

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
New Bern, North Carolina**

**Financial Statements and
Independent Auditor's Report**

Years Ended June 30, 2023 and 2022

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
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June 30, 2023**

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S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
American Institute of CPAs
N. C. Association of CPAs

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Public Radio East (WTEB-FM) and its affiliate, Public Radio East Foundation, a component unit of Craven Community College, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise ("Public Radio East") is basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Radio East. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Public Radio East and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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.

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 the Public Radio East ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 generally accepted auditing standards 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.

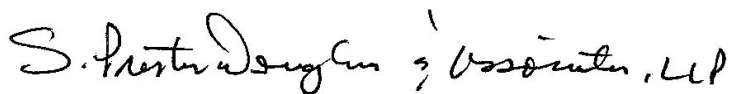
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 the Public Radio East'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 the Public Radio East's ability to continue as a going concern for a reasonable period of time.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

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 audit.

A handwritten signature in black ink that reads "S. Preston Douglas, Jr., CPA". The signature is written in a cursive, flowing style.

Lumberton, North Carolina
February 2, 2024

Management's Discussion and Analysis

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Management's Discussion and Analysis
June 30, 2023**

The information in this section is intended to provide a general overview of Public Radio East (WTEB-FM) and its affiliate, Public Radio East Foundation (Foundation), a component unit of Craven Community College's financial statements and is based upon the information contained in the financial statements accompanying this discussion and analysis. The user is encouraged to reference the appropriate section of the financial statements for the supporting detailed information.

Overview of the Financial Statements

Public Radio East's discussion and analysis (MD&A) provides an overview of Public Radio East's financial performance during the fiscal years ended June 30, 2023 and 2022, 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 Public Radio East's financial statements and the related footnote disclosures.

Basic Financial Statements

The basic financial statements present information for Public Radio East as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents information on all of Public Radio East's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Public Radio East is improving or deteriorating.

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's and the expenses incurred by Public Radio East, both operating and nonoperation, 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 services to students and the public.

The Statement of Cash Flows provides information regarding the Foundation's cash receipts and cash payments during the reported period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. The statement reconciles the beginning cash as of July 1, 2022, to the ending cash as of June 30, 2023. The statement also includes comparative information.

The Notes to Financial Statements provide additional information that is essential to a complete understanding of the data provided in the basic financial statements.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Management's Discussion and Analysis (continued)
June 30, 2023**

Condensed Statement of Net Position

The Statement of Net Position presents the assets (current and noncurrent), liabilities (current and noncurrent), and net position (total assets minus total liabilities) of Public Radio East. This statement provides a fiscal snapshot of Public Radio East's financial position as of June 30, 2023 and 2022.

Condensed Statements of Net Position

	2023	2022	Increase (Decrease)
ASSETS			
Current assets	\$ 427,111	\$ 495,212	\$ (68,101)
Non current assets	475,112	421,888	53,224
Total assets	<u>902,223</u>	<u>917,100</u>	<u>(14,877)</u>
LIABILITIES			
Current liabilities	11,297	17,590	(6,293)
Noncurrent liabilities	73,988	161,682	(87,694)
Total liabilities	<u>85,285</u>	<u>179,272</u>	<u>(93,987)</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows for leases	190,103	-	190,103
Total Deferred Inflows of Resources	<u>190,103</u>	<u>-</u>	<u>190,103</u>
NET POSITION			
Net investment in capital assets	262,182	288,344	(26,162)
Unrestricted	364,653	449,484	(84,831)
Total net position	<u>\$ 626,835</u>	<u>\$ 737,828</u>	<u>\$ (110,993)</u>

Notable changes in the Condensed Statement of Net Position include:

