

**Public Radio East and Affiliate  
(WTEB-FM)  
New Bern, North Carolina**

**Financial Statements**

**June 30, 2015**

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WILLIAMS · SCARBOROUGH · SMITH · GRAY, LLP  
Certified Public Accountants

Christopher K. Williams, CPA  
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## INDEPENDENT AUDITOR'S REPORT

To the Management of Public Radio East (WTEB-FM) and the  
Board of Trustees of Craven Community College  
New Bern, North Carolina

We have audited the accompanying combined statements of net position of Public Radio East (WTEB-FM) and its affiliate, Public Radio East Foundation, as of and for the years ended June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, cash flows, and notes to the financial statements, which collectively comprise Public Radio East's basic financial statements as listed in the table of contents.

### Management's Responsibility 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; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financials audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of Public Radio East (WTEB-FM) and its affiliates, as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

*Williams Scarborough Smith & Day, LLP*

New Bern, North Carolina  
November 3, 2015

**PUBLIC RADIO EAST AND AFFILIATE  
(A COMPONENT UNIT OF CRAVEN COMMUNITY COLLEGE)  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Overview of the Financial Statements and Financial Analysis**

The following management's discussion and analysis (MD&A) provides an overview of the Public Radio East's (PRE) and its affiliate's financial performance during the fiscal years ended June 30, 2015 and 2014, based on currently known facts and conditions; and is designed to assist readers in understanding the accompanying financial statements. The MD&A, financial statements and notes are the responsibility of Public Radio East's management. Since the MD&A is designed to focus on current activities, resulting change, and currently known facts, it should be read in conjunction with the Public Radio East financial statements and the related footnote disclosures.

**Using This Annual Report**

The Public Radio East financial report includes three financial statements; the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The financial statements focus on the financial condition of Public Radio East, the results of operations, and cash flows of Public Radio East as a whole. The Statement of Net Position presents the assets (current and noncurrent), liabilities (current), and net assets (assets minus liabilities) of Public Radio East as of the end of the fiscal year. It is a point-in-time financial statement.

The Statement of Revenues, Expenses, and Changes in Net Position report Public Radio East's results of operation for the fiscal year. It presents the revenues earned by Public Radio East and the expenses incurred by Public Radio East, both operating and non-operating, and any other revenues, expenses, gains, and losses received or spent by Public Radio East. It is intended to summarize and simplify the user's analysis of the cost of various Public Radio East services.

The Statement of Cash Flows provides information relative to Public Radio East's sources and uses of cash for operating activities, noncapital financing activities and investing activities. The statement provides a reconciliation of beginning cash balances to ending cash balances and is representative of the activity reported on the Statement of Revenues, Expenses, and Changes in Net Position as adjusted for changes in the beginning and ending balances of noncash accounts on the Statement of Net Position.

**Condensed Statement of Net Position**

Current assets include cash and cash equivalents and receivables. Capital assets are recorded at acquisition cost less depreciation. A capital asset is recorded when the purchase prices for an item is \$5,000 or more and has a useful life of more than one year. Depreciation is computed utilizing the straight-line method over the estimated useful life of the asset; generally 10 - 50 years for equipment. Current liabilities include amounts due to vendors, payroll compensation,

and the current portion of compensated absences for vacation leave due to employees. Noncurrent liabilities include the long term portion of compensated absences for vacation leave due to employees.

Net Position is a measure of the value of all Public Radio East's assets less liabilities.

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current Assets	\$ 545,707	\$ 556,483	\$ (10,776)
Property and equipment, net	415,813	442,706	(26,893)
Total Assets	<u>961,520</u>	<u>999,189</u>	<u>(37,669)</u>
<b>Liabilities</b>			
Current Liabilities	43,825	67,398	(23,573)
Noncurrent Liabilities	62,654	63,983	(1,329)
Total Liabilities	<u>106,479</u>	<u>131,381</u>	<u>(24,902)</u>
<b>Net Position</b>			
Net investment in capital assets	415,813	442,706	(26,893)
Restricted:			
Capital Projects	94,101	141,945	(47,844)
Unrestricted	345,127	283,157	61,970
Total Net Position	<u>\$ 855,041</u>	<u>\$ 867,808</u>	<u>\$ (12,767)</u>

