

**University of Alabama WUAL-FM
(A Nonprofit Organization)
Tuscaloosa, Alabama**

Financial Statements

September 30, 2022 and 2021

University of Alabama WUAL-FM
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September 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
University of Alabama WUAL-FM
Tuscaloosa, Alabama

Opinion

We have audited the accompanying financial statements of University of Alabama WUAL-FM (a nonprofit Organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Alabama WUAL-FM as of September 30, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 University of Alabama WUAL-FM 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 these 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 University of Alabama WUAL-FM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 University of Alabama WUAL-FM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about University of Alabama WUAL-FM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KASSOUF & CO., P.C.



Certified Public Accountants

February 24, 2023

University of Alabama WUAL-FM
Statements of Financial Position
September 30, 2022 and 2021

	Assets	
	2022	2021
Current Assets		
Cash and cash equivalents	\$ 516,971	\$ 483,527
Accounts receivable	69,145	96,975
Prepaid expenses	47,589	12,518
Total Current Assets	<u>633,705</u>	<u>593,020</u>
Long-Term Assets		
Property and equipment, net	117,460	113,662
Purchased broadcast rights	1,056,450	1,056,450
Total Long-Term Assets	<u>1,173,910</u>	<u>1,170,112</u>
Total Assets	<u><u>1,807,615</u></u>	<u><u>1,763,132</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	18,067	39,405
Related party note payable - current portion	46,953	44,301
Unearned revenue	39,317	31,469
Total Current Liabilities	<u>104,337</u>	<u>115,175</u>
Long-Term Liabilities		
Related party note payable - long-term portion	<u>761,572</u>	<u>808,524</u>
Total Liabilities	<u>865,909</u>	<u>923,699</u>
Net Assets		
Without donor restrictions	901,254	692,529
With donor restrictions	40,452	146,904
Total Net Assets	<u>941,706</u>	<u>839,433</u>
Total Liabilities and Net Assets	<u><u>\$ 1,807,615</u></u>	<u><u>\$ 1,763,132</u></u>

See accompanying notes.

University of Alabama WUAL-FM
Statements of Activities and Changes in Net Assets
For the Years Ended September 30, 2022 and 2021

	2022	2021
Changes in net assets without restrictions:		
Revenues and Other Additions		
General appropriation from University of Alabama	\$ 1,346,188	\$ 1,376,993
Donated facilities and administrative support	576,939	546,109
Underwriting	430,124	391,601
Membership	533,092	551,101
Grants from Corporation for Public Broadcasting	196,100	197,754
Other grants	8,300	6,000
Other income	1,984	2,263
Net assets released from restrictions	106,452	-
Total Revenue and Other Additions	<u>3,199,179</u>	<u>3,071,821</u>
Expenses		
Program Services		
Programming and production	1,050,361	927,619
Broadcasting	499,096	651,964
Program information and promotion	35	35
Total Program Services	<u>1,549,492</u>	<u>1,579,618</u>
Support Services		
Management and general	657,995	718,882
Fundraising and membership development	381,500	269,401
Underwriting	401,467	340,297
Total Supporting Services	<u>1,440,962</u>	<u>1,328,580</u>
Total Expenses	<u>2,990,454</u>	<u>2,908,198</u>
Other income (expense)		
Loss on disposal of fixed assets	<u>-</u>	<u>(5,018)</u>
Increase in net assets without donor restrictions	208,725	158,605
Changes in net assets with donor restrictions:		
Grants from Corporation for Public Broadcasting	-	146,904
Net assets released from restrictions	<u>(106,452)</u>	<u>-</u>
Change in Net Assets with Donor Restrictions	<u>(106,452)</u>	<u>146,904</u>
Increase in total net assets	102,273	305,509
Net assets at beginning of year	<u>839,433</u>	<u>533,924</u>
Net assets at end of year	<u><u>\$ 941,706</u></u>	<u><u>\$ 839,433</u></u>

See accompanying notes.

