

**WTJU 91.1 FM
(A DEPARTMENT OF
THE UNIVERSITY OF VIRGINIA)
CHARLOTTESVILLE, VIRGINIA**

**BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**



WTJU 91.1 FM
(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

CONTENTS

| | PAGE |
|---|-------------|
| Report of independent auditors | 1 |
| Management's discussion and analysis | 4 |
| Financial statements: | |
| Statements of net position | 8 |
| Statements of revenues, expenses, and changes in net position | 9 |
| Statements of cash flows | 10 |
| Notes to financial statements | 11 |
| Supplementary information: | |
| Schedule of non-federal financial support | 17 |



REPORT OF INDEPENDENT AUDITORS

To the Board of Visitors
of the University of Virginia
Charlottesville, Virginia

Opinion

We have audited the accompanying financial statements of the business-type activities of WTJU 91.1 FM (a nonprofit organization), a department of the University of Virginia, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of WTJU 91.1 FM as of June 30, 2022 and 2021, and the respective changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 WTJU 91.1 FM 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 accounting principles generally accepted in the United States of America, 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 WTJU 91.1 FM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Visitors
of the University of Virginia

REPORT OF INDEPENDENT AUDITORS

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 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 WTJU 91.1 FM'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 WTJU 91.1 FM's ability to continue as a going concern for a reasonable period of time.

Other Matters

Emphasis of Matter

As discussed in the notes to the financial statements, the financial statements of WTJU 91.1 FM are intended to present the financial position, changes in financial position, and cash flows of only that portion of the business-type activities of the University of Virginia that is attributable to the transactions of WTJU 91.1 FM. They do not purport to, and do not, present fairly the financial position of the University of Virginia as of June 30, 2022 and 2021, or the changes in its financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Board of Trustees
of University of Virginia

INDEPENDENT AUDITOR'S REPORT

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 audits 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.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise WTJU 91.1 FM's basic financial statements. The schedule of non-federal financial support is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of non-federal financial support is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of non-federal financial support is fairly stated, in all material respects, in relation to the financial statements as a whole.

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.

HanTymon Wiebel LLP

Charlottesville, Virginia
January 30, 2023

WTJU 91.1 FM
(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021

INTRODUCTION AND REPORTING ENTITY

The following discussion and analysis is an overview of the financial position and activities of WTJU 91.1 FM (A Department of the University of Virginia) (the Station or WTJU) for the year ended June 30, 2022. Management of the Station has prepared the following discussion and it should be read with the financial statements and the related footnotes that follow this section.

The Station is owned by the Rector and Board of Visitors of the University of Virginia, which serves as the legal Board of WTJU. Additionally, there is a WTJU Community Advisory Board that consists primarily of community members; University faculty, staff, and students; WTJU volunteers; and the General Manager of WTJU. This group acts in an advisory and feedback capacity. Committee meetings are announced on the WTJU webpage and are open to the public. Since the start of the COVID-19 pandemic, meetings have typically been held via hybrid format

WTJU's mission is to enrich the culture of Virginia and extend the educational mission of UVA by bringing together diverse individuals and communities through exceptional music and conversation. WTJU carries out its mission by presenting original, rich, and diverse programming in non-commercial radio broadcasting and digital media; providing opportunities for participation in the creation of media and the experience of broadcasting; and engaging our communities through live music concerts, cultural events, and educational programs. WTJU's primary service area includes the City of Charlottesville, Albemarle County, and surrounding counties in Virginia. In addition to these regions, WTJU's audience includes a geographically dispersed group of listeners with a connection to Charlottesville and/or UVA.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Station is an operating department within the University of Virginia, a public university. The Station's financial statements present the activity and financial position of the Station only. The financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows (direct method). The Statement of Net Position of the Station includes assets, liabilities, and net position as of June 30, 2022 and 2021. This statement is classified into current and non-current assets, and liabilities, with net position classified as net investment in capital assets, restricted, and unrestricted. The Statement of Revenues, Expenses, and Changes in Net Position depicts the operating revenues and expenses resulting in net operating income or loss, which results in the change in net position, as there were no non-operating revenue or expenses for the years ended June 30, 2022 or 2021. The Statement of Cash Flows shows the sources and uses of cash from operations, non-capital financing, capital financing, and investing activities. The financial statements also include notes that explain some of the financial information in the financial statements and provide more detailed data.