- Total assets decreased overall by \$14,877. Current assets decreased by \$68,101 as a result of a reduction in restricted cash and cash equivalents from exhaustion of pandemic relief funding received in the previous fiscal year as well as adjustments made to leased assets recorded in the previous fiscal year during the implementation of GASB 87. Non current assets increased by \$53,224 mainly due to an increase in lease receivables related to a lease agreement. See Note 4 for further details on leased assets.
- Total liabilities decreased by \$93,987. This was primarily due to noncurrent liabilities decreasing by \$87,694, which was a result of the adjustments made to the long term liabilities for leases payable upon review and evaluation of the GASB 87 implementation. See Note 4 for further details on leased assets.
- Deferred inflows increased by \$190,103 due to the recording of a lease agreement in according to GASB 87 standards. See Note 4 for further details on leased assets.
- Total net position decreased by \$110,993, which was mainly a result of an overall increase in programming expenses in unrestricted funds due to the exhaustion of restricted funds received as pandemic relief, which had been primarily utilized to cover those expenses in the previous fiscal year.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Management's Discussion and Analysis (continued)
June 30, 2023

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.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2023	2022	Increase (Decrease)
Operating revenues:			
Pledges and contributions	\$ 625,176	\$ 571,509	\$ 53,667
Grants	295,108	521,082	(225,974)
Other operating revenues	49,967	65,462	(15,495)
Total operating revenues	<u>970,251</u>	<u>1,158,053</u>	<u>(187,802)</u>
Operating expenses:			
Programming and production	550,449	557,658	(7,209)
Broadcasting and engineering	134,531	47,911	86,620
Program information and promotion	1,184	1,312	(128)
Management and general	346,768	258,278	88,490
Fundraising and membership development	48,160	27,075	21,085
Underwriting	8,158	79,678	(71,520)
Total operating expenses	<u>1,089,250</u>	<u>971,912</u>	<u>117,338</u>
Operating income (loss)	(118,999)	186,141	(305,140)
Nonoperating revenues (expenses):			
Interest	14,838	(24,117)	38,955
Other nonoperating expenses	(1,789)	-	(1,789)
Total nonoperating revenues	<u>13,049</u>	<u>(24,117)</u>	<u>37,166</u>
Change in net position	(105,950)	162,024	(267,974)
Net position, July 1	737,828	575,804	162,024
Restatement	(5,043)	-	(5,043)
Net position, July 1	<u>732,785</u>	<u>575,804</u>	<u>156,981</u>
Net position, June 30	<u>\$ 626,835</u>	<u>\$ 737,828</u>	<u>\$ (110,993)</u>

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Management's Discussion and Analysis (continued)
June 30, 2023**

Notable changes in the Condensed Statement of Revenues, Expenses, and Changes in Net Position include:

- Total operating revenues decreased by \$187,802. This was largely due to an decrease in grant revenue of \$225,974 as a result of the exhaustion of grants received in the previous fiscal year related to the pandemic, as well as decreases in approved local grant applications, decreases in Underwriting, and decreases in community service grants.
- Total operating expenses increased by \$117,338. Broadcasting and engineering expenses increased by \$86,620 as a result of some significant repair expenses incurred during the fiscal year. Management and general expenses increased by \$88,490, as a result of an increase in salary and benefit expenses due to staff restructuring and filling vacant positions. Underwriting expenses also decreased by \$71,520, as a result of staff restructuring.
- Non operating revenues increased by \$37,166, due to an increase in interest revenues of \$38,955 due to increasing interest rates for investment income and the addition of interest income related to lease agreements.
- The net position decreased by \$110,993, resulting from the decrease in revenues being greater than the increase in operating expenses during the year.

Economic Forecast

Public Radio East is comprised of two separate networks broadcast over five transmitting stations. It is licensed by the Federal Communications Commission to the Board of Trustees of Craven Community College, (Craven) and does not receive any direct financial support from Craven. The funding needed to operate the stations is the responsibility of PRE. Public Radio East Foundation is a separate 501(c)(3) and was formed to support the operations of PRE. PRE Foundation funds are blended with the operation funds of PRE for the purpose of this financial statement.

