

Audited Financial Statements

WBLV-FM / WBLU-FM Radio
A Public Telecommunications Entity

*Years Ended September 30, 2024 and 2023
with Report of Independent Auditors*

WBLV-FM / WBLU-FM Radio

Audited Financial Statements

Years Ended September 30, 2024 and 2023

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Report of Independent Auditors

Board of Trustees
WBLV-FM / WBLU-FM Radio
Blue Lake Fine Arts Camp
Twin Lake, Michigan

Opinion

We have audited the accompanying financial statements of WBLV-FM / WBLU-FM Radio (a Public Telecommunications Entity and division of Blue Lake Fine Arts Camp, a Michigan not-for-profit organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WBLV-FM / WBLU-FM Radio as of September 30, 2024 and 2023, 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 (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WBLV-FM / WBLU-FM Radio and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WBLV-FM / WBLU-FM Radio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 WBLV-FM / WBLU-FM Radio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WBLV-FM / WBLU-FM Radio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Grand Rapids, Michigan
March 5, 2025

Andrews Hooper Pavlik PLC

WBLV-FM / WBLU-FM Radio

Statements of Financial Position

	September 30	
	2024	2023
Assets		
Current assets:		
Accounts receivable	\$ 11,840	\$ 10,725
Promises to give	200	1,299
Total current assets	12,040	12,024
Noncurrent assets:		
Net property and equipment	369,395	395,170
Broadcast license, less accumulated amortization of \$161,632 for 2024 and \$156,418 for 2023	46,925	52,139
Total noncurrent assets	416,320	447,309
Total assets	<u>\$ 428,360</u>	<u>\$ 459,333</u>
Liabilities and net assets (deficit)		
Current liabilities:		
Unearned revenue	\$ 3,160	\$ 1,245
Due to related party	443,478	250,365
Total current liabilities	446,638	251,610
Net assets (deficit) without donor restrictions	(18,278)	207,723
Total liabilities and net assets (deficit)	<u>\$ 428,360</u>	<u>\$ 459,333</u>

WBLV-FM / WBLU-FM Radio

Statements of Activities

	Without Donor Restrictions	
	Year Ended September 30	
	2024	2023
Revenue and other support		
Contributions	\$ 361,671	\$ 260,811
In-kind contributions - donated facilities and administrative support from Blue Lake Fine Arts Camp	549,137	574,357
Corporation for Public Broadcasting Community Service Grant	105,854	116,541
Other grants	-	4,000
Underwriting revenue	78,591	97,827
Recordings and tape sales	19,696	20,636
Other revenue	27,843	28,918
Total revenue and other support	1,142,792	1,103,090
Expenses		
Program services:		
Programming and production	623,677	603,246
Broadcasting	157,922	142,853
Program information	30,662	31,810
Total program services	812,261	777,909
Support services:		
Management and general	395,328	446,195
Fundraising and underwriting	161,204	159,810
Total support services	556,532	606,005
Total expenses	1,368,793	1,383,914
Change in net assets without donor restrictions	(226,001)	(280,824)
Net assets without donor restrictions as of beginning of year	207,723	488,547
Net assets (deficit) without donor restrictions as of end of year	\$ (18,278)	\$ 207,723

WBLV-FM / WBLU-FM Radio

Statement of Functional Expenses

Year Ended September 30, 2024

	Program Services				Support Services			
	Programming and Production	Broadcasting	Program Information	Total Program Services	Management and General	Fundraising and Underwriting	Total Support Services	Total
Salaries, payroll taxes, and employee benefits	\$ 117,593	\$ 82,510	\$ 19,141	\$ 219,244	\$ 136,484	\$ 144,029	\$ 280,513	\$ 499,757
Programming and production	477,954	-	-	477,954	-	-	-	477,954
Administrative expenses - institutional support	-	-	-	-	140,794	-	140,794	140,794
Utilities	6,786	51,762	3,393	61,941	6,786	10,178	16,964	78,905
Insurance	-	-	-	-	16,725	-	16,725	16,725
Fundraising	-	-	-	-	-	6,337	6,337	6,337
Physical plant operations	-	20,162	-	20,162	46,413	-	46,413	66,575
Professional services	-	-	-	-	8,337	-	8,337	8,337
Recording supplies	957	-	-	957	-	-	-	957
Printing and publications	-	-	5,503	5,503	-	-	-	5,503
Commissions	-	-	-	-	-	660	660	660
Occupancy	20,387	-	-	20,387	-	-	-	20,387
Postage	-	-	2,625	2,625	-	-	-	2,625
Office supplies	-	-	-	-	1,332	-	1,332	1,332
Travel and conference	-	-	-	-	413	-	413	413
Total before depreciation and amortization	623,677	154,434	30,662	808,773	357,284	161,204	518,488	1,327,261
Depreciation and amortization	-	3,488	-	3,488	38,044	-	38,044	41,532
Total expenses	<u>\$ 623,677</u>	<u>\$ 157,922</u>	<u>\$ 30,662</u>	<u>\$ 812,261</u>	<u>\$ 395,328</u>	<u>\$ 161,204</u>	<u>\$ 556,532</u>	<u>\$ 1,368,793</u>

See accompanying notes.