WTJU 91.1 FM
(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021

FINANCIAL HIGHLIGHTS

The Station’s financial position improved and remained steady in FY22 and FY21. In terms of expenses, WTJU carefully stewarded its funds during a period of great financial uncertainty. In terms of revenues, WTJU saw pandemic-related declines in some revenue streams (e.g. Events, Underwriting), but significant increases in Individual Donations and Grants. The latter two revenue areas far more than offset declines in other areas.

Total net position was \$603,618 as of June 30, 2022 and \$500,195 as of June 30, 2021. Operating revenues totaled \$1,022,128 for the year ended June 30, 2022, compared to \$953,125 for the year ended June 30, 2021, while operating expenses totaled \$918,705 for the year ended June 30, 2022, compared to \$764,524 for the year ended June 30, 2021. The operating income for the year ended June 30, 2022 was \$103,423, compared to \$188,601 for the year ended June 30, 2021. Non-cash depreciation included in operating expenses was \$8,045 for the year ended June 30, 2022, and \$7,450 for the year ended June 30, 2021.

The Station’s condensed financial statements are presented below as of and for the years ended June 30, 2022 and 2021:

| | 2022 | 2021 |
|--|------------------|------------------|
| Capital assets (net) | \$ 31,208 | \$ 33,258 |
| Cash and cash equivalents, and receivables | 566,332 | 460,859 |
| Other assets | <u>6,078</u> | <u>6,078</u> |
| Total assets | <u>\$603,618</u> | <u>\$500,195</u> |
| Liabilities | \$ | \$ |
| Net position: | | |
| Restricted | 121,936 | 181,069 |
| Net investment in capital assets | 31,208 | 33,258 |
| Unrestricted | <u>450,474</u> | <u>285,868</u> |
| Total liabilities and net position | <u>\$603,618</u> | <u>\$500,195</u> |
| Grants | \$139,401 | \$ 131,610 |
| Other operating revenues | 882,727 | 821,515 |
| Operating expenses | <u>(918,705)</u> | <u>(764,524)</u> |
| Change in net position | <u>\$103,423</u> | <u>\$188,601</u> |

WTJU 91.1 FM
(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021

CONDENSED STATEMENTS OF CASH FLOWS

| | 2022 | 2021 |
|---|------------------|------------------|
| Increase (decrease) in cash, operating activities | \$170,601 | \$ 99,548 |
| Purchase of capital assets | (5,995) | (1,773) |
| Cash and equivalents, beginning | <u>279,790</u> | <u>182,015</u> |
| Cash and equivalents, ending | <u>\$444,396</u> | <u>\$279,790</u> |

Current assets consist of cash and cash equivalents, and receivables. Capital assets consist of Station equipment. Operating revenue consists of a community service grant, an arts education grant from the National Endowment for the Arts, other non-federal grants, public support through donations, business underwriting, a portion of student fees from the University, in-kind contributions, and institutional support from the University. Operating expenses consist of broadcasting/engineering, programming and production, program information and promotions, management and general, fund-raising and membership development, and underwriting and grant solicitation.

ECONOMIC FACTORS FOR THE FUTURE

The Station derives much of its revenue from direct public support, UVA student fees and provost support, and a community service grant from the Corporation for Public Broadcasting (CPB). The Station also generates revenue from business sponsorships, other grants, and sales and events.

Public support - particularly from individual donors - was very strong in FY22. Whether WTJU can maintain this level of public support post-pandemic remains to be seen, but the Station anticipates continued solid support in this revenue area.

UVA student fees remain a core, stable source of revenue. WTJU student fees revenue will remain stable in FY23.

UVA recently underwent a comprehensive review of its University Financial Model, with changes to Provost Support and University Tax rates that have taken effect in FY23. Both WTJU’s Provost Support and University Tax are going up, but University Tax is going up more. In other words, WTJU still received a positive amount of net Provost support in FY23, but it will be a smaller positive amount than in years past. Another key consideration is that if/when WTJU’s expenses exceed its FY20-22 rolling average, WTJU’s University Tax amount will increase but its Provost Support amount will not. So the station will need to be mindful of this potential increased tax liability as it plans for future growth.

CPB funding remains an important part of WTJU’s overall revenues. The CPB rolled out changes to its grant allocation formula starting with FY21, and the new formula benefits rural and smaller market stations, including WTJU. This funding formula should remain stable for the next several years.

WTJU 91.1 FM (A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

WTJU is reigniting our business sponsorship program, with the addition of one full-time Account Executive to increase underwriting revenue and activity. We anticipate an increase in underwriting revenues in FY23 and beyond.

Since the pandemic, WTJU has deemphasized large-scale revenue-generating events. Event sponsorships and grants will remain a part of WTJU's budget for a smaller number of signature events, but event revenue is not a primary focus.

