



**WFDD-FM RADIO**  
(A Public Telecommunications Entity Operated by Wake Forest University)

Financial Statements

June 30, 2009 and 2008

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
Suite 400  
300 North Greene Street  
Greensboro, NC 27401

## **Independent Auditors' Report**

The Board of Trustees  
Wake Forest University:

We have audited the accompanying balance sheets of WFDD-FM Radio, a public telecommunications entity operated by Wake Forest University (WFDD) as of June 30, 2009 and 2008, and the related statement of activities for the year ended June 30, 2009, and the statements of cash flows for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of the management of WFDD. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from WFDD's 2008 financial statements and, in our report dated September 30, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WFDD's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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 WFDD-FM Radio, a public telecommunications entity operated by Wake Forest University, as of June 30, 2009 and 2008, and the changes in its net assets for the year ended June 30, 2009 and its cash flows for the years ended June 30, 2009 and 2008, in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

September 28, 2009

**WFDD-FM RADIO**

(A Public Telecommunications Entity Operated by Wake Forest University)

## Balance Sheets

June 30, 2009 and 2008

<b>Assets</b>	<b>2009</b>	<b>2008</b>
Cash	\$ 78,268	73,268
Accounts receivable (net of allowance for doubtful accounts of of \$3,853 and \$6,899 at June 30, 2009 and 2008, respectively)	61,930	39,094
Contributions receivable (net of allowance for doubtful accounts of \$38,664 and \$30,167 at June 30, 2009 and 2008, respectively)	42,765	23,350
Other assets	69,516	—
Property and equipment:		
Land	144,200	144,200
Studio improvements	789,099	789,099
Transmission, antenna and tower equipment	149,319	429,622
Studio and broadcast equipment	390,761	422,351
Office equipment	—	13,829
Record library	—	22,296
Total property and equipment	1,473,379	1,821,397
Less accumulated depreciation	(907,884)	(1,151,385)
Net property and equipment	565,495	670,012
Total assets	\$ 817,974	805,724
<b>Liabilities and Net Assets</b>		
Accounts payable and accruals	\$ 24,667	30,359
Deferred revenue (note 2)	53,334	43,331
Total liabilities	78,001	73,690
Net assets:		
Unrestricted	720,245	707,660
Temporarily restricted	19,728	24,374
Total net assets	739,973	732,034
Total liabilities and net assets	\$ 817,974	805,724

See accompanying notes to financial statements.

**WFDD-FM RADIO**  
(A Public Telecommunications Entity Operated by Wake Forest University)

Statement of Activities

Year ended June 30, 2009

(with summarized financial information for the year ended June 30, 2008)

	<b>2009</b>			<b>2008</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	
<b>Revenues:</b>				
General appropriation from Wake Forest University	\$ 124,710	—	124,710	183,185
Underwriting	559,639	—	559,639	542,009
Contributions and fund-raising events	697,684	10,275	707,959	742,422
Donated personal services of volunteers	—	—	—	2,059
Donated facilities and administrative support from Wake Forest University	362,238	—	362,238	393,795
Community service grant from the Corporation for Public Broadcasting (note 2)	172,028	—	172,028	164,931
In-kind contributions	177,334	—	177,334	174,397
Other income	11,538	—	11,538	77,482
Total revenues	2,105,171	10,275	2,115,446	2,280,280
Net assets released from restrictions	14,921	(14,921)	—	—
Total revenues and other support	2,120,092	(4,646)	2,115,446	2,280,280
<b>Expenses:</b>				
Program services:				
Programming and production	1,081,198	—	1,081,198	1,153,979
Broadcasting	143,716	—	143,716	133,743
Supporting services:				
Fundraising	294,837	—	294,837	429,354
Management and general	230,756	—	230,756	271,667
Underwriting and grant solicitation	355,804	—	355,804	301,697
Other (gain) loss	1,196	—	1,196	—
Total expenses	2,107,507	—	2,107,507	2,290,440
Increase (decrease) in net assets	12,585	(4,646)	7,939	(10,160)
Net assets at beginning of year	707,660	24,374	732,034	742,194
Net assets at end of year	\$ 720,245	19,728	739,973	732,034

See accompanying notes to financial statements.