Some highlights of the Foundation's Statement of Net Position are listed below:

- Total assets decreased by \$37,669 primarily due to the decrease in cash and cash equivalents as well as the decrease in property and equipment, net of depreciation.
- Total liabilities decreased by \$24,902 due mainly to a decrease in accounts payable and accrued expenses in Public Radio East at the end of the fiscal year.
- Restricted net assets for capital projects decreased \$47,844 due to a transfer from the PRE Foundation's Capital campaign to the PRE Radio Station fund.
- Unrestricted net assets increased primarily due to decreased expenses.



## Condensed Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position reports the activity of Public Radio East during the year and is subdivided into three major components: operating revenues, operating expenses, and non-operating revenues. Revenues are reported by major source. Depreciation is recognized and presented as an operating expense. Intradepartmental transfers are eliminated.

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Increase (Decrease)</u>
<b>Operating Revenues:</b>			
Pledges and contributions	1,247,238	1,375,315	(128,077)
Grants	157,999	163,371	(5,372)
Other Operating Revenues	55,925	26,995	28,930
Total Operating Revenues	<u>1,461,162</u>	<u>1,565,681</u>	<u>(104,519)</u>
<b>Operating Expenses:</b>			
Programming and production	542,352	590,009	(47,657)
Broadcasting and engineering	54,050	47,899	6,151
Program information and promotion	21,376	20,705	671
Management and general	533,186	576,010	(42,824)
Fundraising & member develop	184,588	167,680	16,908
Underwriting	140,306	126,992	13,314
Total Operating Expenses	<u>1,475,858</u>	<u>1,529,295</u>	<u>(53,437)</u>
Operating Income (Loss)	(14,696)	36,386	(51,082)
<b>Nonoperating Revenues</b>			
Interest	1,929	1,544	385
Net Nonoperating Revenues	<u>1,929</u>	<u>1,544</u>	<u>385</u>
Increase (decrease) in net position	(12,767)	37,930	(50,697)
Net position, July 1 , 2014	<u>867,808</u>	<u>829,878</u>	<u>37,930</u>
Net position, June 30, 2015	<u>855,041</u>	<u>867,808</u>	<u>(12,767)</u>

The Statement of Revenues, Expenses, and Changes in Net Position reflect an increase in the net position and an increase in revenues at year end. Some of the highlights are as follows:

- Total Operating Revenues decreased by \$104,519. This was largely driven by the decrease in pledges and contributions.

- Total Operating Expenses decreased by \$53437, driven largely by decreases in the expenditures in the programming and production areas and management and general areas.
- The Net Position decreased by \$12,767 due to decreased revenues for the year.

### **Future Financial Influences**

Public Radio East (PRE) continues to provide 2 networks via 5 transmitting stations that are licensed by the Federal Communications Commission to the Board of Trustees of Craven Community College (Craven). Public Radio East does not receive any direct financial support from Craven and is responsible for raising the funds necessary to operate the stations. The Public Radio East Foundation is a separate 501(c) (3) formed to support the operations of PRE. The funds of the PRE Foundation are blended with the operational funds of PRE for the purpose of this financial statement.

Economic concerns historically have an impact on individual membership pledges and contributions (membership) as well as corporate support (underwriting). PRE has initiated and continues to develop a program of Sustaining Members. We are continuing to see a tremendous growth in our Sustaining Members program. Sustaining Members are automatically renewed and the payments are either paid via a bank draft or Credit/Debit card. This should greatly reduce the number of lapsed donors that simply forget that their renewal is due. Overall membership contributions are down and PRE management is reviewing this issue and developing a plan to increase membership contributions.

Underwriting remains to be an area of concern and effort continues to assure that we are maximizing the potential income in this category. Uncertainty of reimbursements, combined with mergers of facilities/practices in the medical field continues to lead to a further reduction in income from this category. A recent staff change in the Underwriting Department is expected to yield an increase in the coming year.

Public Radio East continues to struggle with the combined cuts from the Corporation for Public Broadcasting and the elimination of funding from the State of North Carolina. The station has taken a number of steps to mitigate the impact of these cuts primarily through a reduction in expenditures. While effort continues to close the gap from these funding cuts, the significance of the cuts continues to affect PRE.