Other revenues - namely, summer camp tuition and audio production service fees - have grown in recent years. While these were small slices of WTJU's revenue pie in FY22, they are growing significantly in FY23 and beyond. Partnerships with UVA's Brown Residential College and the Democracy Initiative have generated significant revenue for media production services, enabling WTJU to hire more production staff. In FY23, we began three-year MOU agreements with both of these divisions of UVA.

REQUEST FOR INFORMATION

This financial report is designed to provide donors, members, and the general public with a general overview of WTJU 91.1 FM's finances and to account for the funding it receives. It is also intended to help the reader better understand the financial statement format. Additional details can be requested by mail at the following address:

WTJU 91.1 FM
P. O. Box 400811
University of Virginia
Charlottesville, VA 22904-4811

WTJU 91.1 FM
(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

ASSETS

| | 2022 | 2021 |
|---|--------------------------|--------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 444,396 | \$ 279,790 |
| Due from other departments | <u>121,936</u> | <u>181,069</u> |
| Total current assets | <u>566,332</u> | <u>460,859</u> |
| NON-CURRENT ASSETS | | |
| Capital assets, net of accumulated depreciation | 31,208 | 33,258 |
| Other assets | <u>6,078</u> | <u>6,078</u> |
| Total non-current assets | <u>37,286</u> | <u>39,336</u> |
| Total assets | <u><u>\$ 603,618</u></u> | <u><u>\$ 500,195</u></u> |

LIABILITIES AND NET POSITION

| | | |
|---|--------------------------|--------------------------|
| LIABILITIES | | |
| Total liabilities | <u>\$</u> | <u>\$</u> |
| NET POSITION | | |
| Net investment in capital assets | 31,208 | 33,258 |
| Restricted - expendable, time restriction | 121,936 | 181,069 |
| Unrestricted | <u>450,474</u> | <u>285,868</u> |
| Total net position | <u>603,618</u> | <u>500,195</u> |
| Total liabilities and net position | <u><u>\$ 603,618</u></u> | <u><u>\$ 500,195</u></u> |

(The accompanying notes are an integral part of these financial statements)

WTJU 91.1 FM
(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | 2021 |
|--|-------------------|-------------------|
| OPERATING REVENUE | | |
| Public support | \$ 327,393 | \$ 279,510 |
| Student fees | 212,130 | 183,201 |
| Grants | 139,401 | 131,610 |
| Other income | 22,087 | 167,179 |
| Underwriting | 63,071 | 37,772 |
| In-kind contributions | 95,996 | 37,881 |
| Institutional support | 162,050 | 115,972 |
| | <u>1,022,128</u> | <u>953,125</u> |
| Total operating revenue | | |
| OPERATING EXPENSES | | |
| Program services: | | |
| Broadcasting | 186,977 | 122,443 |
| Programming and production | 171,777 | 154,521 |
| Program information and promotion | 209,018 | 133,656 |
| Supporting services: | | |
| Management and general | 178,329 | 227,131 |
| Depreciation | 8,045 | 7,450 |
| Fund-raising and membership development | 97,200 | 79,701 |
| Underwriting and grant solicitation | 67,359 | 39,622 |
| | <u>918,705</u> | <u>764,524</u> |
| Total operating expenses | | |
| OPERATING INCOME (LOSS) | <u>103,423</u> | <u>188,601</u> |
| INCREASE (DECREASE) IN NET POSITION | 103,423 | 188,601 |
| NET POSITION, BEGINNING | <u>500,195</u> | <u>311,594</u> |
| NET POSITION, ENDING | <u>\$ 603,618</u> | <u>\$ 500,195</u> |

(The accompanying notes are an integral part of these financial statements)

WTJU 91.1 FM
(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | 2021 |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Student fees | \$ 212,130 | \$ 183,201 |
| Other income | 22,087 | 167,179 |
| Public support | 327,393 | 279,510 |
| Underwriting | 63,071 | 37,772 |
| Grants | 139,401 | 131,610 |
| Payments to employees and fringe benefits | (457,756) | (482,977) |
| Payments to vendors | <u>(135,725)</u> | <u>(216,747)</u> |
| Net cash provided by operating activities | <u>170,601</u> | <u>99,548</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchase of capital assets | <u>(5,995)</u> | <u>(1,773)</u> |
| Net cash used in capital and related financing activities | <u>(5,995)</u> | <u>(1,773)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 164,606 | 97,775 |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>279,790</u> | <u>182,015</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u><u>\$ 444,396</u></u> | <u><u>\$ 279,790</u></u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | <u>\$ 103,423</u> | <u>\$ 188,601</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 8,045 | 7,450 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in receivables | <u>59,133</u> | <u>(96,503)</u> |
| Total adjustments | <u>67,178</u> | <u>(89,053)</u> |
| Net cash provided by operating activities | <u><u>\$ 170,601</u></u> | <u><u>\$ 99,548</u></u> |

