

WUNC PUBLIC RADIO, LLC
A Public Telecommunications Entity
Operated by The University of
North Carolina at Chapel Hill

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021



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INDEPENDENT AUDITOR'S REPORT

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Board of Directors
WUNC Public Radio, LLC

Opinion

We have audited the accompanying financial statements of WUNC Public Radio, LLC, a public telecommunications entity operated by The University of North Carolina at Chapel Hill, 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, 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 WUNC Public Radio, LLC, as of June 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 audits 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 WUNC Public Radio, LLC, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 WUNC Public Radio, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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, including omissions, 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.

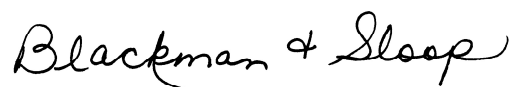
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 WUNC Public Radio, LLC'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 WUNC Public Radio, LLC's ability to continue as a going concern for a reasonable period of time.

Other Matter

Management's discussion and analysis on pages five through nine is presented to supplement the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures to this supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

A handwritten signature in cursive script that reads "Blackman & Sloop".

Chapel Hill, North Carolina
October 31, 2022

WUNC PUBLIC RADIO, LLC
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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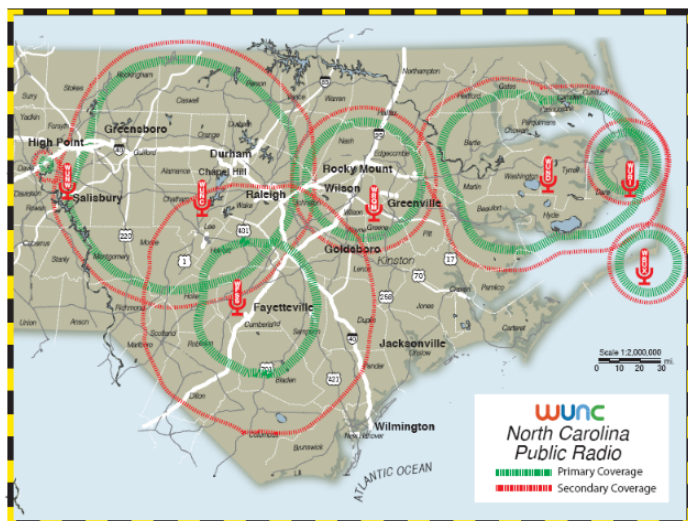
The Organization

North Carolina Public Radio – WUNC creates, acquires, and distributes programming that enhances and reflects the diverse communities it serves. Through a blend of newscasts, feature radio, and digital reports, WUNC provides balanced information in a manner designed to help listeners make informed decisions as citizens. WUNC also produces culturally rich music programming that celebrates the diverse musical community in North Carolina. WUNC continues to be one of the most listened to radio stations of any kind in the Raleigh Metro Market. As an NPR affiliate, the station provides a 24 hour-a-day, 7-day-a-week news and public affairs service to listeners throughout the state of North Carolina. WUNC serves a wide geographic area with broadcasts that reach into more than half of North Carolina's 100 counties. For this reason, WUNC strives to produce news stories for a statewide audience.

On May 8, 2015, WUNC Public Radio became a limited liability company (LLC) organized pursuant to the North Carolina Limited Liability Company Act. WUNC (91.5 FM) is licensed to WUNC Public Radio, LLC, which is owned by the University of North Carolina at Chapel Hill. WUNC Public Radio, LLC, works to further the University's efforts to extend knowledge-based and educational services to the citizens of North Carolina and to enhance the quality of life for the people of the state.

Over the last forty-five years, WUNC's mission has been to provide high-quality news, cultural and entertainment content to create a more informed and engaged community. This includes producing award-winning journalism from local reporters and broadcasting national programming, such as *Morning Edition* and *All Things Considered* from NPR. WUNC has multiple reporters focused on education, military and veterans' issues, and state government. In addition, WUNC has one of the largest public radio newsrooms in the southeast with reporters regularly covering race and southern culture, health, the environment, and local music. WUNC reporters are regularly featured on network news magazines such as *All Things Considered* and *Morning Edition*. The station is also a member of the Here & Now Contributors Network and the BBC Hub Station Project.

North Carolina Public Radio – WUNC consists of 7 radio stations:



- WUNC 91.5 FM (flagship station: Triangle & Triad)
- WFSS 91.9 FM (Fayetteville & Sandhills region)
- WRQM 90.9 FM (Rocky Mount/Wilson)
- WUND 88.9 FM (northeastern NC & Outer Banks)
- WURI 90.9 FM (Manteo)
- WBUX 90.5 FM (Buxton)
- WUNW 91.1 FM (Welcome)

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MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This discussion and analysis of North Carolina Public Radio - WUNC (the Station) is designed to (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the Station's financial activities; and (c) identify changes in the Station's financial position (i.e., its ability to address the next year's challenges). Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the Station's financial statements (beginning on page 10).