University of Alabama WUAL-FM
Statement of Functional Expenses
For the Year Ended September 30, 2022

	Program Services				Supporting Services			Grand Total	
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Underwriting		Total Supporting Services
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ 7,875	\$ 4,566	\$ 4,805	\$ 17,246	\$ 17,246
Equipment rentals	1,230	64,148	-	65,378	1,724	-	-	1,724	67,102
Facility rentals	-	-	-	-	263,454	152,745	160,740	576,939	576,939
Interest	-	46,111	-	46,111	1,238	718	755	2,711	48,822
Other	-	-	-	-	(775)	11,757	50	11,032	11,032
Printing, freight, and shipping	-	-	-	-	2,328	20,004	140	22,472	22,472
Professional services	375,377	46,955	-	422,332	46,402	34,927	24,694	106,023	528,355
Registration and dues	7,277	1,695	35	9,007	17,590	12,451	2,499	32,540	41,547
Repairs and maintenance	-	27,567	-	27,567	18,851	38,441	3,245	60,537	88,104
Salaries, wages, employee benefits	664,257	233,707	-	897,964	273,393	86,388	197,707	557,488	1,455,452
Supplies	-	11,849	-	11,849	2,284	4,483	-	6,767	18,616
Travel and meetings	2,220	119	-	2,339	8,199	2,111	6,832	17,142	19,481
Utilities	-	66,945	-	66,945	15,432	12,909	-	28,341	95,286
	\$ 1,050,361	\$ 499,096	\$ 35	\$ 1,549,492	\$ 657,995	\$ 381,500	\$ 401,467	\$ 1,440,962	\$ 2,990,454

See accompanying notes.

University of Alabama WUAL-FM
Statement of Functional Expenses
For the Year Ended September 30, 2021

	Program Services				Supporting Services			
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Underwriting	Total Supporting Services
Depreciation	\$ -	\$ -	\$ -	-	\$ 8,791	\$ 3,295	\$ 4,161	\$ 16,247
Equipment rentals	401	72,860	-	73,261	1,018	-	-	1,018
Facility rentals	-	-	-	-	295,494	110,737	139,878	546,109
Interest	-	48,621	-	48,621	1,467	549	694	2,710
Other	34	-	-	34	-	8,979	-	8,979
Printing, freight, and shipping	-	14	-	14	1,799	8,374	45	10,218
Professional services	296,359	92,612	-	388,971	11,106	43,276	25,532	79,914
Registration and dues	7,622	908	35	8,565	3,648	5,818	1,865	11,331
Repairs and maintenance	518	126,680	-	127,198	14,427	22,140	1,081	37,648
Salaries, wages, employee benefits	622,487	228,103	-	850,590	362,113	54,155	165,895	582,163
Supplies	47	10,459	-	10,506	2,550	1,419	-	3,969
Travel and meetings	151	141	-	292	587	767	1,146	2,500
Utilities	-	71,566	-	71,566	15,882	9,892	-	25,774
	\$ 927,619	\$ 651,964	\$ 35	\$ 1,579,618	\$ 718,882	\$ 269,401	\$ 340,297	\$ 1,328,580

See accompanying notes.

University of Alabama WUAL-FM
Statements of Cash Flows
For the Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	\$ 102,273	\$ 305,509
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	17,246	16,247
Amortization expense	2,712	2,712
Loss on disposal of fixed assets	-	5,018
(Increase) decrease in:		
Accounts receivable	27,830	(93,975)
Prepaid expense	(35,071)	(2,130)
Increase (decrease) in:		
Accounts payable	(21,338)	29,750
Unearned revenue	7,848	31,469
Net Cash Provided By Operating Activities	<u>101,500</u>	<u>294,600</u>
Cash Flows from Investing Activities		
Purchases of fixed assets	<u>(21,044)</u>	<u>(6,620)</u>
Net Cash Used In Investing Activities	<u>(21,044)</u>	<u>(6,620)</u>
Cash Flows from Financing Activities		
Repayment of related party note payable	<u>(47,012)</u>	<u>(44,502)</u>
Net Cash Used In Financial Activities	<u>(47,012)</u>	<u>(44,502)</u>
Net increase in cash and cash equivalents	33,444	243,478
Cash and cash equivalents - beginning of year	<u>483,527</u>	<u>240,049</u>
Cash and cash equivalents - end of year	<u>\$ 516,971</u>	<u>\$ 483,527</u>
Supplemental Cash Flows Information:		
Cash paid for interest	<u>\$ 46,111</u>	<u>\$ 48,619</u>

See accompanying notes.