**WFDD-FM RADIO**  
(A Public Telecommunications Entity Operated by Wake Forest University)

Statements of Cash Flows

Years ended June 30, 2009 and 2008

	<b>2009</b>	<b>2008</b>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 7,939	(10,160)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	98,321	91,848
Loss on disposal of fixed assets	1,196	—
Forgiveness of due to Wake Forest University	—	(26,142)
Changes in operating assets and liabilities:		
Accounts receivable	(22,836)	5,038
Contributions receivable	(19,415)	8,182
Other assets	(69,516)	—
Accounts payable and accruals	(5,692)	(19,508)
Deferred revenue	10,003	(49,258)
Net cash provided by (used in) operating activities	—	—
Cash flows from investing activities:		
Purchases of property and equipment	—	(149,319)
Proceeds from sale of equipment	5,000	—
Net cash provided by (used in) investing activities	5,000	(149,319)
Increase (decrease) in cash	5,000	(149,319)
Cash at beginning of year	73,268	222,587
Cash at end of year	\$ 78,268	73,268

See accompanying notes to financial statements.

## WFDD-FM RADIO

(A Public Telecommunications Entity Operated by Wake Forest University)

Notes to Financial Statements

June 30, 2009 and 2008

### (1) Organization and Summary of Significant Accounting Policies

#### (a) *Description of Entity*

WFDD-FM Radio (WFDD) is a public telecommunications entity operated by Wake Forest University. The public media outlet serves the 32-county Winston-Salem, Greensboro, High Point market with a primary format of news and information. Its digital channels, which are also streamed worldwide on the Internet, feature classical and eclectic music formats.

#### (b) *Basis of Accounting and Presentation*

The accompanying financial statements have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles.

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

- Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – net assets subject to donor-imposed stipulations that will be met either by actions of WFDD and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted to their present value at a risk-adjusted rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment considering such factors as prior collection history, type of contribution, and nature of fundraising activity.

Deferred revenue includes unearned underwriting fees and the unrealized portion of grants from the Corporation for Public Broadcasting (CPB). See note 2.

#### (c) *Property and Equipment*

Property and equipment are recorded at cost or, in the case of donated property, at the estimated fair value at date of receipt. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful life for studio improvements and the estimated useful lives for other equipment range between 5 and 40 years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

**WFDD-FM RADIO**

(A Public Telecommunications Entity Operated by Wake Forest University)

Notes to Financial Statements

June 30, 2009 and 2008

**(d) *In-Kind Contributions***

In-kind contributions are recorded as revenue and expense in the statement of activities at estimated fair value.

**(e) *Donated Facilities and Administrative Support***

Donated facilities from the University consist of office and studio space together with related occupancy costs and are recorded in revenues and expenses at estimated fair rental values. Administrative support from the University consists of costs and expenses incurred on behalf of WFDD.

**(f) *Functional Expense Classification***

Expenses are reported in the statement of activities based on their functional categories. WFDD's primary program services are broadcasting and programming and production. Expenses reported as fundraising, management and general, and underwriting and grant solicitation are incurred in support of the primary program services.

**(g) *Use of Estimates***

Management of WFDD has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

**(h) *Comparative Financial Information***

The financial statements include certain prior year information for comparative purposes which do not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with WFDD's financial statements for the year ended June 30, 2008 from which this information is derived.

**(i) *Subsequent Events***

WFDD has evaluated its subsequent events (events occurring after June 30, 2009) through September 28, 2009, which represents the date the financial statements were available to be issued and determined that all significant events and disclosures are included in the financial statements.

**WFDD-FM RADIO**

(A Public Telecommunications Entity Operated by Wake Forest University)

Notes to Financial Statements

June 30, 2009 and 2008

**(2) Corporation for Public Broadcasting Community Service Grant**

Changes in the unexpended portion of CPB Community Service Grant consist of the following:

	<u>2009</u>	<u>2008</u>
Balance at beginning of year	\$ 41,138	41,517
Additions:		
CPB Community Service Grant	174,520	164,552
Deductions:		
Grant expenditures recognized as revenue	<u>(172,028)</u>	<u>(164,931)</u>
Balance at end of year	<u>\$ 43,630</u>	<u>41,138</u>

These amounts are included in deferred revenue in the accompanying balance sheets.

**(3) Income Taxes**

WFDD is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes is made on the financial statements.

**(4) Benefit Plans**

WFDD's employees are eligible to participate in the University's defined contribution benefit plan. In addition, the University sponsors a defined benefit postretirement medical and dental plan that covers all of its full-time employees (including WFDD employees) who elect coverage and satisfy the plan's eligibility requirements when they retire.

It is not possible to present separately the employer contributions under the defined contribution benefit plan or to present separately the net postretirement benefit cost or the actuarially determined accumulated benefit obligation for WFDD for the postretirement medical and dental plan because no determination has been made of the allocation of such amounts between the University and WFDD.

**(5) Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of gifts for donor specified purposes.