Financial Statements

The Statement of Financial Position provides a snapshot of the Station's financial position as of the end of the fiscal year.

The Statement of Activities and Changes in Net Assets describes the results of operating and other non-operating revenues and expenses for the fiscal year and shows how those results increase or decrease net assets for the Station as a whole.

The Statement of Cash Flows describes the sources of cash and the expense categories to which those funds were directed. The statement includes cash acquired during the current year, and funds that have been held in reserve from operating surpluses in previous years.

The Statement of Functional Expenses provides an overview of spending by category in Program Services (i.e., the direct expenses of providing programming that is broadcast on the Station) and Supporting Services (i.e., the expenses associated with management, fundraising, and other services required for the professional operation of the Station.)

Overview of the Station's Financial Activities

In fiscal year 2021-2022, North Carolina Public Radio - WUNC maintained its commitment to provide quality news and programming in a cost-effective manner. The station's overall cash increased by \$2,104,078 from \$19,727,940 to \$21,832,018. This reserve allows the station to maintain and protect critical functions during difficult economic times, such as COVID and economic downturns.

Expenses for the year totaled \$12,446,204 which includes \$431,797 of donated in-kind expenses. These expenses support purchased programming, such as programming from NPR, and locally produced programming. WUNC produced three highly regarded local shows in fiscal year 2021-2022, *Embodied*, *The People's Pharmacy*, and *Back Porch Music*. Each show serves a unique audience and provides informative local content. WUNC also expanded its digital content offerings, including more in-depth digital features and podcasts such as *Tested*, *Creep*, *The Politics Podcast*, *Me & My Muslim Friends*, *The Story Stables*, *Great Grief*, and *Dating While Gray*. WUNC is also the lead station for the American Homefront national reporting collaborative. The collaborative of five public radio stations from around the country focuses on breaking through stereotypes to tell in-depth stories about military life and what it means to be a veteran in the 21st century.

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Overview of the Station's Financial Activities (Continued)

Revenue raised in fiscal year 2021-2022 totaled \$14,530,495. Ninety-two percent (92%) of WUNC's revenue was raised through contributions to the station. WUNC Public Radio, LLC's assets exceeded liabilities by \$31,452,132 (total net assets) as of June 30, 2022. The total net assets without donor restrictions, excluding capital assets, increased to \$22,452,504. WUNC receives strong community support from listeners, donors, and underwriters, which helped the Station exceed its annual fundraising goal. Furthermore, WUNC staff tracks expenditures closely in order to keep expenses within budget and to build and maintain a reserve for continuity during difficult times, as well as plan for future expenses and projects.

Condensed Statements of Financial Position as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
<u>Assets</u>			
Other Assets	\$ 28,978,576	\$ 26,855,723	\$ 2,122,853
Capital Assets	2,473,821	2,289,603	184,218
Broadcast licenses	<u>1,212,777</u>	<u>1,212,777</u>	<u>-</u>
Total Assets	<u><u>\$ 32,665,174</u></u>	<u><u>\$ 30,358,103</u></u>	<u><u>\$ 2,307,071</u></u>
<u>Liabilities</u>			
Current Liabilities	<u>\$ 1,213,042</u>	<u>\$ 990,262</u>	<u>\$ 222,780</u>
<u>Net Assets</u>			
Invested in capital assets	2,473,821	2,289,603	184,218
Undesignated	22,452,504	20,123,019	2,329,485
With donor restrictions	<u>6,525,807</u>	<u>6,955,219</u>	<u>(429,412)</u>
Total Net Assets	<u><u>31,452,132</u></u>	<u><u>29,367,841</u></u>	<u><u>2,084,291</u></u>
Total Liabilities and Net Assets	<u><u>\$ 32,665,174</u></u>	<u><u>\$ 30,358,103</u></u>	<u><u>\$ 2,307,071</u></u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Overview of the Station's Financial Activities (Continued)

