

**WFSS-FM RADIO STATION
FAYETTEVILLE, NORTH CAROLINA**

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

Year ended June 30, 2012

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
WFSS-FM Radio Station
Fayetteville, North Carolina

We have audited the accompanying statement of financial position of WFSS-FM Radio Station (a nonprofit organization), as of June 30, 2012 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Station's management. Our responsibility is to express an opinion on the financial statements based on our audit. The prior year summarized comparative information has been derived from WFSS-FM Radio Station's financial statements and, in our audit report dated September 29, 2011, 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 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 that our audit provides 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 WFSS-FM Radio Station as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Buie, Norman & Company, P.A.

BUIE, NORMAN & COMPANY, P.A.
Certified Public Accountants

November 21, 2012

WFSS-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY
OPERATED BY FAYETTEVILLE STATE UNIVERSITY
STATEMENT OF FINANCIAL POSITION
June 30, 2012
(With comparative totals at June 30, 2011)

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash	\$ 21,033	\$ 23,832
Total current assets	<u>21,033</u>	<u>23,832</u>
Property and equipment:		
Radio tower and equipment	785,924	783,352
Less: Accumulated depreciation	<u>737,290</u>	<u>720,956</u>
Net property and equipment	<u>48,634</u>	<u>62,396</u>
Total assets	<u>\$ 69,667</u>	<u>\$ 86,228</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 869	\$ 869
Accrued wages and benefits	7,292	7,292
Due to Corporation for Public Broadcasting	<u>14,188</u>	<u>23,104</u>
Total current liabilities	<u>22,349</u>	<u>31,265</u>
Net assets - unrestricted	<u>47,318</u>	<u>54,963</u>
Total liabilities and net assets	<u>\$ 69,667</u>	<u>\$ 86,228</u>

See accompanying notes to financial statements.

WFSS-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY
OPERATED BY FAYETTEVILLE STATE UNIVERSITY
STATEMENT OF ACTIVITIES
Year ended June 30, 2012
(With comparative totals for the Year ended June 30, 2011)

<u>SUPPORT AND REVENUE</u>	<u>2012</u>	<u>2011</u>
Corporation for Public Broadcasting -		
Community Service Grant	\$ 145,183	\$ 135,640
University administrative and facility support	210,258	266,224
Private gifts	126,516	145,149
University funds	<u>136,231</u>	<u>137,306</u>
Total support and revenue	<u>618,188</u>	<u>684,319</u>
<u>EXPENSES</u>		
Program services:		
Local programming and production	191,264	201,614
Broadcasting	<u>125,708</u>	<u>146,647</u>
Total program services	<u>316,972</u>	<u>348,261</u>
Support services:		
Management and general	277,137	331,415
Fundraising	<u>31,724</u>	<u>35,786</u>
Total support services	<u>308,861</u>	<u>367,201</u>
Total expenses	<u>625,833</u>	<u>715,462</u>
Change in net assets	(7,645)	(31,143)
Net Assets:		
Beginning of year	<u>54,963</u>	<u>86,106</u>
End of year	<u>\$ 47,318</u>	<u>\$ 54,963</u>

See accompanying notes to financial statements.

WFSS-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY
OPERATED BY FAYETTEVILLE STATE UNIVERSITY
STATEMENT OF CASH FLOWS
Year ended June 30, 2012
(With comparative totals for the Year ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (7,645)	\$ (31,143)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,334	28,974
Increase (decrease) in:		
Accounts payable	-	869
Accrued wages and benefits	-	7,292
Amount due to Corporation for Public Broadcasting	<u>(8,916)</u>	<u>3,585</u>
Net cash provided by (used in) operating activities	<u>(227)</u>	<u>9,577</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(2,572)</u>	<u>(4,333)</u>
Net cash (used in) investing activities	<u>(2,572)</u>	<u>(4,333)</u>
Net increase (decrease) in cash	(2,799)	5,244
Cash:		
Beginning of year	<u>23,832</u>	<u>18,588</u>
End of year	<u>\$ 21,033</u>	<u>\$ 23,832</u>

See accompanying notes to financial statements.

WFSS-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY
OPERATED BY FAYETTEVILLE STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - ORGANIZATIONAL STRUCTURE AND PURPOSE

WFSS-FM Radio Station (the Station) is a public broadcasting entity operated by Fayetteville State University (the University). Its purpose is to broadcast public radio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of WFSS-FM Radio Station is presented to assist in understanding the Station's financial statements. The financial statements and notes are representations of the Station's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Station maintains its accounting records on the accrual basis of accounting in order to present its financial statements in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenue when earned and expenses when incurred. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

Property and Equipment

Property and equipment are stated at cost. Donated assets are stated at estimated fair market value at date of receipt. Assets were not accounted for prior to July 1, 1980; therefore, the cost of these assets was estimated. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. Repairs and maintenance are expensed as incurred while betterments and improvements are capitalized.

