by others	12,578	13,340
	<u>\$ 466,553</u>	<u>\$ 558,986</u>
Expected to be collected in		
Less than one year	\$ 498,364	\$ 564,786
Greater than one year	13,210	13,055
	511,574	577,841
Discount to reduce estimated future cash flows to fair value and allowance for uncollectible contributions receivable	<u>(45,021)</u>	<u>(18,855)</u>
Contributions receivable, measured at fair value	<u>\$ 466,553</u>	<u>\$ 558,986</u>

The discount rates used on long-term contributions receivable ranged from 2.10% to 4.70% at June 30, 2022 and .14% to 2.05% at June 30, 2021. As of June 30, 2022 and 2021, there were no conditional promises to give.

Note 3. Investments

Investments consisted of the following at June 30:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Investments held by				
Virginia Tech Foundation, Inc.	<u>\$ 2,667,569</u>	<u>\$ 3,050,837</u>	<u>\$ 2,592,226</u>	<u>\$ 3,320,807</u>

Total management and administrative fees that were netted against investment income (loss) on the statements of activities and changes in net assets amounted to \$44,535 and \$38,743 for the years ended June 30, 2022 and 2021, respectively.

(Continued)

WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 4. Fair Value Measurements

ASC *Topic 820* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 inputs are inputs for similar assets and liabilities in active markets that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair values of assets measured on a recurring basis at June 30 were as follows:

	Fair Value at June 30, 2022	Fair Value Measurements at Report Date Using			
		Level 1	Level 2	Level 3	NAV*
Assets:					
Contributions receivable	\$ 466,553	\$ -	\$ -	\$ 466,553	\$ -
Investments	3,050,837	-	-	-	3,050,837
Total	<u>\$ 3,517,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 466,553</u>	<u>\$ 3,050,837</u>

(Continued)

WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 4. Fair Value Measurements (Continued)

	Fair Value at June 30, 2021	Fair Value Measurements at Report Date Using			
		Level 1	Level 2	Level 3	NAV*
Assets:					
Contributions receivable	\$ 558,986	\$ -	\$ -	\$ 558,986	\$ -
Investments	3,320,807	-	-	-	3,320,807
Total	<u>\$ 3,879,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 558,986</u>	<u>\$ 3,320,807</u>

*Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the financial statements.

The following table presents the Station's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in FASB ASC 820 for the years ended June 30, 2022 and 2021:

	Contributions Receivable
Balance at June 30, 2020	\$ 461,072
Contributions	3,007,979
Collections	<u>(2,910,065)</u>
Balance at June 30, 2021	558,986
Contributions	2,874,539
Collections	<u>(2,966,972)</u>
Balance at June 30, 2022	<u>\$ 466,553</u>

Investments held by the Foundation are pooled with other organizations' funds and invested in a diversified portfolio of marketable equity and fixed income securities as well as limited marketability investments including private equities, absolute return investments, and real estate. The Foundation allows a partial or full redemption of the investments on a quarterly basis. The Station's ownership in such investments is represented by an undivided interest in an investment portfolio managed by the Foundation, not in the underlying assets themselves. As such, NAV is used as a practical expedient to estimate fair value of this investment portfolio.

(Continued)

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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Property and Equipment, net

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Buildings and building improvements	\$ 2,796,160	\$ 2,796,160
Furniture and equipment	3,571,813	3,418,367
Automobiles	66,791	66,791
Leasehold improvements	243,092	243,092
	<u>6,677,856</u>	<u>6,524,410</u>
Less accumulated depreciation	<u>(4,902,808)</u>	<u>(4,745,723)</u>
Net depreciable assets	1,775,048	1,778,687
Land	469,764	469,764
Vintage painting	12,000	12,000
Construction in progress	488,711	221,331
Right-of-use lease asset	152,817	147,785
	<u><u>\$ 2,898,340</u></u>	<u><u>\$ 2,629,567</u></u>

Depreciation expense recorded in fiscal years 2022 and 2021 totaled \$157,085 and \$151,558, respectively.

Note 6. Intangible Assets

In August 2009, the Station purchased a translator license for \$55,000; the license is being amortized over 15 years. Amortization expense for the years ended June 30, 2022 and 2021 was \$3,667. In June 2016, the Station purchased 50% of new Wide Orbit software for \$12,050, and in October 2017 additional software was purchased for \$67,910. The software is being amortized over 15 years. Amortization expense related to the Wide Orbit software for the years ended June 30, 2022 and 2021 was \$5,331.