Membership revenue in FY23 was up from FY22 with a total of \$625,177 reflecting an overall increase of \$53,668 or 9.4%. We are budgeting \$697,317 in expected membership receipts during FY24. This estimate is up 11.5% from what we experienced in FY23 based on new fund drive strategies implemented by staff.

Organizational personnel structure is solidifying following the restructuring at the beginning of FY23. New fundraising staff and methods are improving and showing promise. Existing fundraising methods will continue while increased grant funding will be pursued.

Payments received from sustaining members whose donations are made automatically each month have remained consistent. They now account for more than \$22,000 in donations each month. We expect this number to increase with continuing efforts to recruit more sustainers.

Underwriting revenue decreased in FY23 due to staffing changes and industry trends, though improvement was noted towards the end of the year. In FY24, we have adjusted job duties and now have two staff members working on Underwriting part-time. Nationally, underwriting customers have cut their marketing budgets in recent years; we are continually looking for new customers by increasing our efforts in more of our service area. Customer service and prospecting continue to improve, and we have budgeted for a total of \$164,000 in underwriting revenue in FY24.

Public Radio East experienced some financial difficulties over the last several years and needed corrective measures put in place. With the current administrative teams in place – both at PRE and at Craven Community College – we feel that the necessary corrective measures have been enacted and that Public Radio East is now on the right track.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Management's Discussion and Analysis (continued)
June 30, 2023**

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 Christine Sachs, Executive Director of Financial Services, Craven Community College, 800 College Court, New Bern, NC 28562.

Financial Statements

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Statements of Net Position
June 30, 2023 and 2022

Exhibit A-1

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 74,754	\$ 73,083
Restricted Cash and cash equivalents (Notes 1 and 2)	194,253	288,076
Pledges receivable, net (Note 8)	133,684	134,053
Lease receivable, net (Note 4)	24,420	-
Total current assets	427,111	495,212
Noncurrent assets:		
Lease receivable, net (Note 4)	165,683	-
Property and equipment, net of depreciation (Note 3)	309,429	421,888
Total noncurrent assets	475,112	421,888
Total assets	\$ 902,223	\$ 917,100
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	2,507	5,295
Current vacation payable	3,073	5,382
Current lease payable	5,717	6,913
Total current liabilities	11,297	17,590
Noncurrent liabilities:		
Lease payable	41,530	126,173
Interest payable on leases	-	457
Accrued vacation payable	32,458	35,052
Total noncurrent liabilities	73,988	161,682
Total liabilities	85,285	179,272
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows for leases	190,103	-
Total Deferred Inflows of Resources	190,103	-
NET POSITION		
Net investment in capital assets	262,182	288,344
Unrestricted	364,653	449,484
Total net position	\$ 626,835	\$ 737,828

The notes to the financial statements are an integral part of this statement.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2023 and 2022

Exhibit A-2

REVENUES	2023	2022
Operating revenues:		
Pledges and contributions	\$ 625,176	\$ 571,509
Underwriting contributions	124,879	170,469
Grants received and expended currently:		
Affiliate grant	44,000	79,934
Community service grants from CPB	126,229	120,789
American Rescue Plan grant from CPB	-	86,590
Paycheck Protection Program	-	63,300
Rental and lease earnings	14,135	
Other income	35,832	65,462
Total operating revenues	970,251	1,158,053
EXPENSES		
Operating expenses:		
Programming and production	550,449	557,658
Broadcasting and engineering	134,531	47,911
Program information and promotion	1,184	1,312
Management and general	346,768	258,278
Fundraising and membership development	48,160	27,075
Underwriting	8,158	79,678
Total operating expenses	1,089,250	971,912
Operating loss	(118,999)	186,141
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	6,194	628
Lease interest revenue	8,644	
Interest expense on leased assets	(1,789)	(24,745)
Total nonoperating revenues	13,049	(24,117)
Change in net position	(105,950)	162,024
NET POSITION		
Net position, beginning	737,828	575,804
Restatement	(5,043)	-
Net position, ending	\$ 626,835	\$ 737,828