WBLV-FM / WBLU-FM Radio

Statement of Functional Expenses

Year Ended September 30, 2023

	Program Services				Support Services			
	Programming and Production	Broadcasting	Program Information	Total Program Services	Management and General	Fundraising and Underwriting	Total Support Services	Total
Salaries, payroll taxes, and employee benefits	\$ 119,202	\$ 83,639	\$ 19,403	\$ 222,244	\$ 138,352	\$ 146,001	\$ 284,353	\$ 506,597
Programming and production	453,449	-	-	453,449	-	-	-	453,449
Administrative expenses - institutional support	-	-	-	-	187,538	-	187,538	187,538
Utilities	6,339	48,356	3,170	57,865	6,339	9,509	15,848	73,713
Insurance	-	-	-	-	15,326	-	15,326	15,326
Fundraising	-	-	-	-	-	4,097	4,097	4,097
Physical plant operations	-	6,168	-	6,168	45,780	-	45,780	51,948
Professional services	-	-	-	-	8,419	-	8,419	8,419
Recording supplies	1,851	-	-	1,851	-	-	-	1,851
Printing and publications	-	-	3,875	3,875	-	-	-	3,875
Commissions	-	-	-	-	-	203	203	203
Occupancy	22,405	-	-	22,405	-	-	-	22,405
Postage	-	-	5,362	5,362	-	-	-	5,362
Office supplies	-	-	-	-	5,858	-	5,858	5,858
Travel and conference	-	-	-	-	719	-	719	719
Total before depreciation and amortization	603,246	138,163	31,810	773,219	408,331	159,810	568,141	1,341,360
Depreciation and amortization	-	4,690	-	4,690	37,864	-	37,864	42,554
Total expenses	<u>\$ 603,246</u>	<u>\$ 142,853</u>	<u>\$ 31,810</u>	<u>\$ 777,909</u>	<u>\$ 446,195</u>	<u>\$ 159,810</u>	<u>\$ 606,005</u>	<u>\$ 1,383,914</u>

See accompanying notes.

WBLV-FM / WBLU-FM Radio

Statements of Cash Flows

	Year Ended September 30	
	2024	2023
Cash flows from operating activities		
Change in net assets	\$ (226,001)	\$ (280,824)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	41,532	42,554
Changes in operating assets and liabilities:		
Accounts receivable and promises to give	(16)	31,865
Unearned revenue	1,915	(360)
Due to related party	193,113	226,866
Net cash from operating activities	<u>10,543</u>	<u>20,101</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(10,543)</u>	<u>(20,101)</u>
Cash and cash equivalents – beginning of year	-	-
Cash and cash equivalents – end of year	<u>\$ -</u>	<u>\$ -</u>

WBLV-FM / WBLU-FM Radio

Notes to Financial Statements

September 30, 2024

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

WBLV-FM / WBLU-FM Radio (Radio) is a public service not-for-profit radio station operating as a division of Blue Lake Fine Arts Camp (Camp), in Twin Lake, Michigan. As such, the accompanying statements of financial position and related statements of activities, functional expenses, and cash flows reflect the assets owned by the Camp, designated for use by the Radio. The Radio's mission is to serve as West Michigan's voice of the arts, providing the region with the highest quality arts and cultural programming available through its classical, jazz, and National Public Radio news offerings.

Method of Accounting

The records of the Radio are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation and Net Asset Classification

The financial statements of the Radio have been prepared in accordance with U.S. GAAP, which require the Radio to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Radio. These net assets may be used at the discretion of the Radio's management and the Board of Trustees.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Radio or by the passage of time and require the Radio to use or expend the assets as specified. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity but permit the Radio to use or expend part or all of the income derived from the donated assets for specific purposes.

All of the Radio's net assets were without donor restrictions as of September 30, 2024 and 2023.

