

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

AUDITED FINANCIAL STATEMENTS
Together With Independent Auditor's Report

JUNE 30, 2017 and 2016

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

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the President and Board of Trustees of
Clark Atlanta University

We have audited the accompanying financial statements of WCLK-FM RADIO (a Public Telecommunications Activity of Clark Atlanta University ("the Station")), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. 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 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.

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

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, 2017 and 2016, 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.

PJC Group, LLC

Atlanta, Georgia
January 23, 2018

WCLK-FM RADIO
(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 and 2016

| <u>ASSETS</u> | <u>2017</u> | <u>2016</u> |
|---|--------------------------|-------------------------|
| Property and equipment: | | |
| Studio and other broadcast equipment | 300,111 | 225,825 |
| Furniture and fixtures | 4,216 | 2,903 |
| Office machines and equipment | 14,260 | 7,658 |
| Vehicle | 57,001 | 23,042 |
| Construction In Progress | <u>62,536</u> | <u>-</u> |
| | 438,124 | 259,428 |
| Less Accumulated depreciation | <u>(201,546)</u> | <u>(180,243)</u> |
| Total Property and Equipment | <u>236,578</u> | <u>79,185</u> |
| TOTAL ASSETS | <u>\$ 236,578</u> | <u>\$ 79,185</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities | | |
| Accounts payable | \$ 5,029 | \$ 135 |
| Accrued expenses | <u>2,305</u> | <u>1,480</u> |
| Total Current Liabilities | <u>7,334</u> | <u>1,615</u> |
| Net assets | | |
| Unrestricted | 224,546 | 77,570 |
| Temporarily restricted (Note 3) | 4,698 | - |
| Permanently restricted | <u>-</u> | <u>-</u> |
| Total Net Assets | <u>229,244</u> | <u>77,570</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 236,578</u> | <u>\$ 79,185</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, 2017

| | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>PERMANENTLY RESTRICTED</u> | <u>2017 TOTALS</u> |
|---|---------------------|-----------------------------------|-----------------------------------|------------------------|
| <u>REVENUE AND OTHER SUPPORT</u> | | | | |
| General appropriation from Clark Atlanta University | \$ 494,623 | \$ - | \$ - | \$ 494,623 |
| Donated facilities and indirect administrative support from Clark Atlanta University | 354,978 | - | - | 354,978 |
| Contributions, memberships and development activities | 873,138 | - | - | 873,138 |
| Grants | 144,834 | 51,073 | - | 195,907 |
| In-kind donations | 87,832 | - | - | 87,832 |
| Net assets released from restriction: | | | | |
| Satisfaction of program restrictions | 46,375 | (46,375) | - | - |
| TOTAL REVENUE AND OTHER SUPPORT | \$ 2,001,780 | \$ 4,698 | \$ - | \$ 2,006,478 |
| <u>EXPENSES</u> | | | | |
| Program Services | | | | |
| Local programming and production | 511,369 | - | - | 511,369 |
| Broadcasting | 418,073 | - | - | 418,073 |
| Program information and promotion | 123,715 | - | - | 123,715 |
| | 1,053,157 | - | - | 1,053,157 |
| Supporting Services | | | | |
| Fundraising | 295,471 | - | - | 295,471 |
| Management and general | 506,176 | - | - | 506,176 |
| | 801,647 | - | - | 801,647 |
| TOTAL EXPENSES | 1,854,804 | - | - | 1,854,804 |
| Change in Net Assets | 146,976 | 4,698 | - | 151,674 |
| Net assets, beginning of year | 77,570 | - | - | 77,570 |
| Net assets, end of year | \$ 224,546 | \$ 4,698 | \$ - | \$ 229,244 |

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, 2016

| | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>PERMANENTLY RESTRICTED</u> | <u>2016 TOTALS</u> |
|---|---------------------|-----------------------------------|-----------------------------------|------------------------|
| <u>REVENUE AND OTHER SUPPORT</u> | | | | |
| General appropriation from Clark Atlanta University | \$ 534,639 | \$ - | \$ - | \$ 534,639 |
| Donated facilities and indirect administrative support from Clark Atlanta University | 432,450 | - | - | 432,450 |
| Contributions, memberships and development activities | 829,957 | - | - | 829,957 |
| Grants | 161,605 | 56,575 | - | 218,180 |
| In-kind donations | 168,240 | | | 168,240 |
| Net assets released from restriction: | | | | |
| Satisfaction of program restrictions | 70,490 | (70,490) | - | - |
| TOTAL REVENUE AND OTHER SUPPORT | \$ 2,197,381 | \$ (13,915) | \$ - | \$2,183,466 |
| <u>EXPENSES</u> | | | | |
| Program Services | | | | |
| Local programming and production | 638,702 | - | - | 638,702 |
| Broadcasting | 522,174 | - | - | 522,174 |
| Program information and promotion | 154,521 | - | - | 154,521 |
| | 1,315,397 | - | - | 1,315,397 |
| Supporting Services | | | | |
| Fundraising | 369,043 | - | - | 369,043 |
| Management and general | 632,216 | - | - | 632,216 |
| | 1,001,259 | - | - | 1,001,259 |
| TOTAL EXPENSES | 2,316,656 | - | - | 2,316,656 |
| Change in Net Assets | (119,275) | (13,915) | - | (133,190) |
| Net assets, beginning of year | 196,845 | 13,915 | - | 210,760 |
| Net assets, end of year | \$ 77,570 | \$ - | \$ - | \$ 77,570 |

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, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ 151,674 | \$ (133,190) |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation | 21,303 | 17,871 |
| Change in accounts receivable | - | 130,579 |
| Change in accounts payable | 4,894 | (16,740) |
| Change in accrued expenses | <u>825</u> | <u>1,480</u> |
| Net cash provided for operating activities | <u>178,696</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of equipment | (116,160) | - |
| Construction in progress | <u>(62,536)</u> | <u>-</u> |
| Net cash used by investing activities | <u>(178,696)</u> | <u>-</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, 2017 and 2016

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 “*Financial Statements of Not-for-Profit Organizations*”. Accordingly, net assets are reported in each of the following three classes: unrestricted, temporarily 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 \$5,000 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.

WCLK-FM RADIO
(A PUBLIC TELECOMMUNICATIONS ACTIVITY OF CLARK ATLANTA UNIVERSITY)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

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 qualifies 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. The University believes more likely than not, that its tax exempt position will be sustained if examined by the authorities.

WCLK-FM RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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.

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 the Financial Accounting Standards Board in its Accounting Standards Codification, "*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 above criteria. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

WCLK-FM RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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. Temporarily restricted net assets as of June 30, 2017 and 2016 of \$4,698 and \$0 respectively are available for subsequent year’s activities as follows:

| | <u>2017</u> | <u>2016</u> |
|--------------------------|-----------------|-------------|
| FY2017 CSG Radio Grant | \$ 2,714 | \$ - |
| FY2017 NPPAG Radio Grant | <u>1,984</u> | <u>-</u> |
| Total | <u>\$ 4,698</u> | <u>\$ -</u> |

NOTE 4 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 23, 2018, which is the date the financial statements were available to be issued.