Cash Flows Presentation

For the purpose of the statement of cash flows, cash is defined as demand deposits at banks and all highly liquid debt instruments purchased with a maturity date of three months or less.

Donated Facilities and Services

Office and studio space and the related occupancy costs are donated by Fayetteville State University. The University also incurs administrative support and other business expenditures on behalf of the radio station. Other services are donated by volunteers performing a variety of tasks. The estimated value of these donated services has not been calculated and has not been recorded in the financial statements in accordance with *Accounting for Contributions Received and Contributions Made*.

Income Taxes

The University and its affiliated organizations are exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. The University is responsible for all related federal and state exempt organization reporting requirements, therefore separate reporting by WFSS-FM is not required.

WFSS-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY
OPERATED BY FAYETTEVILLE STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The Station allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 - CORPORATION FOR PUBLIC BROADCASTING - GRANTS

WFSS-FM Radio Station has received Community Service Grants to assist with its operating expenditures. Grant funds are recorded as revenue as the funds are expended. Any grant funds unexpended after the grant deadline will revert to the granting agency. The status of these grants at June 30, 2012 is:

Unexpended grant funds at June 30, 2011	\$	23,104
Funds received in fiscal year 2011-2012		136,267
Funds expended (accrual basis)		<u>(145,183)</u>
Unexpended grant funds at June 30, 2012	\$	<u>14,188</u>

The unexpended grant funds at June 30, 2012 and June 30, 2011 are reported as an amount due to Corporation for Public Broadcasting in the current liabilities section of the Statement of Financial Position.

NOTE 4 - CONTRIBUTIONS

The Station employs *Accounting for Contributions Received and Contributions Made*. In accordance with *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. During the year ended June 30, 2012, there were unrestricted donations of \$126,516. There were no temporarily restricted or permanently restricted donations.

NOTE 5 - FINANCIAL STATEMENT PRESENTATION

The Station has adopted *Financial Statements of Not-for-Profit Organizations*. The Station reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. In addition, the Station presents a Statement of Cash Flows. There are no temporarily or permanently restricted net assets at June 30, 2012 or June 30, 2011.

WFSS-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY
OPERATED BY FAYETTEVILLE STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 - ECONOMIC DEPENDENCY

The Station receives support and revenue from government agencies. Any significant change in funding from government agencies could result in a material change in the Station's operations.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 21, 2012, which is the date the financial statements were issued.

WFSS-FM RADIO STATION
A PUBLIC BROADCASTING ENTITY OPERATED BY FAYETTEVILLE STATE UNIVERSITY
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended June 30, 2012
(With comparative totals for the Year ended June 30, 2011)

	Program Services			Supporting Services		Total Support Services	Total	
	Local Programming and Production	Broadcasting	Total Program Services	Management and General	Fund Raising		2012	2011
Communications	\$ -	\$ -	\$ -	\$ 2,993	\$ -	\$ 2,993	\$ 2,993	\$ 5,676
Promotions	300	300	600	-	-	-	600	765
Contracted services	-	-	-	1,450	-	1,450	1,450	16,810
Depreciation	4,083	4,084	8,167	8,167	-	8,167	16,334	28,974
National Public Radio	40,564	-	40,564	-	-	-	40,564	31,877
Occupancy	-	6,010	6,010	5,547	-	5,547	11,557	11,557
Office	-	-	-	2,569	-	2,569	2,569	1,386
Other current services	25,388	-	25,388	-	-	-	25,388	24,131
Printing and postage	390	389	779	780	-	780	1,559	3,246
Professional services	-	-	-	4,500	-	4,500	4,500	4,000
Rent	-	-	-	-	-	-	-	1,353
Salaries and fringe benefits	120,549	66,619	187,168	98,343	31,724	130,067	317,235	322,484
Supplies	-	615	615	523	-	523	1,138	1,500
Travel	-	-	-	1,245	-	1,245	1,245	7,036
University administrative and facility support	-	47,691	47,691	151,020	-	151,020	198,711	254,667
Total functional expenses	\$ 191,274	\$ 125,708	\$ 316,982	\$ 277,137	\$ 31,724	\$ 308,861	\$ 625,843	\$ 715,462