### **Contacting the College's Financial Management**

Our financial statements are designed to provide the citizens of North Carolina with a general overview of the PRE's finances and show accountability of all funds received. Questions concerning any of the information found in this report or requests for additional information should be directed to Cindy A. Patterson, Director of Financial Services and Purchasing, Craven Community College, 800 College Court, New Bern, NC 28562.

**Public Radio East (WTEB-FM) and Affiliate**  
**Statements of Net Position**  
**As of June 30, 2015 and 2014**

**Exhibit A-1**

<b>ASSETS</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Current assets		
Cash and cash equivalents (Notes 1 and 2)	\$ 330,054	\$ 324,789
Restricted Cash	94,101	141,945
Pledges receivable, net (Note 7)	121,552	89,749
Total current assets	<u>545,707</u>	<u>556,483</u>
Noncurrent assets		
Property and equipment, net of depreciation (Note 3)	415,813	442,706
Total noncurrent assets	<u>415,813</u>	<u>442,706</u>
<b>Total assets</b>	<u><u>961,520</u></u>	<u><u>999,189</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	29,502	53,241
Current vacation payable	14,323	14,157
Total current liabilities	<u>43,825</u>	<u>67,398</u>
Noncurrent liabilities		
Accrued vacation payable	62,654	63,983
Total noncurrent liabilities	<u>62,654</u>	<u>63,983</u>
<b>Total liabilities</b>	<u>106,479</u>	<u>131,381</u>
<b>NET POSITION</b>		
Net investment in capital assets	415,813	442,706
Restricted for:		
Capital projects	94,101	141,945
Unrestricted:		
Operating	282,916	225,418
Board designated endowment	62,211	57,739
Total net position	<u>855,041</u>	<u>867,808</u>
<b>Total liabilities and net position</b>	<u><u>\$ 961,520</u></u>	<u><u>\$ 999,189</u></u>

The accompanying notes are an integral part of the financial statements.

**Public Radio East (WTEB-FM) and Affiliate**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**Exhibit A-2**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Operating revenues:</b>		
Pledges and contributions:		
Individuals and businesses	\$ 622,806	\$ 694,063
In-kind contributions (Note 6)	438,266	495,998
Underwriting contributions	186,166	185,254
Grants received and expended currently:		
Community service grants from CPB	137,707	146,051
Challenge grants from individuals and businesses	20,292	17,320
Transfers from Craven Community College	-	5,092
Other income	55,925	21,903
	<u>1,461,162</u>	<u>1,565,681</u>
<b>Operating expenses:</b>		
Programming and production	542,352	590,009
Broadcasting and engineering	54,050	47,899
Program information and promotion	21,376	20,705
Management and general	533,186	576,010
Fundraising and membership development	184,588	167,680
Underwriting	140,306	126,992
	<u>1,475,858</u>	<u>1,529,295</u>
<b>Total operating expenses</b>		
	<u>1,475,858</u>	<u>1,529,295</u>
Operating income(loss)	<u>(14,696)</u>	<u>36,386</u>
<b>Non-Operating Revenues</b>		
Interest	<u>1,929</u>	<u>1,544</u>
<b>Total non-operating revenue</b>	<u>1,929</u>	<u>1,544</u>
Increase(decrease) in net position	(12,767)	37,930
<b>NET POSITION</b>		
Net position, July 1, 2014	<u>867,808</u>	<u>829,878</u>
<b>Net position, June 30, 2015</b>	<u>\$ 855,041</u>	<u>\$ 867,808</u>

The accompanying notes are an integral part of the financial statements.

*Public Radio East (WTEB-FM) and Affiliate  
 Statements of Cash Flows  
 For the Fiscal Years Ended June 30, 2015 and 2014*

*Exhibit A-3*

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from contributions, grants and other fundraising	\$ 1,443,215	\$ 1,528,089
Cash paid to suppliers and employees	(1,508,015)	(1,495,832)
Other operating revenues	20,292	26,995
Net cash provided by/(used for) operating activities	<u>(44,508)</u>	<u>59,252</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	-	(10,730)
Net cash used by financing activities	<u>-</u>	<u>(10,730)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings	1,929	1,544
Net cash provided by investing activities	<u>1,929</u>	<u>1,544</u>
Net increase/(decrease) in cash and cash equivalents	(42,579)	50,066
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>466,734</u>	<u>416,668</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 424,155</u>	<u>\$ 466,734</u>

The accompanying notes are an integral part of the financial statements.