Condensed Statements of Activities and Changes in Net Assets for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
<u>Revenues</u>			
Contributions	\$ 13,291,398	\$ 12,944,708	\$ 346,690
Corporation for Public			
Broadcasting ("CPB") grants	657,268	618,644	38,624
Other CPB grants	315,222	420,252	(105,030)
Other revenue	<u>266,607</u>	<u>229,021</u>	<u>37,586</u>
 Total revenues	 <u>14,530,495</u>	 <u>14,212,625</u>	 <u>317,870</u>
 <u>Expenses</u>			
Program services:			
Programming and production	6,001,511	5,683,779	317,732
Broadcasting	2,111,674	1,946,652	165,022
Supporting services:			
Management and general	1,677,791	1,478,084	199,707
Fundraising	2,609,231	2,577,031	32,200
Income tax expense	<u>45,997</u>	<u>43,750</u>	<u>2,247</u>
 Total expenses	 <u>12,446,204</u>	 <u>11,729,296</u>	 <u>716,908</u>
 Changes in net assets	 <u><u>\$ 2,084,291</u></u>	 <u><u>\$ 2,483,329</u></u>	 <u><u>\$ (399,038)</u></u>

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Changes in the Station's Financial Position

WUNC's support from its loyal audience allows the Station to move forward on new projects and opportunities. In fiscal year 2021-2022, the total net assets without donor restrictions, excluding capital assets, increased by \$2,329,485 to a total of \$22,452,504. The station's overall cash increased by \$2,104,078 from \$19,727,940 to \$21,832,018. These funds are used to cover emergency operating expenses and support future expenses such as facility and transmitter upgrades and expanding digital offerings. Additionally, these reserves allow the station to maintain a continuity of service, provide increased financial stability, and have the ability to respond to unforeseen circumstances without causing disruption to general operations. This allows the Station to concentrate on making award winning content and to focus on its mission of creating a more informed and engaged community.

WUNC PUBLIC RADIO, LLC

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EXHIBIT A

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 21,832,018	\$ 19,727,940
Investments	51,922	26,115
Accounts receivable	425,633	384,375
Other receivables	3,750	27,048
Promises to give, net	6,504,155	6,579,773
Prepaid expenses	161,098	110,472
TOTAL CURRENT ASSETS	<u>28,978,576</u>	<u>26,855,723</u>
NONCURRENT ASSETS:		
Capital assets, net	2,473,821	2,289,603
Broadcast licenses	1,212,777	1,212,777
TOTAL NONCURRENT ASSETS	<u>3,686,598</u>	<u>3,502,380</u>
TOTAL ASSETS	<u>\$ 32,665,174</u>	<u>\$ 30,358,103</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 274,616	\$ 207,925
Accrued salaries and vacation	747,121	742,167
Unearned revenue	191,305	40,170
TOTAL LIABILITIES	<u>1,213,042</u>	<u>990,262</u>
NET ASSETS:		
Without donor restrictions:		
Invested in capital assets	2,473,821	2,289,603
Undesignated	22,452,504	20,123,019
Total without donor restrictions	<u>24,926,325</u>	<u>22,412,622</u>
With donor restrictions:		
Purpose restricted	21,652	375,446
Time restricted	6,504,155	6,579,773
Total with donor restrictions	<u>6,525,807</u>	<u>6,955,219</u>
TOTAL NET ASSETS	<u>31,452,132</u>	<u>29,367,841</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 32,665,174</u>	<u>\$ 30,358,103</u>

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

WUNC PUBLIC RADIO, LLC

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EXHIBIT B

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

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For the Years Ended June 30, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Totals
SUPPORT AND REVENUE:			
Corporation for Public Broadcasting ("CPB") grants	\$ -	\$ 657,268	\$ 657,268
Other CPB grants	-	315,222	315,222
Contributions	12,794,601	65,000	12,859,601
Contribution of nonfinancial assets	431,797	-	431,797
Tower rental	210,379	-	210,379
Interest income	52,135	-	52,135
Change in fair value of investments	4,093	-	4,093
	13,493,005	1,037,490	14,530,495
Net assets released from restriction	1,466,902	(1,466,902)	-
TOTAL SUPPORT AND REVENUE	14,959,907	(429,412)	14,530,495
EXPENSES:			
Program services:			
Programming and production	6,001,511	-	6,001,511
Broadcasting	2,111,674	-	2,111,674
Total program services	8,113,185	-	8,113,185
Supporting services:			
Management and general	1,677,791	-	1,677,791
Fundraising	2,609,231	-	2,609,231
Total supporting services	4,287,022	-	4,287,022
Total functional expenses	12,400,207	-	12,400,207
Income tax expense	45,997	-	45,997
TOTAL EXPENSES	12,446,204	-	12,446,204
CHANGES IN NET ASSETS	2,513,703	(429,412)	2,084,291
NET ASSETS - BEGINNING OF YEAR	22,412,622	6,955,219	29,367,841
NET ASSETS - END OF YEAR	\$ 24,926,325	\$ 6,525,807	\$ 31,452,132