The future amortization expense is as follows:

Year ending June 30,	
2023	\$ 8,998
2024	8,954
2025	5,331
2026	5,331
2027	5,331
Thereafter	<u>22,067</u>
	<u><u>\$ 56,012</u></u>

In January 2020, the Station purchased an FCC license for \$1,868,575. At the acquisition date, the license was deemed to have an indefinite useful life and therefore, the license will not be amortized unless its useful life is deemed to no longer be indefinite. For the years ended June 30, 2022 and 2021, no amortization expense was recognized, as the useful life of the FCC license was determined to be indefinite. The Station also completes an annual impairment review and no impairment charge was considered necessary for the years ended June 30, 2022 and 2021.

(Continued)

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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Notes and Bonds Payable

Bonds payable

The Foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Revenue Bonds (Series 2019A) and Taxable Revenue and Refunding Bonds (Series 2019B) dated November 5, 2019. Proceeds will be used to finance costs related to the acquisition, construction, and equipping of certain facilities, funding capitalized interest, refinancing all or a portion of the outstanding Series 2010B and Series 2011B bonds, and paying certain costs of issuance. A portion of these bonds were issued on behalf of the Station to finance costs related to the acquisition of property, equipment, and a FCC license. While the Station is not legally obligated to pay the bonds itself, it has an agreement to pay the Foundation, which in turn pays the bond holders. The Station's portion of the Series 2019A and 2019B bonds, which bear a weighted average fixed interest rate of 2.54% and 3.06%, respectively, have annual serial and sinking fund maturities beginning June 1, 2022 and concluding June 1, 2029, in varying amounts. At June 30, 2022 and 2021, unspent bond proceeds of \$-0- and \$434, respectively, were included in the Station's restricted cash. The Station incurred bond issuance costs of \$13,741 and \$2,146 in connection with the Series 2019A and 2019B bonds, respectively. Total amortization expense for the years ended June 30, 2022 and 2021 was \$2,091 and \$1,643, respectively.

Principal amounts outstanding for bonds payable were as follows at June 30:

	<u>2022</u>	<u>2021</u>
Bond series		
Series 2019A	\$ 1,670,000	\$ 1,870,000
Series 2019B	185,000	210,000
Unamortized premium on Series 2019A	328,705	349,895
Unamortized bond issuance costs	<u>(12,625)</u>	<u>(14,716)</u>
Total	<u>\$ 2,171,080</u>	<u>\$ 2,415,179</u>

The future maturities of bonds payable are as follows:

Year ending June 30,	
2023	\$ 262,189
2024	280,911
2025	262,496
2026	311,620
2027	330,564
Thereafter	<u>735,925</u>
	<u>\$ 2,183,705</u>

Total interest expense for the years ended June 30, 2022 and 2021 was \$72,682 and \$97,202, respectively.

(Continued)

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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Notes and Bonds Payable (Continued)

Notes payable

As part of the extended federal COVID-19 relief Paycheck Protection Program (PPP) administered by the SBA, the Station applied for and received a PPP loan on March 30, 2021 for \$363,042. Loan proceeds may only be used for payroll costs, interest on covered mortgage obligations, covered rent obligations, covered utility payments, worker protection costs related to COVID-19, and certain supplier costs and operating expenses incurred during the 24 week period after the loan disbursement date. The notes bears interest at 1% with principal and interest payments deferred for 10 months following the 24 week covered period. Under the terms of the PPP, certain amounts may be forgiven if proceeds are used for qualifying expenses. The amount received is recognized in the statements of financial position as note payable at June 30, 2021. Full forgiveness of the PPP loan was granted in September 2021 and the loan forgiveness is reflected in the statement of activities as gain on extinguishment of debt for the year ended June 30, 2022.