*Public Radio East (WTEB-FM) and Affiliate*  
*Statements of Cash Flows*  
*For the Fiscal Years Ended June 30, 2015 and 2014*

*Exhibit A-3*

*(continued)*

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RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ (14,696)	\$ 36,386
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	26,893	26,499
Changes in assets and liabilities:		
Pledges receivable	(31,803)	(4,259)
Accounts payable and accrued expenses	(23,739)	1,412
Accrued vacation payable	(1,163)	(786)
Net cash provided by/ (used for) operating activities	<u>\$ (44,508)</u>	<u>\$ 59,252</u>

The accompanying notes are an integral part of the financial statements.



## Public Radio East (WTEB-FM) and Affiliate Notes to the Financial Statements

### Note 1 – Summary of Significant Accounting Policies

#### Financial Reporting Entity

Public Radio East (“PRE”) is a public service radio station whose purpose is to serve the education and cultural needs of Eastern North Carolina. PRE is an entity owned and governed by the Board of Trustees of Craven Community College (the “College”). The College is a component unit of the North Carolina Community College System. Public Radio East Foundation (the “Foundation”) has been established as the gift receiving organization which solicits funds to be used to support PRE. The Foundation is owned and operated by the College. As such, the accompanying statements of financial position and related statements of activities, cash flows, and functional expenses include the assets owned by the College and the Foundation designated for use by PRE. PRE is funded mainly by federal grants, indirect support from the College, community fundraising and underwriting contributions.

#### Basis of Presentation:

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The financial statements of PRE have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

On July 1, 2011, PRE adopted the provisions of GASB Statement No. 34 (Statement 34) Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities. Statement 34 established standards for external financial reporting for all public colleges and universities and component units, which includes a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows prepared on the direct method. It requires the classification of net assets into three components – net investment in capital assets; restricted; and unrestricted.

#### Cash and Cash Equivalents

All deposits and expenditures of PRE are maintained by the College’s accounting office. PRE’s cash accounts are combined with the College’s central depository account. PRE cash accounts are “pooled” with College cash receipts and assigned a percentage of participation



## **Public Radio East (WTEB-FM) and Affiliate Notes to the Financial Statements**

based on amounts held. The College maintains its deposits in designated official depositories which are secured as required by State Law.

PRE considers all highly liquid assets with a maturity of three months or less to be cash equivalents.

### Restricted Cash

Restricted cash consists of contributions from donors restricted for the acquisitions or construction of capital assets and resources whose use is limited by external parties or statute.

### Investments

Generally investments are reported at fair value, as determined by quoted market prices or estimated amounts determined by management if quoted market prices are not available. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net increase (decrease) in the fair value of investments is recognized as a component of investment income.

### Promises to Give

Contributions are recognized when the donor makes a pledge to give to PRE that is, in substance, unconditional.

PRE uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Restricted Assets: Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted or designated for the acquisition or construction of capital assets and resources whose use is limited by external parties or statute.

### Net Position

PRE's net positions are classified as follows:

**Public Radio East (WTEB-FM) and Affiliate**  
**Notes to the Financial Statements**

Net investment in capital assets: This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2015, there is no related debt.

Restricted net position: The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation.

Unrestricted net position: Unrestricted net position includes resources derived contributions, grants, interest income, and underwriting fees.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at PRE.

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

Income Taxes

PRE and its affiliate are exempt from federal and state income taxes under Internal Revenue Service Code 501(c)(3).

