

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

AUDITED FINANCIAL STATEMENTS
Together With Independent Auditors' Report

JUNE 30, 2012 and 2011

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

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

To the President and Board of Trustees of
Clark Atlanta University

We have audited the accompanying statements of financial position of WCLK-FM RADIO (a Public Telecommunications Activity of Clark Atlanta University) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of WCLK-FM's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCLK-FM RADIO as of June 30, 2012 and 2011, and its changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

PJC Group, LLC

January 3, 2013

WCLK-FM RADIO
(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 and 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets		
Pledge receivable	\$ 2,807	\$ 1,622
Interfund receivable	5,732	5,101
Grants receivable	<u>20,340</u>	<u>66,597</u>
Total Current Assets	28,879	73,320
Property and equipment:		
Studio and other broadcast equipment	164,475	164,475
Furniture and fixtures	14,909	14,909
Office machines and equipment	19,803	19,803
Vehicle	<u>23,042</u>	<u>23,042</u>
	222,229	222,229
Less Accumulated depreciation	<u>(124,261)</u>	<u>(105,057)</u>
Total Property and Equipment	<u>97,968</u>	<u>117,172</u>
TOTAL ASSETS	<u>\$ 126,847</u>	<u>\$ 190,492</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Advance payable	\$ 7,462	\$ 85,801
Accounts payable	<u>9,637</u>	<u>7,282</u>
Total Current Liabilities	<u>17,099</u>	<u>93,083</u>
Net assets		
Unrestricted	\$ 56,701	16,175
Temporarily restricted (Note 3)	53,047	81,234
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>109,748</u>	<u>97,409</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 126,847</u>	<u>\$ 190,492</u>

ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WCLK-FM RADIO
(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)
STATEMENT OF ACTIVITIES
For the Year Ended JUNE 30, 2012

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2012 TOTALS</u>
<u>REVENUE AND OTHER SUPPORT</u>				
General appropriation from Clark Atlanta University	\$ 250,061	\$ -	\$ -	\$ 250,061
Donated facilities and indirect administrative support from Clark Atlanta University	294,107	-	-	294,107
Contributions, memberships and development activities	780,573	-	-	780,573
Grants	-	223,532	-	223,532
In-kind donations	100,077	-	-	100,077
Net assets released from restriction:				
Satisfaction of program restrictions	251,719	(251,719)	-	-
TOTAL REVENUE AND OTHER SUPPORT	<u>\$ 1,676,537</u>	<u>\$ (28,187)</u>	<u>\$ -</u>	<u>\$ 1,648,350</u>
<u>EXPENSES</u>				
Program Services				
Local programming and production	451,048	-	-	451,048
Broadcasting	368,758	-	-	368,758
Program information and promotion	109,122	-	-	109,122
	<u>928,928</u>	<u>-</u>	<u>-</u>	<u>928,928</u>
Supporting Services				
Fundraising	260,616	-	-	260,616
Management and general	446,467	-	-	446,467
	<u>707,083</u>	<u>-</u>	<u>-</u>	<u>707,083</u>
TOTAL EXPENSES	<u>1,636,011</u>	<u>-</u>	<u>-</u>	<u>1,636,011</u>
Change in Net Assets	40,526	(28,187)	-	12,339
Net assets, beginning of year	16,175	81,234	-	97,409
Net assets, end of year	<u>\$ 56,701</u>	<u>\$ 53,047</u>	<u>\$ -</u>	<u>\$ 109,748</u>

ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WCLK-FM RADIO
(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)
STATEMENT OF ACTIVITIES
For the Year Ended JUNE 30, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2011 TOTALS</u>
<u>REVENUE AND OTHER SUPPORT</u>				
General appropriation from Clark Atlanta University	\$ 489,139	\$ -	\$ -	\$ 489,139
Donated facilities and indirect administrative support from Clark Atlanta University	316,639	-	-	316,639
Contributions, memberships and development activities	503,758	-	-	503,758
Grants	-	351,035	-	351,035
In-kind donations	112,159			112,159
Net assets released from restriction:				
Satisfaction of program restrictions	<u>322,522</u>	<u>(322,522)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>\$ 1,744,217</u>	<u>\$ 28,513</u>	<u>\$ -</u>	<u>\$ 1,772,730</u>
<u>EXPENSES</u>				
Program Services				
Local programming and production	476,421	-	-	476,421
Broadcasting	389,501	-	-	389,501
Program information and promotion	<u>115,260</u>	<u>-</u>	<u>-</u>	<u>115,260</u>
	<u>981,182</u>	<u>-</u>	<u>-</u>	<u>981,182</u>
Supporting Services				
Fundraising	275,277	-	-	275,277
Management and general	<u>471,583</u>	<u>-</u>	<u>-</u>	<u>471,583</u>
	<u>746,860</u>	<u>-</u>	<u>-</u>	<u>746,860</u>
TOTAL EXPENSES	<u>1,728,042</u>	<u>-</u>	<u>-</u>	<u>1,728,042</u>
Change in Net Assets	16,175	28,513	-	44,688
Net assets, beginning of year	<u>-</u>	<u>52,721</u>	<u>-</u>	<u>52,721</u>
Net assets, end of year	<u>\$ 16,175</u>	<u>\$ 81,234</u>	<u>\$ -</u>	<u>\$ 97,409</u>

ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WCLK-FM RADIO
(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)
STATEMENTS OF CASH FLOWS
For the Years Ended JUNE 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 12,339	\$ 44,688
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	19,204	21,529
Change in pledge receivable	(1,185)	(783)
Change in other receivable	(631)	-
Change in grants receivable	46,257	(56,971)
Change in advance payable	(78,339)	85,801
Change in accounts payable	<u>2,355</u>	<u>(25,341)</u>
Net cash provided for operating activities	<u>-</u>	<u>68,923</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>-</u>	<u>(68,923)</u>
Net cash used by investing activities	<u>-</u>	<u>(68,923)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WCLK-FM RADIO
(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 1 – ORGANIZATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

FINANCIAL STATEMENT PRESENTATION

The financial statements presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*". Accordingly, net assets are reported in each of the following three classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use that may or will be met either by action of the WCLK-FM and/or the passage of time. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

PROPERTY AND EQUIPMENT

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment is recorded at cost or in the case of donated property, at their estimated fair value determined at the date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the individual asset that range from five to 40 years.

INDIRECT ADMINISTRATIVE SUPPORT

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

WCLK-FM RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

REVENUE RECOGNITION

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

CORPORATION FOR PUBLIC BROADCASTING GRANTS

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

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

INCOME TAXES

The University is recognized as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal income taxes.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

IN-KIND SUPPORT

WCLK-FM from time to time receives services, equipment and materials without payment or compensation. When the value of such services is ascertainable, it is reflected in the accompanying financial statements as revenue and expense. All in-kind equipment is accounted for in accordance with FASB ASC 958-605, "*Accounting for Contributions Received and Contributions Made*". Equipment and other non-cash donations are recorded as contributions at cost or estimated fair value determined at the date of the donation.

Additionally, WCLK-FM receives a significant amount of skilled, contributed time which does not meet the criteria of FASB ASC 958-605. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

FUNCTIONAL EXPENSES

There are two types of functional expenditures, program services and support services. The main difference between the two is that program services directly relate to the station's mission, such as delivering programs to listening audiences. Support services, on the other hand, do not directly relate to the station's mission. Support services include management and general activities that are indispensable to providing program services. Functional expenses have been accumulated and reported in accordance with the required classification by the Corporation for Public Broadcasting.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from restriction by incurring expenses satisfying the purpose specified by the grantor. Additionally, temporarily restricted net assets as of June 30, 2012 and 2011 of \$53,047 and \$81,234 respectively are available for subsequent year's activities.

NOTE 4 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 3, 2013, which is the date the financial statements were available to be issued.