University of Alabama WUAL-FM
Notes to Financial Statements
September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies

Nature of Activities

University of Alabama WUAL-FM (the Station) is a nonprofit, noncommercial radio station operated by the University of Alabama located in Tuscaloosa, Alabama. The broadcast signal is transmitted to several geographic markets in Alabama.

Basis of Accounting

The Station's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which they are incurred.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Station considers all highly liquid investments with a maturity period of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable primarily consists of amounts due from grantor agencies and amounts due from underwriting donors. Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Station provides for losses on accounts receivable using the allowance method. The Station determines the allowance based on historical write-off experience and donor specific information. It is the Station's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of September 30, 2022 and 2021, all accounts were deemed collectible by the Station; therefore, no allowance was necessary.

Contributions

Contributions are recognized when donors make promises to give to the Station that are, in substance, unconditional. Contributions are recorded as without donor restrictions or with donor restrictions support depending on the existence and/or nature of any donor restrictions.

Pledges

The Station engages in an annual membership campaign manifested by offering some special on-air and mail membership appeals.

University of Alabama WUAL-FM
Notes to Financial Statements – Continued
September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies – Continued

Pledges – Continued

These appeals encourage supporters, both individuals and Organizations, to provide financial contributions to the public broadcaster for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers. However, uncollected pledges are not enforceable against contributors and are not shown as assets on the statements of financial position. Contributions and collected pledges are components of the without restriction operating fund as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

Property and Equipment

Property and equipment is recorded at cost and depreciated using the straight-line method. The estimated useful lives of Station assets range from 5 to 40 years. Donated items are stated at the estimated fair market value at the date of receipt. Property and equipment purchased or contributed with a cost or value in excess of \$5,000 are capitalized. Maintenance, repairs, and minor renovations are charged to expense as incurred. When property and equipment is retired or otherwise disposed of, the related costs are removed from the respective accounts and any gain or loss on the disposition is recorded.

Purchased Broadcast Rights

Purchased broadcast rights were acquired through the purchase of WHIL-FM in Mobile, Alabama. The broadcast rights are considered an intangible asset with an indeterminable life. Management annually evaluates the broadcast rights for impairment. In management's opinion, there has been no impairment to the values of the purchased broadcast rights. See Note 4 for additional information.

Classification of Net Assets

The Station accounts for net assets according to two classes: without donor restrictions and with donor restrictions. The net assets without donor restrictions include assets available for unrestricted use including any assets that may be designated by the Station for a particular use. Net assets with donor restrictions consist of assets with donor stipulations that limit the use of the assets. When the restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions also consists of assets that donors have stipulated the original principal be invested in perpetuity.

University of Alabama WUAL-FM
Notes to Financial Statements – Continued
September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies – Continued

Recently Adopted Accounting Pronouncements

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*. The underlying principle of ASU 2020-07 is to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by Organizations, including how those assets are used and valued. The guidance requires the Station to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition, it requires additional disclosures including a disaggregation by category, and other qualitative information including any donor-imposed restrictions, and valuation techniques in accordance with the requirements in Topic 820, Fair Value Measurement. Organizations are required to recognize and measure nonfinancial assets at the beginning of the earliest period presented using a retrospective basis. The Station adopted ASU 2020-07 with a date of initial application of October 1, 2021. There were no changes to the Station’s statement of activities on a retrospective basis.

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The underlying principle of ASU 2016-02 is that lessees should recognize the assets and liabilities arising from leases in the statements of financial position. The guidance requires a lessee to recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous generally accepted accounting principles. There continues to be a differentiation between finance leases and operating leases.

However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statements of financial position. The guidance is currently effective for the Station for the year ending September 30, 2023, but with early adoption permitted. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Station is currently evaluating the impact of adopting this new guidance on its financial statements.

University of Alabama WUAL-FM
Notes to Financial Statements – Continued
September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies – Continued

Restricted Support

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. All other 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.