(The accompanying notes are an integral part of these financial statements)

WTJU 91.1 FM (A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

WTJU 91.1 FM (A Department of the University of Virginia) (WTJU) is a non-commercial radio station licensed by the Federal Communications Commission to the Rector and Visitors of the University of Virginia (the University). WTJU broadcasts from the grounds of the University, and from Ashland, Virginia, with the objective of providing a diverse programming of music, educational material, and informational material reflecting the broadcast goals of the University. WTJU also serves as a communications link between the University and the surrounding community. WTJU is supported by public contributions, student fees, and grants.

2. DEPARTMENTAL REPORTING

WTJU is a department of the University of Virginia and not a separate legal entity. These statements represent the activities related to WTJU and do not include other operational areas or components of the University. The financial statements of the University are audited by the Commonwealth of Virginia Auditor of Public Accounts, who expressed an unqualified opinion for the year ended 2021 in its report dated December 3, 2021. The financial statements of the University for the year ended June 30, 2022 have not been issued as of January 30, 2023.

3. REPORTING BASIS

The accompanying statements are presented in accordance with generally accepted accounting principles (GAAP) applicable to governmental colleges and universities as promulgated by the Governmental Accounting Standards Board (GASB). In addition, WTJU is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements. WTJU is subject to the University's policy of not following FASB pronouncements issued after that date.

In accordance with accounting standards, WTJU is subject to the University's election to report as an entity engaged in business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

In accordance with GASB, it is required that resources be classified for accounting and reporting purposes into the following net position categories:

Net investment in capital assets: The component of net position that reports capital assets, less both accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted: The component of net position, either expendable or non-expendable, subject to externally-imposed restrictions stipulating how the resources may be used. Expendable restricted net position are those that can be satisfied by the actions of WTJU. At June 30, 2022 and 2021, the amounts represent grants to be used in the subsequent years' operations.

Unrestricted: The Station's assets less its liabilities, other than assets and liabilities included in the *Net investment in capital assets* and *Restricted* components of net position.

WTJU 91.1 FM

(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

NOTES TO FINANCIAL STATEMENTS

It is the Station's policy to expend restricted resources first and to use unrestricted resources when restricted resources have been depleted.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred and measurable regardless of when the cash flows take place. Non-exchange transactions, in which WTJU receives value without directly giving value in exchange, include grants and private donations. On an accrual basis, revenues from these transactions are recognized in the fiscal year in which all the eligibility requirements have been satisfied, if measurable and probable of collection.

Income Taxes

As a department of the University of Virginia, WTJU is exempt from income taxes.

Cash and Cash Equivalents

WTJU considers all cash on deposit in private banks, undeposited receipts, and other investments with an original maturity date of 90 days or less to be cash and cash equivalents.

Capital Assets and Depreciation

Capital assets are stated at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. As a department of the University, WTJU follows the University's policy of capitalizing equipment at a value or cost of \$5,000 or more and an expected useful life of one year or more. Depreciation of equipment is provided on a straight-line basis over the estimated useful life of 1 to 20 years.

Revenue and Expense Classifications

Operating revenues include public support and grants and activities of exchange transactions, in which revenues are received in exchange for goods and services. Operating revenues include student fees, public donations, underwriting, grants, and in-kind contributions.

All expense transactions are classified as operating expense.

Marketing and Promotion

WTJU expenses costs related to marketing and promotion as incurred. For the years ended June 30, 2022 and 2021, marketing and promotion costs were \$20,166 and \$20,835, respectively.

WTJU 91.1 FM
(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

NOTES TO FINANCIAL STATEMENTS

5. FINANCIAL STATEMENT AMOUNTS

Cash and Cash Equivalents

Cash and cash equivalents represent cash held in demand deposit accounts with financial institutions. As of June 30, 2022 and 2021, the carrying value of WTJU's deposits with banks was \$444,396 and \$279,790, respectively. The cash of WTJU is commingled within the cash deposits of the University. The bank accounts are governed by the Virginia Security of Public Deposits Act. The Act includes a cross-guarantee among approved financial institutions eligible to hold public funds. In the event of a default of one of the approved financial institutions, an assessment is leveled against all participating institutions to cover the uncollateralized public deposits. This cross-guarantee eliminates custodial credit risk. Amounts on deposit are covered by the Virginia Security of Public Deposits Act.