Property and Equipment

PRE follows the College policy to expense property additions less than \$5,000 in the year purchased. Fixed assets are reported at cost or, in the case of donated property, at estimated fair value determined as of the date of receipt. Depreciation is computed on a straight-line basis over the estimated used lives of the asset as follows:

<u>Asset Category</u>	<u>Estimated Useful Life</u> <u>(in years)</u>
Transmitters and towers	10 - 50
Studio and technical equipment	10 - 40
Furniture, fixtures, and equipment	10 - 50

## **Public Radio East (WTEB-FM) and Affiliate Notes to the Financial Statements**

### Donated Materials and Services

Donated materials are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or 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 ended June 30, 2015, there was no donated equipment.

### Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting ("CPB") is a private, nonprofit grant-making organization responsible for funding numerous television and radio stations. CPB distributes annual Community Service Grants ("CSG's") to qualifying public broadcasting entities. CSG's are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services.

The CSG's are reported on the accompanying financial statements as unrestricted revenues since time and purpose restrictions were all met in the current period.

### Indirect Administrative Support

PRE receives administrative support from the College. Indirect administrative support consists of allocated institutional support and physical plan costs incurred by the College for which PRE receives benefits. The fair value of this support is recognized in the Statement of Activities as indirect administrative support and also as expense in the management and general functional expense category. The College also provides office, studio and tower facilities, the benefit for which is included as a building use allowance at the approved rate.

### Program Underwriting

Revenues for program underwriting is recorded on a pro-rata basis for the period covered.

### Functional Allocation of Expenses

The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

### Advertising Costs

Advertising costs are expensed in the period in which they are incurred.

**Public Radio East (WTEB-FM) and Affiliate  
Notes to the Financial Statements**

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Public Radio East and its subsidiary, Public Radio East Foundation, as of the balance sheet date. The financial statements of the subsidiary is prepared for the same reporting date as Public Radio East.

**Note 2 – Deposits**

All funds of PRE are deposited in College board designated official depositories and are required to be collateralized in accordance with North Carolina General Statute 115D 58.7. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina. The amount shown on the Statement of Net Position as cash and cash equivalents includes deposits in private financial institutions with a bank balance of \$424,155.

The North Carolina Administrative Code (20 NCAC 7) requires all depositories to collateralize public deposits in excess of federal depository insurance coverage by using one of two methods, dedicated or pooled. Under the dedicated method, a separate escrow account is established by each depository in the name of each local governmental unit and the responsibility of monitoring collateralization rests with the local unit. Under the pooling method, each depository establishes an escrow account in the name of the State Treasurer to secure all of its public deposits. This method shifts the monitoring responsibility from the local unit to the State Treasurer.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2015 and 2014, the College's bank balance in excess of federal depository insurance coverage was covered under the pooling method.

Details of "pooled" cash held by Craven Community College at June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Public Radio East accounts	\$ 267,843	\$ 267,050
Public Radio East Foundation accounts	<u>156,312</u>	<u>199,684</u>
Total Cash	<u>\$ 424,155</u>	<u>\$ 466,734</u>

**Public Radio East (WTEB-FM) and Affiliate**  
**Notes to the Financial Statements**

**Note 3 – Property and Equipment, Net of Depreciation**

Property and equipment are stated at cost and consist of the following at June 30, 2015 and 2014:

	July 1, 2014		June 30, 2015	
	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital Assets</b>				
Transmitters and towers	\$ 713,929	\$ -	\$ -	713,929
Studio and technical equipment	204,524	-	-	204,524
Furniture, fixtures, and equipment	32,423	-	-	32,423
Nondepreciable assets	-	-	-	-
Total capital assets not being depreciated	<u>950,876</u>	-	-	<u>950,876</u>
<b>Less accumulated depreciation:</b>				
Transmitters and towers	351,439	22,479	-	373,918
Studio and technical equipment	139,661	3,816	-	143,477
Furniture, fixtures, and equipment	17,070	598	-	17,668
Nondepreciable assets	-	-	-	-
Total accumulated depreciation	<u>508,170</u>	<u>26,893</u>	-	<u>535,063</u>
<b>Capital Assets, net</b>	<u>\$ 442,706</u>			<u>\$ 415,813</u>
	July 1, 2013		June 30, 2014	
	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital Assets</b>				
Transmitters and towers	\$ 713,929	\$ -	\$ -	713,929
Studio and technical equipment	193,794	10,730	-	204,524
Furniture, fixtures, and equipment	32,423	-	-	32,423
Total capital assets not being depreciated	<u>940,146</u>	<u>10,730</u>	-	<u>950,876</u>
<b>Less accumulated depreciation:</b>				
Transmitters and towers	328,960	22,479	-	351,439
Studio and technical equipment	136,238	3,423	-	139,661
Furniture, fixtures, and equipment	16,473	597	-	17,070
Nondepreciable assets	-	-	-	-
Total accumulated depreciation	<u>481,671</u>	<u>26,499</u>	-	<u>508,170</u>
<b>Capital Assets, net</b>	<u>\$ 458,475</u>			<u>\$ 442,706</u>