Gifts of Long-Lived Assets

The Station reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Station reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

In-Kind Contributions

The Station's policy related to in-kind support is to utilize the assets given to carry out the mission of the Station. If an asset is provided that does not allow the Station to utilize it in its normal course of business, the asset will be sold at its fair market value.

Donated facilities from the University of Alabama consist of office and studio space together with related occupancy costs and are recorded in revenue and expense at estimated fair rental values. Administrative support from the University of Alabama consists of allocated financial and student department costs and other expenses incurred by the University of Alabama on behalf of the Station. The total value provided for the years ending September 30, 2022 and 2021 was \$576,939 and \$546,109, respectively.

All in-kind support received by the Station for the years ended September 30, 2022 and 2021 were considered without donor restrictions and able to be used by the Station as determined by the board of directors and management.

University of Alabama WUAL-FM
Notes to Financial Statements – Continued
September 30, 2022 and 2021

Note 2. Property and Equipment

At September 30, 2022 and 2021, property and equipment consisted of the following:

	2022	2021
Land	\$ 15,603	\$ 15,603
Leasehold improvements	135,000	135,000
Furniture, fixtures, and equipment	630,128	609,085
Transmission building	111,396	111,396
Total property and equipment	<u>892,127</u>	<u>871,084</u>
Less accumulated depreciation	774,667	757,422
Net property and equipment	<u>\$ 117,460</u>	<u>\$ 113,662</u>

Depreciation expense was \$17,246 and \$16,247 for the years ended September 30, 2022 and 2021, respectively.

Note 3. Grants

Community Service 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) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications 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 Communications Act, funds may be used at the discretion of recipients. The Station uses these funds for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

University of Alabama WUAL-FM
Notes to Financial Statements – Continued
September 30, 2022 and 2021

Note 3. Grants – Continued

American Rescue Plan Act Stabilization Grant

In April 2021, the CPB Board of Directors approved a plan to distribute emergency stabilization funds for public media included in the American Rescue Plan Act (American Rescue Act). Congress directed the funds for public media be used to maintain programming and services and preserve small and rural stations threatened by declines in non-Federal revenues.

The amounts awarded under these CPB grants for the years ended September 30, 2022 and 2021 were as follows:

	2022	2021
CPB Community Service Grant	\$ 196,100	\$ 174,403
CPB American Rescue Plan Act	-	170,255
Total Grants from CPB	<u>\$ 196,100</u>	<u>\$ 344,658</u>

Other Grants

The Station is awarded grants from various Organizations related to multiple operational purposes. The amounts awarded under these grants for the years ended September 30, 2022 and 2021 were as follows:

	2022	2021
Alabama State Council of the Arts	\$ 8,300	\$ 6,000

Note 4. Purchase of Station and Related Long-Term Debt

In July 2011, the Station purchased WHIL-FM in Mobile, Alabama, an NPR programming station. As a result, WUAL, through the acquired broadcast rights, serves as the NPR provider for programming for the Mobile, Alabama region. The purchase price for WHIL-FM was \$1,100,000, of which \$1,056,450 was allocated to broadcast rights, an intangible asset with an indeterminable life and \$43,550 was allocated to equipment.

University of Alabama WUAL-FM
Notes to Financial Statements – Continued
September 30, 2022 and 2021

Note 4. Purchase of Station and Related Long-Term Debt – Continued

The Station incurred \$35,250 in fees related to obtaining the financing. The Station adopted authoritative GAAP guidance for the presentation of debt issuance costs and related amortization. Debt issuance costs are reported on the statement of financial position as a direct deduction from the face amount of debt. The loan issuance fees are being amortized over the term of the related debt using the straight line method and reported as interest expense in the statement of activities and change in net assets. Amortization costs charged to expenses for the years ended September 30, 2022 and 2021 were \$2,712.

Financing for the transaction was provided by The University of Alabama and consisted of a \$1,135,250 note payable. During the first three years, interest only monthly payments of \$5,203 were due. Monthly principal and interest payments of \$12,320 began on August 2014. The stated interest rate was 5.50%.