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

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EXHIBIT B

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

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For the Years Ended June 30, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Totals
SUPPORT AND REVENUE:			
Corporation for Public Broadcasting ("CPB") grants	\$ -	\$ 618,644	\$ 618,644
Other CPB grants	-	420,252	420,252
Contributions	12,559,269	67,000	12,626,269
Contribution of nonfinancial assets	318,439	-	318,439
Tower rental	206,892	-	206,892
Interest income	15,013	-	15,013
Change in fair value of investments	7,116	-	7,116
	13,106,729	1,105,896	14,212,625
Net assets released from restriction	593,128	(593,128)	-
TOTAL SUPPORT AND REVENUE	13,699,857	512,768	14,212,625
EXPENSES:			
Program services:			
Programming and production	5,683,779	-	5,683,779
Broadcasting	1,946,652	-	1,946,652
Total program services	7,630,431	-	7,630,431
Supporting services:			
Management and general	1,478,084	-	1,478,084
Fundraising	2,577,031	-	2,577,031
Total supporting services	4,055,115	-	4,055,115
Total functional expenses	11,685,546	-	11,685,546
Income tax expense	43,750	-	43,750
TOTAL EXPENSES	11,729,296	-	11,729,296
CHANGES IN NET ASSETS	1,970,561	512,768	2,483,329
NET ASSETS - BEGINNING OF YEAR	20,442,061	6,442,451	26,884,512
NET ASSETS - END OF YEAR	\$ 22,412,622	\$ 6,955,219	\$ 29,367,841

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

WUNC PUBLIC RADIO, LLC

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EXHIBIT C

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Corporation for Public Broadcasting ("CPB") grants	\$ 657,268	\$ 618,644
Other CPB grants	491,158	593,152
Contributions	12,893,961	11,912,507
Tower rental	208,876	206,892
Interest on cash and cash equivalents	52,135	15,013
Programming and production	(5,930,338)	(5,553,504)
Broadcasting	(1,718,311)	(1,550,976)
Management and general	(1,500,742)	(1,392,237)
Fundraising	(2,512,095)	(2,485,738)
Income taxes paid	(45,997)	(43,750)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,595,915</u>	<u>2,320,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	<u>(21,714)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	<u>(470,123)</u>	<u>(342,642)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,104,078	1,977,361
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>19,727,940</u>	<u>17,750,579</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 21,832,018</u></u>	<u><u>\$ 19,727,940</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ 2,084,291	\$ 2,483,329
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	285,905	289,952
Change in fair value of investments	(4,093)	(7,116)
Changes in assets and liabilities:		
Accounts receivable	(41,258)	(113,410)
Other receivables	23,298	205,400
Promises to give, net	75,618	(632,852)
Prepaid expenses	(50,626)	57,962
Accounts payable and accrued expenses	66,691	24,970
Accrued salaries and vacation	4,954	11,768
Unearned revenue	151,135	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 2,595,915</u></u>	<u><u>\$ 2,320,003</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Noncash Activities:		
Change in fair value of investments	<u>\$ 4,093</u>	<u>\$ 7,116</u>
Non-cash contributions	<u>\$ 431,797</u>	<u>\$ 318,439</u>

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

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EXHIBIT D

STATEMENTS OF FUNCTIONAL EXPENSES

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For the Years Ended June 30, 2022 and 2021

	2022						
	Program Services			Supporting Services			Totals
	Programming and Production	Broadcasting	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Advertising and promotion	\$ 65,700	\$ 1,101	\$ 66,801	\$ 119,346	\$ 103,316	\$ 222,662	\$ 289,463
Associated entity fee	-	-	-	22,000	-	22,000	22,000
Building and equipment rental	26,885	377,679	404,564	5,113	-	5,113	409,677
Depreciation	39,232	218,977	258,209	8,494	19,202	27,696	285,905
Dues, subscriptions, and memberships	73,354	112	73,466	34,683	10,780	45,463	118,929
Insurance	833	-	833	88,987	-	88,987	89,820
Maintenance contracts	1,132	73,865	74,997	-	11,670	11,670	86,667
Meetings and amenities	20,219	1,534	21,753	13,287	24,942	38,229	59,982
Other communications	13,560	2,794	16,354	2,260	5,767	8,027	24,381
Other expenses	167,131	4,661	171,792	6,000	-	6,000	177,792
Postage	86	4,335	4,421	441	125,651	126,092	130,513
Printing	-	-	-	145	164,543	164,688	164,688
Professional and contract services	424,227	226,594	650,821	763,112	407,985	1,171,097	1,821,918
Programming costs	1,760,849	-	1,760,849	-	-	-	1,760,849
Repairs and maintenance	-	63,017	63,017	2,363	-	2,363	65,380
Salaries and related benefits	3,332,443	738,071	4,070,514	570,174	1,433,023	2,003,197	6,073,711
Supplies and small equipment purchases	21,078	155,362	176,440	38,194	289,471	327,665	504,105
Telephone	34,661	131,364	166,025	700	12,303	13,003	179,028
Travel	20,121	12,480	32,601	2,492	578	3,070	35,671
Utilities	-	99,728	99,728	-	-	-	99,728
TOTAL FUNCTIONAL EXPENSES	\$ 6,001,511	\$ 2,111,674	\$ 8,113,185	\$ 1,677,791	\$ 2,609,231	\$ 4,287,022	\$ 12,400,207