The notes to the financial statements are an integral part of this statement.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

Exhibit A-3
Page 1 of 2

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from other fundraising and contributions	\$ 974,756	\$ 1,036,715
Cash paid to employees and fringe benefits	(506,060)	(493,407)
Cash paid to vendors and suppliers	(565,721)	(535,529)
Other receipts (payments)	(1,789)	-
	<u>(98,814)</u>	<u>7,779</u>
Net cash used in operating activities	<u>(98,814)</u>	<u>7,779</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital gifts and endowments received	(4,136)	8,730
	<u>(4,136)</u>	<u>8,730</u>
Net cash provided by noncapital and related financing activities	<u>(4,136)</u>	<u>8,730</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from lease arrangements	8,644	-
Acquisition and construction of Capital Assets	-	(11,094)
Interest paid on capital debt and leases	-	(10,278)
Principal paid on capital debt and leases	(4,040)	-
	<u>4,604</u>	<u>(21,372)</u>
Net cash used by capital financing activities	<u>4,604</u>	<u>(21,372)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	6,194	628
	<u>6,194</u>	<u>628</u>
Net cash provided by investing activities	<u>6,194</u>	<u>628</u>
Net increase (decrease) in cash and cash equivalents	(92,152)	(4,235)
Cash and cash equivalents, beginning of year	<u>361,159</u>	<u>365,394</u>
Cash and cash equivalents, end of year	<u>\$ 269,007</u>	<u>\$ 361,159</u>

The notes to the financial statements are an integral part of this statement.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Statements of Cash Flows
Years Ended June 30, 2023 and 2022**

**Exhibit A-3
Page 2 of 2**

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ (118,999)</u>	<u>\$ 186,141</u>
Adjustments to reconcile operating loss to net cash used by operating activities -		
Depreciation	25,159	5,132
Miscellaneous nonoperating income (expense)	(1,789)	-
Changes in assets and liabilities:		
Receivables, net	4,505	(9,748)
Accounts payable and accrued liabilities	(2,788)	(59,886)
Unearned Revenue	-	(111,590)
Accrued vacation payable	<u>(4,902)</u>	<u>(2,270)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (98,814)</u></u>	<u><u>\$ 7,779</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Current assets:		
Cash and cash equivalents	\$ 74,754	\$ 73,083
Restricted Cash and cash equivalents	<u>194,253</u>	<u>288,076</u>
Total cash and cash equivalents	<u><u>\$ 269,007</u></u>	<u><u>\$ 361,159</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Assets acquired through assumption of a liability	<u>\$ -</u>	<u>\$ 457</u>
Net cash used by financing activities	<u><u>\$ -</u></u>	<u><u>\$ 457</u></u>

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements
June 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Public Radio East is a public service radio station whose purpose is to serve the education and cultural needs of Eastern North Carolina. Public Radio East is an entity owned and governed by the Board of Trustees of Craven Community College (College). The College is a component unit of the North Carolina Community College System. Public Radio East Foundation (Foundation) has been established as the gift receiving organization which solicits funds to be used to support Public Radio East. The Foundation is owned and operated by the College. The Foundation's board consists of not less than 15 nor more than 25 directors. As such, the accompanying statements of financial position and related statements of activities, cash include the assets owned by the College and the Foundation designated for use by Public Radio East. Public Radio East is funded mainly by federal grants, indirect support from the College, community fundraising and underwriting contributions.

B. 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).

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, the full scope of Public Radio East's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

C. Basis of Accounting

The financial statements of the Foundation 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, regardless of the timing of the cash flows.

Nonexchange transactions, in which Public Radio East receives (or gives) value without directly giving (or receiving) equal value in exchange, include both monetary and in-kind donor contributions. Revenue is recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

D. Cash and Cash Equivalents

All deposits and expenditures of Public Radio East 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 "dedicated" with College cash receipts and assigned a percentage of participation based on amounts held. The College maintains its deposits in designated official depositories which are secured as required by State Law.