Note 8. Net Assets

Net assets as of June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Without donor restrictions:		
Board-designated endowment funds	\$ 1,097,703	\$ 1,205,710
Investment in property and equipment, net of debt	2,595,835	2,082,742
Maintenance and repair	542,652	642,637
Amounts to be used for future operations	<u>3,466,594</u>	<u>3,137,376</u>
Total net assets without donor restrictions	<u>7,702,784</u>	<u>7,068,465</u>
With donor restrictions:		
Subject to expenditure for specific purposes and time:		
Property and equipment and general operations	1,087,947	1,284,828
Charitable remainder unitrust held by others	9,368	9,326
Internet services and legislative fees	<u>28,990</u>	<u>33,235</u>
	<u>1,126,305</u>	<u>1,327,389</u>
Permanent endowment fund	1,084,514	1,056,965
Charitable remainder unitrust held by others	<u>3,210</u>	<u>3,055</u>
	<u>1,087,724</u>	<u>1,060,020</u>
Total net assets with donor restrictions	<u>2,214,029</u>	<u>2,387,409</u>
Total net assets	<u><u>\$ 9,916,813</u></u>	<u><u>\$ 9,455,874</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors. Total net assets released or reclassified were \$326,930 and \$216,297 for the years ended June 30, 2022 and 2021, respectively.

(Continued)

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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Availability and Liquidity

The following represents the Station's financial assets at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 3,661,622	\$ 3,842,022
Underwriting and other receivables	132,318	131,652
Contributions receivable, net	466,553	558,986
Investments	<u>3,050,837</u>	<u>3,320,807</u>
 Total financial assets	 <u>7,311,330</u>	 <u>7,853,467</u>
 Less amounts not available to be used within one year:		
Endowment net assets, excluding Board-designated endowment funds of \$1,097,703 and \$1,205,710 at June 30, 2022 and 2021, respectively	(1,953,134)	(2,115,097)
Contributions receivable collectible beyond one year	<u>(13,210)</u>	<u>(13,055)</u>
	<u>(1,966,344)</u>	<u>(2,128,152)</u>
 Financial assets available to meet general expenditures over the next fiscal year	 <u>\$ 5,344,986</u>	 <u>\$ 5,725,315</u>

The Station has ample liquidity, with financial assets available totaling \$5,344,986, which exceeds annual operating expenses for the years ended June 30, 2022 and 2021 and estimated operating expenses for the next fiscal year. To manage liquidity needs, the Station structures its financial assets to be available for its general expenditures and liabilities coming due within one year. The Station receives cash flow from donor contributions, corporate underwriting contracts, and grants and contracts to fund its programs and activities. The Station's liquid assets primarily include cash as well as investments, which are invested, held, and managed by the Foundation. The Foundation allows a partial or full redemption of the investments on a quarterly basis.

Note 10. Endowment

The Station's endowment consists of various funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. At June 30, 2022 and 2021, all income generated from permanent endowment funds was not restricted by donors and can be used at the discretion of management for the general operations of the Station.

(Continued)

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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. Endowment (Continued)

Interpretation of relevant law

The Station has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as the prudent preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Station classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable, at the time the accumulation is added to the fund.

Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted “true” endowment funds, which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

In accordance with UPMIFA, the Station considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the Station and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Station.
- 7) The investment policies of the Foundation.

Endowment net assets consisted of the following at June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,953,134	\$ 1,953,134
Board-designated endowment funds	1,097,703	-	1,097,703
	<u>\$ 1,097,703</u>	<u>\$ 1,953,134</u>	<u>\$ 3,050,837</u>

Endowment net assets consisted of the following at June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,115,097	\$ 2,115,097
Board-designated endowment funds	1,205,710	-	1,205,710
	<u>\$ 1,205,710</u>	<u>\$ 2,115,097</u>	<u>\$ 3,320,807</u>

(Continued)

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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. Endowment (Continued)

Changes in endowment net assets for the year ended June 30, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	\$ 1,205,710	\$ 2,115,097	\$ 3,320,807
Investment return:			
Investment income	4,142	7,268	11,410
Net depreciation	(63,773)	(111,912)	(175,685)
Total investment loss	(59,631)	(104,644)	(164,275)
Contributions	-	27,549	27,549
Appropriation of endowment assets for expenditure	(48,376)	(84,868)	(133,244)
Endowment net assets, June 30, 2022	<u>\$ 1,097,703</u>	<u>\$ 1,953,134</u>	<u>\$ 3,050,837</u>