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

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EXHIBIT D

STATEMENTS OF FUNCTIONAL EXPENSES

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For the Years Ended June 30, 2022 and 2021

	2021						
	Program Services			Supporting Services			Totals
	Programming and Production	Broadcasting	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Advertising and promotion	\$ 81,250	\$ 9,899	\$ 91,149	\$ 59,775	\$ 178,638	\$ 238,413	\$ 329,562
Associated entity fee	-	-	-	22,000	-	22,000	22,000
Building and equipment rental	15,281	317,236	332,517	2,632	-	2,632	335,149
Depreciation	61,245	191,884	253,129	11,306	25,517	36,823	289,952
Dues, subscriptions, and memberships	86,934	500	87,434	31,978	13,872	45,850	133,284
Insurance	3,998	-	3,998	62,708	-	62,708	66,706
Maintenance contracts	751	56,719	57,470	-	-	-	57,470
Meetings and amenities	10,321	1,478	11,799	4,341	12,132	16,473	28,272
Other communications	3	24,574	24,577	-	-	-	24,577
Other expenses	133,797	10,893	144,690	-	-	-	144,690
Postage	190	1,887	2,077	9,472	119,520	128,992	131,069
Printing	-	-	-	60	161,349	161,409	161,409
Professional and contract services	381,820	272,621	654,441	517,086	406,194	923,280	1,577,721
Programming costs	1,606,077	-	1,606,077	-	-	-	1,606,077
Repairs and maintenance	-	48,672	48,672	36	-	36	48,708
Salaries and related benefits	3,277,626	595,707	3,873,333	731,793	1,373,783	2,105,576	5,978,909
Supplies and small equipment purchases	1,796	138,628	140,424	21,222	272,101	293,323	433,747
Telephone	13,233	178,055	191,288	-	13,496	13,496	204,784
Travel	9,457	2,465	11,922	3,675	429	4,104	16,026
Utilities	-	95,434	95,434	-	-	-	95,434
TOTAL FUNCTIONAL EXPENSES	\$ 5,683,779	\$ 1,946,652	\$ 7,630,431	\$ 1,478,084	\$ 2,577,031	\$ 4,055,115	\$ 11,685,546

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

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NATURE OF ACTIVITIES

WUNC Public Radio, LLC (the “Station”) is operated by The University of North Carolina at Chapel Hill. Administrative offices and studio facilities are located in the Goodmon Building on the Friday Continuing Education Center campus. Studio facilities are also located in Raleigh, Durham, and Greensboro, North Carolina. Additional broadcasting equipment is located at the University of North Carolina Center for Public Television transmitting stations in Chatham County, Rocky Mount, Columbia, and Welcome, North Carolina. WUNC Public Radio, LLC, was formed in May 2015. The Station still operates under the name “North Carolina Public Radio-WUNC”.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting.

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

The Station reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

B. Cash and Cash Equivalents.

Cash and cash equivalents consist of monies on deposit with the University of North Carolina at Chapel Hill Temporary Investment Pool, which is a governmental external investment pool. The pool is uninsured under FDIC, but is invested in highly liquid securities including, but not limited to, U.S. Government securities.

C. Investments.

Investments are stated at their fair value. Donated securities and real estate are recorded at their fair value at the date of gift.

D. Accounts Receivable.

Accounts receivable are recorded at net realizable value. The Station uses the reserve method to account for bad debts on accounts receivable. No allowance has been provided given that management of the Station considers accounts receivable fully collectible based on composition and historical collection experience.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Promises to Give.

Unconditional promises to give are recognized as support and assets in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. An allowance for uncollectible promises to give is based on management's estimates and historical collection experience.

F. Capital Assets.

Capital assets are recorded at cost, and donated capital assets are recorded at fair value at the date of the gift. Property and equipment are capitalized if their life is expected to be greater than one year and their cost is \$5,000 or more. Depreciation is computed over estimated useful asset lives ranging from three to forty years using the straight-line method. Maintenance, repairs, and small equipment purchases are charged to expense when incurred.