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

E. 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.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Receivables

Receivables consist of pledges that are verifiable, measurable, and expected to be collected and available for expenditures. Reported receivables are expected to be collected.

G. 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.

H. Noncurrent Long- Term Liabilities - Noncurrent long-term liabilities include principal amounts of long-term debt and other long-term liabilities that will not be paid within the next fiscal year. Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Other long-term liabilities include lease payable.

I. Net Position

Public Radio East's net positions are classified as follows:

Net in Capital Assets - This represents Public Radio East's total investment in capital assets.

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 from contributions, grants, interest income, underwriting fees, and the board designated quasi-endowment.

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.

J. 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.

K. Revenue and Expense Recognition

Public Radio East classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Public Radio East's principal ongoing operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Public Radio East's principal ongoing operations. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by *GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Revenue and Expense Recognition (continued)

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions that represent subsidies or gifts to the Foundation, as well as investment income, are considered nonoperating since these are investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

A. Income Taxes

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

B. Property and Equipment

Public Radio East follows the College policy to expense property additions less than \$5,000 in the year purchased. Lease payables are capitalized as a right-to-use asset when the leased asset has a cost of \$10,000 or greater and an estimated useful life of more than one year. 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 and amortization is computed on a straight-line basis over the estimated used lives of the asset as follows:

Asset Category	Estimated Useful Lives (in years)
Transmitters and towers	10-50
Studio and technical equipment	10-40
Furniture, fixtures, and equipment	10-50
Right to use assets - land	10-40

C. 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 years ended June 30, 2023 and 2022, there was no donated equipment.

D. 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.

E. Indirect Administrative Support

Public Radio East receives administrative support from the College. Indirect administrative support consists of allocated institutional support and physical plant costs incurred by the College for which Public Radio East 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.

**Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Indirect Administrative Support (continued)

The College also provides office, studio and tower facilities, the benefit for which is included as a building use allowance at the approved rate.

F. Program Underwriting

Revenues for program underwriting are recorded on a pro-rata basis for the period covered. Underwriting is a term for funds (and in-kind gifts) given by businesses to help support Public Radio East's mission as a non-commercial radio service working in the public interest. The companies who provide underwriting funds, or in-kind goods and/or services, are acknowledged on-air through tightly regulated announcements which, under FCC rules, may not employ wording that is considered commercial in nature. As a nonprofit station, underwriting is an essential element of radio programs. According to National Public Radio guidelines, underwriting is defined as third-party pieces read aloud by the station personnel that are technical and informative, allowing listeners to form their own opinion about the product or service. Unlike advertising, underwriting spots cannot include calls to action and cannot persuade an audience to buy, purchase or donate to a cause.

G. 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.

H. Advertising Costs

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

I. 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 are prepared for the same reporting date as Public Radio East.

NOTE 2 – DEPOSITS

All funds of Public Radio East 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 carrying amount of \$269,007 and bank balance of \$287,271 at June 30, 2023. At June 30, 2022, cash and cash equivalents included deposits in private financial institutions with a carrying amount of \$361,159 and bank balance of \$366,510.

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, 2023 and 2022, the College's bank balance in excess of federal depository insurance coverage was covered under the pooling method.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2023

NOTE 2 – DEPOSITS (continued)

Details of "dedicated" cash held by Craven Community College at June 30, 2023 and 2022 were as follows:

	2023	2022
Public Radio East accounts	\$ 194,253	\$ 288,076
Public Radio East Foundation accounts	74,754	73,083
Total cash and cash equivalents	\$ 269,007	\$ 361,159

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2023 and 2022 is presented as follows:

	Balance July 1, 2022	Increases	Decreases	Adjustments	Balance June 30, 2023
Capital assets being depreciated:					
Transmitters and towers	\$ 721,195	\$ -	\$ -	\$ -	\$ 721,195
Studio and technical equipment	221,854	-	-	-	221,854
Furniture, fixtures, and equipment	49,572	-	-	-	49,572
Right to use lease assets - land	143,365	-	-	(66,882)	76,483
Total capital assets being depreciated	1,135,986	-	-	(66,882)	1,069,104
Less accumulated depreciation for:					
Transmitters and towers	520,660	15,886	-	-	536,546
Studio and technical equipment	163,266	4,023	-	-	167,289
Furniture, fixtures, and equipment	18,519	1,463	-	-	19,982
Right to use lease assets - land	11,653	3,787	-	20,418	35,858
Total accumulated depreciation	714,098	25,159	-	20,418	759,675
Capital assets, net	\$ 421,888				\$ 309,429

	Balance July 1, 2021	Increases	Decreases	Adjustments	Balance June 30, 2022
Capital assets being depreciated:					
Transmitters and towers	\$ 713,929	\$ 7,266	\$ -	\$ -	\$ 721,195
Studio and technical equipment	214,662	7,192	-	-	221,854
Furniture, fixtures, and equipment	49,572	-	-	-	49,572
Right to use lease assets - land	-	143,365	-	-	143,365
Total capital assets being depreciated	978,163	157,823	-	-	1,135,986
Less accumulated depreciation for:					
Transmitters and towers	504,895	15,765	-	-	520,660
Studio and technical equipment	159,362	3,904	-	-	163,266
Furniture, fixtures, and equipment	17,057	1,462	-	-	18,519
Right to use lease assets - land	-	11,653	-	-	11,653
Total accumulated depreciation	681,314	32,784	-	-	714,098
Capital assets, net	\$ 296,849				\$ 421,888

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2023

NOTE 4 – LEASES

A. Lessor Arrangements

Public Radio East leases the right to use general infrastructure to an external party. The lease has an initial term of 5 years, with the option to renew for two (2) additional terms of five (5) years each. Lease receivables and related deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the 10 Year Treasury Risk Free Rate long term average of 4.25%.

During the year Public Radio East did not recognize any variable payment amounts.

During the year ended June 30, 2023, the Affiliate recognized operating revenues related to lessor arrangements totaling \$14,135, and nonoperating lease interest income totaling \$8,644.

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2023	Current Portion	Lease Terms ⁽¹⁾	Interest Rate/ Ranges
Lessor:					
General Infrastructure	1	\$ 190,103	\$ 24,420	5-15 yrs	4.25%
Total	1	\$ 190,103	\$ 24,420		

(1) The lease terms show the lowest to highest number of years for the agreement should none or all of the extensions be used, respectively.

B. Lessee Arrangements

Public Radio East has lease agreements for the right to use land from external parties. The leases expire at various dates, and some have renewal options. Lease liabilities and right-to-use leased assets are recorded based on the present value of expected receipts over the term of the respective leases. The expected payments are discounted using the bank prime loan rate for the fiscal year the lease was initially booked per GASB 87 requirements, or the rate during the current fiscal year for new lease arrangements.

During the year Public Radio East did not recognize any variable payment amounts.

Public Radio East's lessee arrangements at June 30, 2023, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2023	Current Portion	Lease Terms ⁽¹⁾	Interest Rate/ Ranges
Lessee:					
Right-to-Use Land	2	\$ 47,247	\$ 5,717	16.06 ave. yrs.	4.38%-8.25%
Total	2	\$ 47,247	\$ 5,717		

(1) The lease terms were calculated using weighted averages based on lease receivable (payable) amounts.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2023

NOTE 4 – LEASES (continued)

C. Subscription-Based Information Technology Arrangements (SBITAs)

Public Radio East determined that none of the currently held information technology software and cloud computing arrangements met definition of a Subscription-Based Information Technology Arrangement (SBITA) according to the GASB Statement No. 96 standards and guidance.