Changes in endowment net assets for the year ended June 30, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	\$ 1,014,582	\$ 1,779,817	\$ 2,794,399
Investment return:			
Investment income	1,327	2,326	3,653
Net appreciation	238,342	418,106	656,448
Total investment return	239,669	420,432	660,101
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(48,541)	(85,152)	(133,693)
Endowment net assets, June 30, 2021	<u>\$ 1,205,710</u>	<u>\$ 2,115,097</u>	<u>\$ 3,320,807</u>

(Continued)

WVTF-FM RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. Endowment (Continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Station to retain as a fund of perpetual duration. Deficiencies of this nature are to be reported in net assets with donor restrictions. These deficiencies result from unfavorable market fluctuations that occur shortly after the investment of new donor-restricted contributions and continued appropriation for certain programs that are deemed prudent by the Board. No deficiencies existed as of June 30, 2022 and 2021.

Return objectives and risk parameters

The Station has adopted a spending and investment policy for endowment assets that attempts to provide a stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The majority of endowment assets include those assets of donor-restricted funds that must be held in perpetuity or for a donor-specified period, as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a reasonable rate of return while assuming a moderate level of investment risk. The Station expects its endowment funds, over time, to grow by inflation as measured by the Consumer Price Index (CPI). Real growth in any given year may vary.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Station relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Station targets a diversified asset allocation that places a greater emphasis on investments in long-term growth, inflation protection, deflation protection, and liquidity strategies in a balanced portfolio to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

In an effort to maintain the endowment's purchasing power, the payout rate for program support is adjusted annually to reflect the change in the CPI over the preceding calendar year. A 12-quarter average of endowment values is used to smooth out the unit values when determining if program spending falls within the current year approved range of 3.00% – 4.40%. Without this moving average, the beneficiaries of the endowments would be vulnerable to increased volatility in the capital markets. In establishing the spending policy, the Station considered the expected return on its endowment. Accordingly, the Station expects the current spending and investment policy to allow its endowment to maintain its purchasing power over time, by growing at a rate equal to inflation plus programmatic spending and related endowment management and administrative fees. Additional growth is anticipated through new gifts and excess investment returns.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Corporate Underwritings

The Station's revenues primarily include contributions, corporate underwritings, rental income, and grants and contracts. Corporate underwritings are in the scope of ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and are generated from contracts with businesses and organizations in which the Station provides on-air announcements over a specific period of time in return for a fee. The Station's corporate underwriting revenues of \$895,499 and \$834,680 for the years ended June 30, 2022 and 2021, respectively, have performance obligations that are satisfied over time. As a result, control transfers to the customer and the Station recognizes revenue as on-air announcements are made. Corporate underwriting contracts are billed at a fixed price and revenue is recognized over time based on the proportion performed. This method is used because management considers services provided to be the best available measure of progress on contracts.

Contract liabilities include advance payments on corporate underwriting contracts and are reflected on the statements of financial position as deferred revenue. Contract receivables are reflected on the statements of financial position as underwriting and other receivables.

Contract assets and liabilities consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Underwriting and other receivable	\$ 81,430	\$ 77,388	\$ 49,088
Deferred revenue	110,122	127,750	126,625

Note 12. Related Party Transactions

Development and administration of the Station is performed by some employees of Virginia Polytechnic Institute and State University ("Virginia Tech"). The value of this contributed time is based on wages paid to the individuals plus an estimate of fringe benefits. Also, expenditures incurred by Virginia Tech that have benefitted the Station are allocated to the Station based on Station expenditures as a percentage of total applicable institution expenditures of instruction, research, and public service. The contributed time and expenditures are reflected on the accompanying statements of activities and changes in net assets as contributions and management and general expenses of \$341,031 and \$317,633 for the years ended June 30, 2022 and 2021, respectively.