G. Broadcasting Licenses.

Broadcast licenses are recorded at cost, are not subject to amortization, and are tested for impairment at least annually. At June 30, 2022 and 2021, management determined no impairment loss was required.

H. Classification of Net Assets.

Net assets, support and revenue, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions - Resources of the Station that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations and undesignated gifts, and investments in property and equipment.

With Donor Restrictions - Resources that carry donor-imposed restrictions. Donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Revenue Recognition.

The Station recognizes revenue from contracts with customers under Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. Revenue is recognized as performance obligations with customers are satisfied, which can be at a point in time, or over time, depending on the contract.

J. Income Taxes.

The Station is a single-member limited liability company, owned by The University of North Carolina at Chapel Hill, which is a branch of the North Carolina state government. It is a disregarded entity for tax purposes, and therefore exempt from federal and state income taxes except for taxes associated with unrelated business income.

K. Advertising Costs.

Advertising costs are charged to operations when incurred. Advertising costs for the years ended June 30, 2022 and 2021, were \$289,463 and \$329,562, respectively.

L. Estimates.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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, and those differences can be material.

M. New Accounting Pronouncement.

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The main provision of ASU 2020-07 is to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The Station adopted ASU 2020-07 effective July 1, 2021 on a retrospective basis. There were no changes to previously issued financial statements due to the adoption of this standard.

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LIQUIDITY AND AVAILABILITY

The following represents the Station's current financial assets at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 21,832,018	\$ 19,727,940
Investments	51,922	26,115
Accounts receivable	425,633	384,375
Other receivables	3,750	27,048
Promises to give, net	<u>6,504,155</u>	<u>6,579,773</u>
	28,817,478	26,745,251
Less amounts unavailable for general expenditures within one year, due to restrictions by donor	<u>(21,652)</u>	<u>(375,446)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 28,795,826</u>	<u>\$ 26,369,805</u>

The Station's programs are supported both by contributions with and without donor restrictions. Donors include individuals, corporations, and foundations. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Station must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Station's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

PROMISES TO GIVE

Promises to give for the years ended June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 7,483,470	\$ 7,317,452
Allowance for uncollectible pledges	<u>(979,315)</u>	<u>(737,679)</u>
	<u>\$ 6,504,155</u>	<u>\$ 6,579,773</u>

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INVESTMENTS

All investments are invested in The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. ("CHIF"). All investments of CHIF are comprised solely of shares in an external investment pool, UNC Investment Fund, LLC (the "Fund"). CHIF is not registered with the Securities and Exchange Commission and is not subject to formal oversight other than that provided by its Board. The Fund's Board approves the Fund's investment objectives and policies and the hiring of investment managers, and monitors its policy implementation and investment performance. Within the Fund, the fair value of all debt and equity securities with readily determinable fair values are based on quoted market prices. Investments for which a readily determinable fair value does not exist may include investments in private equity, hedge funds, and limited partnerships. These investments are carried at estimated fair values as provided by the respective fund managers of these investments. UNC Management Company, Inc., the manager of the Fund, reviews and evaluates the fair values provided by the respective fund managers as well as the valuation methods and assumptions used in determining the fair value of such investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed. Such differences could be material.

A derivative is a financial instrument created from, or whose value is derived from, the value of one or more underlying assets, reference rates, indexes, or asset values. These instruments may include forwards, futures, options, and currency and interest rate swaps. The Fund utilizes various external investment managers to identify specific investment funds and limited partnerships that meet asset allocation and investment management objectives. These managers and related funds are used to increase the yield and return on the investment portfolio given the available alternative investment opportunities and to diversify its asset holdings. Certain of these investments expose the Fund to market risk by trading or holding direct and indirect derivative securities and by leveraging the securities in the Fund. This risk is mitigated by the Fund's requirement that leveraged securities must be fully collateralized.

Indirect derivatives held by the Fund, (i.e. derivatives held by external investment managers) are primarily used to manage portfolio risk. The Fund's managers use indirect derivatives primarily to hedge underlying positions or to gain exposure to specific markets in an efficient, inexpensive, liquid, and diversified manner. By holding indirect derivatives, the Fund could be exposed to interest rate risk, credit risk, concentration of credit risk, and foreign currency risk. The Fund considers the risk associated with these holdings to be prudent and within acceptable bounds.