WBLV-FM / WBLU-FM Radio

Notes to Financial Statements

September 30, 2024

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Accounts Receivable and Promises to Give

Accounts receivable includes amounts billed to underwriters and advertisers, net of an allowance for credit losses, when applicable. There is no interest charged on open accounts. Management establishes an allowance for credit losses based on historic loss experience and knowledge of specific customer situations, and management's expectations about current and future economic conditions. Uncollectible amounts are written off to the allowance when management deems further collection efforts will not produce additional recoveries.

Accounts receivable are expected to be collected within one year of the statements of financial position date. Management has determined that accounts receivable are fully collectible; therefore, no allowance for credit losses was considered necessary as of September 30, 2024 and 2023.

Promises to give represents contributions pledged to the Radio and are stated at the amount management expects to collect from balances outstanding and are expected to be collected within one year of the statements of financial position date. Management has determined that promises to give are fully collectible; therefore, no allowance for uncollectible accounts was considered necessary as of September 30, 2024 and 2023.

The Radio's accounts receivable and promises to give serve as collateral on a Camp bank loan.

Net Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Donated assets are recorded at fair value when received. Purchased and donated property and equipment and major improvements and renewals over \$1,000 are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets to determine whether carrying values have been impaired.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 10 to 40 years.

Broadcast License

The Radio acquires program broadcast rights from the Public Broadcasting Service and other programming services. The Radio amortizes program broadcast rights using the straight-line method over the estimated useful life of the asset of 40 years.

WBLV-FM / WBLU-FM Radio

Notes to Financial Statements

September 30, 2024

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue and Other Support

Contributions

The Radio recognizes contributions when cash, securities, other assets, or an unconditional promise to give is received. Conditional contributions to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Donor restricted contributions are reported as increases in net assets without donor restrictions if the entire restriction expires in the reporting period in which the contribution is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions – Donated Facilities and Administrative Support from the Camp

Indirect support from the Camp consists of allocations of the Camp's physical plant operations, occupancy, administrative salaries, and seasonal salaries costs that benefit the Radio. The allocations are calculated utilizing various factors, including square footage of facilities utilized by the Radio, percentage of assets used for the Radio, or the ratio of the Radio's personnel expenses to the Camp's total personnel expenses.

The fair value of this support is recognized as revenue in the statements of activities under in-kind contributions – donated facilities and administrative support from Blue Lake Fine Arts Camp and in the statements of functional expenses within the following expenses for the years ended September 30:

	2024	2023
Programming and production	\$ 346,227	\$ 328,684
Administrative expenses – institutional support	136,110	183,833
Physical plant operations	46,413	39,435
Occupancy	20,387	22,405
Total	<u>\$ 549,137</u>	<u>\$ 574,357</u>

WBLV-FM / WBLU-FM Radio

Notes to Financial Statements

September 30, 2024

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue and Other Support (continued)

In-Kind Contributions – Donated Facilities and Administrative Support from the Camp (continued)

All donated support related to programming and production and occupancy benefitted the programming and production program. The donated support related to administrative expenses – institutional support and physical plant operations benefitted management and general support services.

Corporation for Public Broadcasting (CPB) Grants

The Radio receives an annual Community Service Grant from the CPB. Certain general provisions must be satisfied in connection with application for and use of the grant to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of the grant funds, record keeping, audits, financial reporting, and other matters.

Grant revenue from the CPB is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance.

For fiscal years 2024 and 2023, the grant funds received from the CPB were fully expended in the fiscal year in which they were received. The grants have therefore been reported as increases in net assets without donor restrictions in the statements of activities.

Underwriting Revenue

During the year ended September 30, 2024, the Radio recognized revenue from contracts with customers of \$78,591 (\$97,827 during the year ended September 30, 2023) in the form of underwriting revenue as noted in the statements of activities. Performance obligations related to underwriting revenue are satisfied at the point in time when the programs underwritten are broadcast. The Radio sends an invoice for underwriting revenue on a periodic basis, typically every 30 days, over the term of the contract. Amounts received in advance of the related program being broadcast are classified as unearned revenue until the programs are aired, at which time the unearned revenue is reclassified to revenue.

WBLV-FM / WBLU-FM Radio

Notes to Financial Statements

September 30, 2024

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue and Other Support (continued)

Underwriting Revenue (continued)

The following table sets forth the Radio's beginning and ending balances of receivables from contracts with customers as of September 30:

	2024		2023	
	Beginning of year	End of year	Beginning of year	End of year
Contract receivables	\$ 10,725	\$ 11,840	\$ 11,908	\$ 10,725
Unearned revenue	1,245	3,160	1,605	1,245

Consideration paid for underwriting services is non-refundable. The Radio did not recognize any credit loss expenses for receivables associated with underwriting revenue during the years ended September 30, 2024 and 2023.