**Public Radio East (WTEB-FM) and Affiliate  
Notes to the Financial Statements**

**Note 4 – Corporation for Public Broadcasting Community Service Grants**

The Community Service Grants received and expended during the years ended June 30, 2015 and 2014 were as follows:

<u>Date Approved</u>	<u>2015</u>	<u>2014</u>
November 8, 2013	\$ -	\$ 96,885
March 26, 2014	-	49,166
December 9, 2014	96,395	-
April 8, 2015	41,312	-
	<u>\$ 137,707</u>	<u>\$ 146,051</u>

**Note 5 – Endowment**

PRE's endowment consists of funds designated by the Board of Directors of the Foundation to function as an endowment. There are no donor restrictions imposed on the endowment.

Changes in endowment net position for the years ended June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Endowment net assets at beginning of year	\$ 57,739	\$ 52,524
Endowment contributions	4,117	4,951
Investment income	355	264
	<u>\$ 62,211</u>	<u>\$ 57,739</u>

**Public Radio East (WTEB-FM) and Affiliate**  
**Notes to the Financial Statements**

**Note 6 – Indirect Administrative Support**

PRE receives administrative support from the College. Indirect administrative support consists of allocated institutional support and physical plant costs incurred by the College for which PRE receives benefits. The fair value of this support is recognized in the statement of activities as in-kind contributions and also as expenses in the management and general functional expense category. Details of such support are as follows:

	<u>2015</u>	<u>2014</u>
Institutional support	\$ 394,340	\$ 455,571
Occupancy	40,612	37,113
Physical plant maintenance	<u>3,314</u>	<u>3,314</u>
Total Indirect Support	<u>\$ 438,266</u>	<u>\$ 495,998</u>

**Note 7 – Promises to Give**

Uncollected promises to give consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Unrestricted pledges from media fund drives	\$ 128,534	\$ 100,160
Allowances for uncollectible pledges and present value discounts	<u>(6,982)</u>	<u>(10,411)</u>
Total Current Receivables	<u>\$ 121,552</u>	<u>\$ 89,749</u>

**Note 8 – Benefit Plans**

Substantially all of the permanent employees of PRE are included in the College Retirement Plan. The Plan is a cost sharing multiple employer defined benefit pension plan administered by the North Carolina State Treasurer. Benefit and contribution provisions for the Plan are established by North Carolina general statutes. For the years ended June 30, 2015 and 2014, PRE contributed \$53,928 and \$48,594 to the Plan.

**Public Radio East (WTEB-FM) and Affiliate  
Notes to the Financial Statements**

**Note 9 – Related Party Transactions**

PRE receives administrative support from the Foundation and the College. The combined statement of activities includes the following related party amounts for the years ended June 30, 2015 and 2014:

<u>Related Party Transaction</u>	<u>Statement Line Item</u>	<u>2015</u>	<u>2014</u>
In-kind contributions	In-kind contributions of indirect administrative support	\$ 438,266	\$ 495,998

**Note 10 – Fair Value of Financial Instruments**

The following assets carried at fair value are reviewed and adjusted on a recurring basis:

	<u>Fair Value June 30, 2015</u>	<u>Fair Value June 30, 2014</u>	<u>Quoted Prices for Identical Assets</u>
Beneficial interest in assets held by Craven Community College	\$ 424,155	\$ -	\$ 424,155
Beneficial interest in assets held by Craven Community College	-	466,734	466,734

**Note 11 – Subsequent Events**

Management has evaluated subsequent events through November 3, 2015, the date on which the financial statements were available to be issued.