Investments in the Fund at June 30 consist of following:

	2022	2021
Fair Value	\$ 51,922	\$ 26,115
Cost	40,281	18,567
Accumulated net change in fair value	<u>\$ 11,641</u>	<u>\$ 7,548</u>

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INVESTMENTS (CONTINUED)

At June 30, 2022 and 2021, the investment allocation of the Fund consists of the following:

	<u>2022</u>	<u>2021</u>
Long Biased Equity	23.4%	29.5%
Long / Short Equity	14.2%	15.0%
Diversifying Strategies	8.2%	6.4%
Fixed Income	7.0%	7.0%
Private Equity	34.3%	27.8%
Real Estate	7.0%	5.4%
Energy and Natural Resources	4.8%	3.8%
Cash	0.9%	4.9%
Other	0.2%	0.2%
	<u>100.0%</u>	<u>100.0%</u>

FAIR VALUE MEASUREMENT

Investments are presented in the financial statements at fair value determined in accordance with FASB Accounting Standards Codification Topic 820 (“ASC 820”), *Fair Value Measurement*. ASC 820 permits reporting entities, as a practical expedient, to estimate the fair value of their investments in certain entities that calculate net asset value (“NAV”) per share, by using NAV if the net asset value per share of the investment is calculated in a manner consistent with the measurement principles of FASB ASC Topic 946 (“ASC 946”), *Financial Services-Investment Companies*, as of the reporting entity’s measurement date.

The Station elects to use NAV as a practical expedient to estimate the fair value of its investments in CHIF. CHIF’s manager calculates NAV using fair value estimates of the underlying securities and other financial instruments. The estimated fair values of these underlying investments, which may include private placements and other securities for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the Station’s investments in CHIF generally represents the amount the Station would expect to receive if it were to liquidate its investment excluding any redemption charges that may apply.

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FAIR VALUE MEASUREMENT (CONTINUED)

Determining whether CHIF's manager has calculated NAV in a manner consistent with ASC 946 requires the Station to independently evaluate the fair value measurement process utilized to calculate the NAV. Such an evaluation is a matter of professional judgment and includes determining that CHIF's manager has an effective process and related internal controls in place to estimate the fair value of its investments that are included in the calculation of NAV. The Station's evaluation of the process used by the CHIF's manager includes initial due diligence, ongoing due diligence, and financial reporting controls.

There were no changes during the years ending June 30, 2022 and 2021, to the Station's valuation techniques used to measure asset values on a recurring basis.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, is as follows:

	2021 Beginning Balance	Additions	Retirements	2022 Ending Balance
Buildings	\$ 3,150,150	\$ -	\$ -	\$ 3,150,150
Leasehold improvements	1,425,863	79,159	-	1,505,022
Antennas/ Transmitters/ Equipment	4,100,528	390,964	-	4,491,492
Vehicles	106,140	-	(4,800)	101,340
Total	<u>8,782,681</u>	<u>470,123</u>	<u>(4,800)</u>	<u>9,248,004</u>
Less accumulated depreciation for:				
Buildings	1,706,190	76,963	-	1,783,153
Leasehold improvements	1,261,749	19,442	-	1,281,191
Antennas/ Transmitters/ Equipment	3,451,813	180,551	-	3,632,364
Vehicles	73,326	8,949	(4,800)	77,475
Total accumulated depreciation	<u>6,493,078</u>	<u>285,905</u>	<u>(4,800)</u>	<u>6,774,183</u>
Capital assets, net	<u><u>\$ 2,289,603</u></u>	<u><u>\$ 184,218</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,473,821</u></u>

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CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended June 30, 2021, is as follows:

	2020 Beginning Balance	Additions	Retirements	2021 Ending Balance
Buildings	\$ 3,150,150	\$ -	\$ -	\$ 3,150,150
Leasehold improvements	1,313,301	112,562	-	1,425,863
Antennas/ Transmitters/ Equipment	3,919,941	180,587	-	4,100,528
Vehicles	106,140	-	-	106,140
Total	8,489,532	293,149	-	8,782,681
Less accumulated depreciation for:				
Buildings	1,628,843	77,347	-	1,706,190
Leasehold improvements	1,230,780	30,969	-	1,261,749
Antennas/ Transmitters/ Equipment	3,286,253	165,560	-	3,451,813
Vehicles	57,250	16,076	-	73,326
Total accumulated depreciation	6,203,126	289,952	-	6,493,078
Capital assets, net	\$ 2,286,406	\$ 3,197	\$ -	\$ 2,289,603

COMMUNITY SERVICE GRANTS

The Corporation for Public Broadcasting (“CPB”) is a private, nonprofit corporation, funded by federal appropriations authorized by the United States Congress and other sources. CPB distributes annual Community Service Grants to qualifying public communications entities. These grants are used to augment the financial resources of public radio stations and thereby to enhance the quality of programming and expand the scope of public radio services. Each grant 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, and 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 started with Community Service Grants awarded in prior years.

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COMMUNITY SERVICE GRANTS (CONTINUED)

The grants are reported in the accompanying financial statements as operating revenue; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission. For the years ended June 30, 2022 and 2021, \$657,268 and \$618,644, was received and expended under these grants, respectively.