Effective September 2014, the Station agreed to new loan terms with The University of Alabama, amortizing \$1,128,133 over twenty years. Monthly payments are \$7,760 and the note bears interest at 5.50%. The balance outstanding for the years ended September 30, 2022 and 2021 was \$812,707 and \$859,719, respectively. Interest costs of \$46,111 and \$48,619 were incurred for the years ending September 30, 2022 and 2021, respectively.

At September 30, 2022 and 2021, the Station's long-term debt consisted of:

	2022	2021
Principal amount	\$ 812,707	\$ 859,719
Less unamortized debt issuance costs	4,182	6,894
Long-term debt less unamortized issuance costs	<u>808,525</u>	<u>852,825</u>
Less current portion of debt	46,953	44,301
Long-term portion of debt	<u>\$ 761,572</u>	<u>\$ 808,524</u>

University of Alabama WUAL-FM
Notes to Financial Statements – Continued
September 30, 2022 and 2021

Note 4. Purchase of Station and Related Long-Term Debt – Continued

Future maturities of the long-term debt are as follows:

Fiscal Year	Principal Amount
2023	\$ 49,664
2024	52,465
2025	55,425
2026	58,551
2027	61,854
Thereafter	534,748
Total	<u>\$ 812,707</u>

Note 5. Related Party Transactions

The Station operates under the University of Alabama system. The Station receives donated facilities and administrative support from the University of Alabama.

See Note 1 for more information regarding in-kind contributions. The Station also receives a portion of the University's appropriation from the State of Alabama. For the years ended September 30, 2022 and 2021, appropriations received from the University of Alabama were \$1,346,188 and \$1,376,993, respectively.

Additionally, the Station has a note payable with The University of Alabama related to the financing of the WHIL-FM purchase. See Note 4 for more information regarding this purchase and the related debt.

The UA-ASU-TSU Educational Corporation was created to allow the University of Alabama, Alabama State University and Troy University to share the WAPR broadcast area. The Board of Directors of the UA-ASU-TSU Educational Corporation includes representatives from each university, including management from WUAL.

University of Alabama WUAL-FM
Notes to Financial Statements – Continued
September 30, 2022 and 2021

Note 6. Net Assets with Donor Restrictions

Net Assets with donor restrictions consist of the following as of September 30, 2022, and 2021:

	2022	2021
Subject to expenditure for specified purpose		
Unexpected American Rescue Plan Act Funds from CPB	\$ 40,452	\$ 146,904

Note 7. Income Taxes

The Station is a not-for-profit Organization covered under the Alabama Nonprofit Corporation Act. Additionally, the Station, as part of the University of Alabama System, has been granted tax-exempt status by the Internal Revenue Service for income tax purposes. The Station is subject to unrelated business income tax (UBIT) only if it engages in activities subject to the UBIT regulations.

Note 8. Compensated Absences

Employees of the Station are entitled to paid vacation, paid sick days, and personal days offs, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Station's policy is to recognize the costs of compensated absences when paid to employees.

Note 9. Employee Benefit Plan

The Station participates in the State of Alabama's Teachers' Retirement System (TRS). The Station made an employer contribution to the TRS in the amount of \$126,219 and \$125,975 for the years ended September 30, 2022 and 2021, respectively.

Note 10. Concentration of Revenue Sources

As of September 30, 2022 and 2021, approximately 69% and 70%, respectively, of the Station's revenue is derived from appropriations and in-kind rent from the University of Alabama and grants from the Corporation for Public Broadcasting. A loss in either of these funding sources could significantly impact the operations of the Station.

University of Alabama WUAL-FM
Notes to Financial Statements – Continued
September 30, 2022 and 2021

Note 11. Financial Assets and Liquidity

The Station's financial assets available within one year of the statement of financial position date for general expenditure are as follows.

Cash and cash equivalents	\$	516,971
Accounts receivable		69,145
Total	\$	<u>586,116</u>

The Station has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 12. Methods Used for the Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Station. Salaries, wages, and employee benefit expenses are allocated based on estimates of time and effort. Other expenses are allocated based on their usage for the specific programs or supporting functions.

Note 13. Subsequent Events

The Station has evaluated subsequent events through February 24, 2023, the date which the financial statements were available to be issued.