During the years ended June 30, 2022 and 2021, the Foundation contributed \$197,153 and \$188,972, respectively, to the Station to be used for general operations.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 13. Grants and Contracts

Grants and contracts for the years ended June 30 were as follows:

	<u>2022</u>	<u>2021</u>
Without donor restrictions		
Community service grant	\$ 195,710	\$ 166,040
American Rescue Plan Act stabilization grant	-	191,587
	<u>195,710</u>	<u>357,627</u>
With donor restrictions		
Radio reading service (radio reading services for the sensory impaired)	30,591	30,591
Community service grant	70,962	61,319
	<u>101,553</u>	<u>91,910</u>
	<u>\$ 297,263</u>	<u>\$ 449,537</u>

Note 14. Employee Benefits

Retirement benefits for full-time salaried employees are provided by the Virginia Retirement System (VRS). VRS is a program established by the Commonwealth of Virginia to fund retirement benefits for various Commonwealth of Virginia political entities and agencies. Contributions made on behalf of radio station employees were \$114,452 and \$120,585 for the years ended June 30, 2022 and 2021, respectively. Data concerning the actuarial present value of accumulated plan benefits, vested and net assets available for benefits, that are relevant to the Station are not provided since such determinations are made on a VRS-wide basis.

Note 15. Leases

Operating leases – Station as lessor

The Station rents leasing transmitters, antennas, and tower sites under operating leases to unrelated third parties, which expire at various dates through June 30, 2026. For the years ended June 30, 2022 and 2021, the Station earned rental income of \$113,487 and \$107,340, respectively.

Future minimum lease payments receivable under these leases are as follows:

	<u>Total</u>
Year ending June 30,	
2023	\$ 114,985
2024	85,120
2025	67,052
2026	<u>14,771</u>
Total	<u>\$ 281,928</u>

(Continued)

WVTF-FM RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Leases (Continued)

Leases – Station as lessee

The Station leases transmitter sites under operating leases to unrelated third parties. The terms of these leases range from 1 to 9 years, expiring on various dates from September 30, 2022 to May 30, 2031. Annual payments under these agreements range from \$1 to \$25,040 and rent expense amounted to \$91,364 and \$95,597 for the years ended June 30, 2022 and 2021, respectively.

The Station's lease contracts may include options to extend or terminate the lease. The Station exercises judgment to determine the term of those leases when such options are present and include such options in the calculation of the lease term when it is reasonably certain that it will exercise those options.

The Station includes contract lease components in its determination of lease payments, while non-lease components of the contracts, such as taxes, insurance, and common area maintenance, are expensed as incurred. At commencement, right-of-use assets and lease liabilities are measured at the present value of future lease payments over the lease term. The Station uses its incremental borrowing rate based on information available at the time of lease commencement to measure the present value of future payments.

Operating lease expense is recognized on a straight-line basis over the lease term. Short-term leases with an initial term of 12 months or fewer are expensed as incurred. The Station's short-term leases have month-to-month terms.

At June 30, 2022 and 2021 operating right-of-use assets were \$152,817 and \$147,785, respectively, and are reflected on the statements of financial position as property and equipment. At June 30, 2022 and 2021 operating lease liabilities were \$156,947 and \$148,778, respectively, and are included on the statements of financial position as lease liabilities.

The weighted average remaining lease term was 37 months and the weighted average discount rate was 0.47% as of June 30, 2022.

The Station's future payments due under operating leases reconciled to the lease liability are as follows:

	<u>Total</u>
Year ending June 30,	
2023	\$ 73,966
2024	24,569
2025	25,159
2026	23,917
2027	<u>10,630</u>
Total undiscounted lease payments	158,241
Present value discount	<u>(1,294)</u>
Total lease liability	<u><u>\$ 156,947</u></u>

(Continued)

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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 16. Expenses by Natural Classification

	Program Services		Supporting Services			
	Programming and Production	Broadcasting	Management and General	Fundraising	Underwriting and Grant Solicitation	2022 Total
Expenses:						
Salaries	\$ 498,377	\$ 286,332	\$ 207,405	\$ 152,406	\$ 134,059	\$ 1,278,579
Employee benefits and payroll taxes	209,285	125,533	90,930	66,817	58,774	551,339
Depreciation and amortization	63,040	78,801	31,785	-	-	173,626
Occupancy	15,558	118,207	157,632	1,363	-	292,760
Repairs and maintenance	21	11,587	51,368	-	-	62,976
Supplies	272	3,366	62,765	128,937	-	195,340
Contract services	12,864	15,377	135,919	137,533	-	301,693
Information technology	2,073	-	6,328	14,536	-	22,937
Travel	-	-	10,905	-	-	10,905
Taxes	-	-	84	-	-	84
Legal fees	-	-	4,611	-	-	4,611
Interest	-	-	72,682	-	-	72,682
Property management	-	-	19,955	-	-	19,955
Service charges	-	-	156	41	-	197
Bad debt	-	-	25,432	-	-	25,432
Indirect support	-	-	341,031	-	-	341,031
Gift assessment fees	-	-	179,991	-	-	179,991
Underwriting in-kind	-	-	-	-	85,730	85,730
Public relations	-	-	3,225	109,350	-	112,575
Professional memberships	-	-	10,617	-	-	10,617
Miscellaneous	-	-	168	-	-	168
Audit fees	-	-	14,279	-	-	14,279
Broadcasting fees	757,512	-	620	-	-	758,132
Equipment rentals and purchases	-	-	4,931	-	-	4,931
Total expenses	<u>\$ 1,559,002</u>	<u>\$ 639,203</u>	<u>\$ 1,432,819</u>	<u>\$ 610,983</u>	<u>\$ 278,563</u>	<u>\$ 4,520,570</u>