Recordings and Tape Sales

During the year ended September 30, 2024, the Radio recognized revenue from the sale of performance and radio recordings and tapes of \$19,696 (\$20,636 during the year ended September 30, 2023). Revenue related to recordings and tape sales is recognized at a point in time in the period in which the sale is made and transfer of the recording or tape to the purchaser has occurred. The Radio generally does not accept returns of recordings or tape sales and the sales are not covered by product warranties.

Economic Factors

Economic factors affect the nature, amount, timing, and uncertainty of the Radio's revenue and cash flows, including the overall health of the economy. Declines in the overall health of the economy will typically decrease disposable income and has the potential to reduce amounts received.

Functional Allocation of Expenses

The costs of providing the various program services and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function.

WBLV-FM / WBLU-FM Radio

Notes to Financial Statements

September 30, 2024

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses (continued)

Accordingly, certain costs have been allocated among the program and support services benefited. Salaries, payroll taxes, and employee benefits and utilities expenses apply to more than one functional category and have been allocated among the respective functions based upon the time spent on these functions by specific employees as estimated by management and applied on a consistent basis. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Income Taxes

The Radio is a division of the Camp, a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Camp's tax-exempt purpose is subject to taxation as unrelated business income.

Generally, tax years from 2020 through the current year remain open to examination. Management does not believe that the results from any examination of these open years would have a material adverse effect on the Radio.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events for potential recognition and disclosure in the financial statements through March 5, 2025, which is the date the financial statements were available to be issued.

2. Liquidity and Availability of Resources

The Radio had \$12,040 as of September 30, 2024 and \$12,024 as of September 30, 2023 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Accounts receivable and promises to give are subject to implied time restrictions but are expected to be collected within one year.

WBLV-FM / WBLU-FM Radio

Notes to Financial Statements

September 30, 2024

2. Liquidity and Availability of Resources (continued)

The Radio has a goal to maintain current financial assets on hand to meet 30 days of operating expenses not typically received in-kind from the Camp (approximately \$68,000 as of September 30, 2024 and \$67,000 as of September 30, 2023). The Radio manages its liquidity required to meet its operating needs while also trying to maximize the investment of its available funds. The Radio operates as a division of the Camp and is therefore able to use Camp funds to help manage unanticipated liquidity needs. The Radio records the use of Camp funds as due to related party in the statements of financial position. The Radio also receives contributions throughout the year to meet general expenditures.

3. Property and Equipment

Net property and equipment is summarized as follows as of September 30:

	2024	2023
Buildings	\$ 807,335	\$ 807,335
Equipment	455,003	444,460
Total	1,262,338	1,251,795
Accumulated depreciation	(892,943)	(856,625)
Net property and equipment	\$ 369,395	\$ 395,170

The Radio's property and equipment serve as collateral on a Camp bank loan.

4. Due to Related Party

In addition to the in-kind support received from the Camp as shown on the statements of activities, the Camp also provides funds as necessary to support the Radio's operations. Amounts due from the Radio to the Camp were \$443,478 as of September 30, 2024 and \$250,365 as of September 30, 2023.

5. Pension Plans

The Camp has a money purchase pension plan covering all employees over the age of 19 who have completed one year of service. The contribution is computed as 10% of the qualified employees' compensation.

Pension expense for Radio employees was \$28,703 for the year ended September 30, 2024 and \$28,199 for the year ended September 30, 2023.

WBLV-FM / WBLU-FM Radio

Notes to Financial Statements

September 30, 2024

5. Pension Plans (continued)

The following vesting schedule applies to employer contributions:

Years of Service	Vesting %
0-1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

6. Concentrations

The Radio's concentrated funding sources for the years ended September 30 are as follows:

	2024	2023
Blue Lake Fine Arts Camp – in-kind	48%	52%
Corporation for Public Broadcasting	9%	11%

7. Risks and Uncertainties

The Radio is subject to various risks and uncertainties related to operations and financial performance. The Radio utilizes a number of suppliers and vendors to fulfill business needs and this exposes them to risks and uncertainties, including supply chain risks. These supply chain risks include availability of sources of supply for materials, labor, and services, in addition to increases in prices. Due to the level of risk associated with the supply chain and other potential risks and uncertainties, it is at least reasonably possible these risks could have an impact in the near term and could materially affect the operations of the Radio and the amounts reported in the financial statements.