D. Annual Requirements

The annual requirements to pay principal and interest on leases and SBITAs at June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Annual Requirements</u>			
	<u>Lease Liabilities</u>		<u>Subscription (SBITA) Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 5,876	\$ 2,453	\$ -	\$ -
2025	6,221	2,108	-	-
2026	6,589	1,740	-	-
2027	6,981	1,348	-	-
2028	6,897	932	-	-
2029-2033	14,683	1,305	-	-
Total Requirements	<u><u>\$ 47,247</u></u>	<u><u>\$ 9,885</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NOTE 5 – CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANTS

The Community Service Grants, including pandemic related grants, received and expended during the year ended June 30, 2023 and 2022 were as follows:

<u>Date Approved</u>	<u>2023</u>	<u>2022</u>
April 21, 2021	\$ -	\$ 86,590
November 12, 2021	-	84,552
March 10, 2022	-	36,237
January 13, 2023	88,360	-
March 24, 2023	37,869	-
Total	<u><u>\$ 126,229</u></u>	<u><u>\$ 207,379</u></u>

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2023

NOTE 6 – QUASI-ENDOWMENT

Public Radio East's quasi-endowment consists of funds designated by the Board of Directors of the Foundation to function as an endowment and are invested in the College's STIF Account. There are no donor restrictions imposed on the endowment. Changes in endowment net position for the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Endowment net assets at beginning of year	\$ 73,083	\$ 72,938
Investment income	1,671	145
Total	\$ 74,754	\$ 73,083

NOTE 7 – INDIRECT ADMINISTRATIVE SUPPORT

Public Radio East receives administrative support from the College. Indirect administrative support consists of allocated institutional support and physical plant costs incurred by the College for which Public Radio East receives benefits. As a part of the radio station grant requirements provided by the Corporation for Public Broadcasting, Public Radio East is required to provide the calculation of indirect administrative support. Indirect administrative support for the year ended June 30, 2023 and 2022 are as follows:

	2023	2022
Institutional support	\$ 421,983	\$ 383,393
Occupancy	1,921	1,921
Total indirect support	\$ 423,904	\$ 385,314

NOTE 8 – RECEIVABLES

Receivables at June 30, 2023 and 2022, were as follows:

	2023	2022
Current receivables:		
Unrestricted pledges from media fund drives	\$ 144,131	\$ 144,811
Allowances for uncollectible pledges and present value discounts	(32,874)	(33,821)
Underwriting receivable	13,075	9,272
Allowances for uncollectible underwriting	-	(66)
Prepaid items	9,352	13,857
Total current receivables	\$ 133,684	\$ 134,053

NOTE 9 – CHANGES IN FINANCIAL ACCOUNT AND REPORTING

For the fiscal year ended June 30, 2023, Public Radio East implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITAs.

Public Radio East (WTEB-FM) and Affiliate
(A Component Unit of Craven Community College)
Notes to the Financial Statements (continued)
June 30, 2023

NOTE 10 – BENEFIT PLANS

Substantially all of the permanent employees of Public Radio East 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, 2023 and 2022, Public Radio East contributed \$81,745 and \$73,609 to the Plan.

NOTE 11 – RISK MANAGEMENT

Public Radio East is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; and natural disasters. These exposures to loss are handled through Craven Community College via a combination of methods, including participation in various risk pools administered by the State of North Carolina, purchase of commercial insurance and self-retention of certain risks.

NOTE 12 – RESTATEMENT

As of July 1, 2022, net position as previously reported was restated as follows:

July 1, 2022 net position as previously reported	\$ 737,828
Restatement	<u>(5,043)</u>
July 1, 2022 Net Position as Previously Reported	<u><u>\$ 732,785</u></u>

Upon further review and evaluation of the leased assets recorded during the implementation of the GASB Statement No. 87 in the fiscal year ending June 30, 2022, several adjustments were made for further accuracy and clarification in reporting of leased assets. Overall, these adjustments resulted in a restatement of (\$5,043).

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 2, 2024, the date on which the financial statements were available to be issued.