INCOME TAX EXPENSE

The Station is subject to income tax on unrelated business income. Unrelated business income is any income generated by a trade or business that is not substantially related to the exercise of the Station's exempt purpose. When applicable, the Station is liable for unrelated business income tax on revenue generated from user fees charged to private companies renting space on broadcast towers. For the years ended June 30, 2022 and 2021, the Station was liable for unrelated income tax in the amount of \$45,997 and \$43,750, respectively.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Time restricted:		
Promises to give without donor restrictions	<u>\$ 6,504,155</u>	<u>\$ 6,579,773</u>
Purpose restricted:		
Education Grant	21,652	26,239
American Rescue Plan Act Stabilization	<u>-</u>	<u>349,207</u>
	<u>21,652</u>	<u>375,446</u>
Net assets with donor restrictions	<u><u>\$ 6,525,807</u></u>	<u><u>\$ 6,955,219</u></u>

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RETIREMENT PLAN

Each permanent full-time employee, as a condition of employment, is a member of either the Teacher's and State Employees Retirement System of North Carolina (the "System") or the Optional Retirement Program (the "Program"). The System is a cost sharing, multiple-employer defined benefit pension plan established by the North Carolina General Statutes and administered by the State. The policy of the Station is to fund its portion of pension costs accrued for this System as determined by the State. Contributions to the System plan are based on a percentage of the employee's salary. The contributions to the System plan totaled \$488,104 and \$490,134, for the years ended June 30, 2022 and 2021, respectively. The Program is a defined contribution retirement plan that provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Employer and member contributions are set each year by the North Carolina General Assembly. Contributions to the Program plan totaled \$264,095 and \$241,244, for the years ended June 30, 2022 and 2021, respectively.

CONTRIBUTION OF NONFINANCIAL ASSETS

The Station recognizes contributions that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year, the Station received significant amounts of professional services in exchange for underwriting recognition on air. For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities and changes in net assets included:

	2022	2021
Facilities rent	\$ 165,804	\$ 150,126
Advertising	112,783	72,927
Operating and fundraising supplies	68,212	16,968
Contract services	43,555	25,241
Utilities	29,079	32,829
Printing	9,464	13,078
Dues	2,900	7,270
	<u>\$ 431,797</u>	<u>\$ 318,439</u>

All contributed nonfinancial assets were utilized during the year they were received for various programs, as well as general management and fundraising purposes. There were no donor-imposed restrictions associated with the contributed nonfinancial assets. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

During the years ended June 30, 2022 and 2021, the Station received significant amounts of personal services from volunteers that did not meet the requirements above for recognition in the financial statements.

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UNIVERSITY OF NORTH CAROLINA SUPPORT

The University of North Carolina at Chapel Hill (the “University”) provides indirect administrative support to the Station. This support is in the form of assistance, guidance, and service in areas of management, accounting, budget, legal, purchasing, and physical plant operations. The Station paid the University \$22,000 for these services for each year ended June 30, 2022 and 2021. The University also provides electrical services at no cost that totaled \$29,079 and \$32,829, for the years ended June 30, 2022 and 2021, respectively.

COMMITMENTS

The Station is obligated under a lease agreement for space in the American Tobacco Historic District in Durham, North Carolina. The Station also leases space in Greensboro, North Carolina. The leases expire in 2035 and 2024, respectively.

The Station receives partial rent credit for both locations in exchange for underwriting recognition on air. This credit amount was \$165,804 and \$150,126, for the years ended June 30, 2022 and 2021, respectively. Rent expense, excluding the credit noted above, amounted to \$193,213 and \$141,946, for the years ended June 30, 2022 and 2021, respectively.

The Station is obligated under lease agreements for ground space for various towers in North Carolina. The leases expire in October 2023 through December 2042. Monthly rent is increased annually by approximately three percent. Rent expense amounted to \$40,213 and \$39,158, for the years ending June 30, 2022 and 2021, respectively.

Minimum future payments for all leases are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 232,211
2024	181,021
2025	112,480
2026	66,481
2027	67,266
Thereafter	856,829
	<u>\$ 1,516,288</u>

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PROGRAMMING COSTS

Programming costs consist of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
National Public Radio	\$ 1,364,446	\$ 1,275,048
American Public Media	156,240	174,516
Public Radio International	72,330	70,870
Other	167,833	85,643
	<u>\$ 1,760,849</u>	<u>\$ 1,606,077</u>

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expense by function. Costs have been directly coded to program and supporting services as incurred.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through October 31, 2022, which was the date that the financial statements were available to be issued. Management did not identify any subsequent events that require disclosure.