(Continued)

WVTF-FM RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 16. Expenses by Natural Classification (Continued)

	Program Services		Supporting Services			
	Programming and Production	Broadcasting	Management and General	Fundraising	Underwriting and Grant Solicitation	2021 Total
Expenses:						
Salaries	\$ 469,772	\$ 294,527	\$ 205,751	\$ 132,093	\$ 125,238	\$ 1,227,381
Employee benefits and payroll taxes	207,150	137,746	96,227	61,778	58,572	561,473
Depreciation and amortization	59,582	77,081	30,920	-	-	167,583
Occupancy	15,068	127,865	144,007	-	-	286,940
Repairs and maintenance	-	26,230	54,434	-	-	80,664
Supplies	-	-	59,082	130,411	-	189,493
Contract services	65,976	3,300	21,394	176,063	-	266,733
Information technology	1,100	12,626	3,558	11,576	-	28,860
Travel	826	-	2,116	-	-	2,942
Taxes	-	-	589	-	-	589
Legal fees	-	-	3,476	-	-	3,476
Interest	-	-	96,602	-	-	96,602
Property management	-	-	22,501	-	-	22,501
Service charges	-	-	234	248	-	482
Bad debt	-	-	5,878	-	-	5,878
Indirect support	-	-	317,633	-	-	317,633
Gift assessment fees	-	-	192,868	-	-	192,868
Underwriting in-kind	-	-	-	-	74,300	74,300
Public relations	-	-	8,563	127,880	-	136,443
Professional memberships	-	-	8,875	60	-	8,935
Miscellaneous	119	-	714	666	-	1,499
Audit fees	-	-	11,265	-	-	11,265
Broadcasting fees	692,437	-	1,090	-	-	693,527
Equipment rentals and purchases	-	-	4,870	-	-	4,870
Total expenses	<u>\$ 1,512,030</u>	<u>\$ 679,375</u>	<u>\$ 1,292,647</u>	<u>\$ 640,775</u>	<u>\$ 258,110</u>	<u>\$ 4,382,937</u>

(Continued)

WVTF-FM RADIO STATION
(A DIVISION OF VIRGINIA TECH FOUNDATION, INC.)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 17. COVID-19 Outbreak

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closing of non-essential businesses. While the closings were temporary, there has been a change in the environment in how businesses and organizations operate along with the implementation of various safety protocols.

The Station received an allocation from the American Rescue Plan Act in the form of a stabilization grant distributed by the Corporation for Public Broadcasting (CPB) during the year ended June 30, 2021. The Station received \$191,587 of which a portion is for general operations and a portion is restricted in the same manner as the community service grant distributed by CPB. The American Rescue Plan Act stabilization grant is recorded on the statements of activities and changes in net assets as grants and contracts.

In an effort to mitigate the potential financial impact as a result of the COVID-19 outbreak, and in order to ensure its continued ability to pay employees, the Station applied for and received \$363,042 in March 2021 in loan assistance through the PPP administered by the SBA as part of the “CARES Act.” Full forgiveness of the loan was granted in September 2021 and is reflected in the statements of activities as gain on extinguishment of debt for the year ended June 30, 2022. Additional information regarding this loan is provided in Note 7.

Note 18. Subsequent Events

The Station has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2022 financial statements through January 13, 2023, the date the financial statements were available to be issued.