Due from Other Departments

The due from other departments receivable represents funds received by the University of Virginia, including Corporation for Public Broadcasting grants, for WTJU and not credited to WTJU's cash balance as of June 30, 2022 and 2021.

Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

| | BEGINNING BALANCE | INCREASES | DECREASES | ENDING BALANCE |
|---|------------------------------|-------------------|------------------|---------------------------|
| Depreciable capital assets: | | | | |
| Equipment | \$108,765 | \$ 5,995 | \$ | \$114,760 |
| Less: Accumulated depreciation | <u>(75,507)</u> | <u>(8,045)</u> | <u>.....</u> | <u>(83,552)</u> |
| Total depreciable capital assets - net | <u>\$ 33,258</u> | <u>(\$ 2,050)</u> | <u>\$</u> | <u>\$ 31,208</u> |

Capital asset activity for the year ended June 30, 2021 was as follows:

| | BEGINNING BALANCE | INCREASES | DECREASES | ENDING BALANCE |
|---|------------------------------|-------------------|------------------|---------------------------|
| Depreciable capital assets: | | | | |
| Equipment | \$106,992 | \$ 1,773 | \$ | \$108,765 |
| Less: Accumulated depreciation | <u>(68,057)</u> | <u>(7,450)</u> | <u>.....</u> | <u>(75,507)</u> |
| Total depreciable capital assets - net | <u>\$ 38,935</u> | <u>(\$ 5,677)</u> | <u>\$</u> | <u>\$ 33,258</u> |

WTJU 91.1 FM

(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

NOTES TO FINANCIAL STATEMENTS

Other Assets

Other assets at June 30, 2022 and 2021 consist of prepaid expenses and in-kind contributions of property, recorded at estimated fair market value.

Public Support - Pledges and Contributions

WTJU engages in periodic fund-raising campaigns, primarily through on-air appeals. These appeals occur during the year and encourage supporters to provide contributions to WTJU. Financial contributions may be in the form of cash or pledges received from responding listeners. Contributions are recognized when received. Due to the uncertain nature and timing of the appeals, no pledges are carried into the subsequent fiscal year.

In-Kind Contributions

Contributions of materials, supplies, and property are recorded at their estimated fair value at the date of donation. WTJU reports gifts of equipment, professional services, materials, and other non-monetary contributions as unrestricted revenue. If the fair value of non-monetary gifts cannot be reasonably determined, they are not recorded. Donated personal services of non-professional volunteers are not recorded, as there is no objective basis available to measure fair value. During the year ended June 30, 2022, WTJU received \$95,996 in in-kind contributions. During the year ended June 30, 2021, \$37,881 was received in in-kind contributions.

Institutional Support

Institutional support from the University of Virginia consists of contributions toward equipment purchases, allocated institutional support, and physical space costs incurred by the University for which WTJU receives in-kind benefits. The fair value of this support is recognized in the statements of revenues, expenses, and changes in net position as institutional support, and is accordingly recognized as an expense in the appropriate expense classification.

Indirect Support

Indirect support benefitting the Station totaled \$95,151 for the year ended June 30, 2022 and \$84,000 for the year ended June 30, 2021.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

WTJU 91.1 FM
(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

NOTES TO FINANCIAL STATEMENTS

Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as restricted expendable net position until satisfaction of the time and purpose restrictions, after which they are reported as unrestricted net position.

Operating Lease

The University of Virginia enters into lease agreements on behalf of WTJU. The University is the lessee of antenna space and station space operating leases. The operating lease requires monthly rent payments of \$4,000, with an annual escalation of 3%. The lease expires on October 31, 2028.

The following is a schedule of approximate minimum future payments on operating leases for the following five fiscal years, as of June 30, 2022:

| YEAR ENDING | RENT |
|--------------------|------------------|
| JUNE 30, | EXPENSE |
| 2023 | \$ 73,000 |
| 2024 | 75,000 |
| 2025 | 77,000 |
| 2026 | 79,000 |
| 2027 | <u>81,000</u> |
| | <u>\$385,000</u> |

Rent expense for the years ended June 30, 2022 and 2021 totaled \$70,347 and \$68,377, respectively.

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 revenues, expenses, and changes in net position. Certain costs have been allocated among the program and supporting services on the basis of benefits received.

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.

WTJU 91.1 FM

(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

NOTES TO FINANCIAL STATEMENTS

6. DEFINED BENEFIT AND DEFINED CONTRIBUTION PENSION PLANS

Employees of WTJU are University employees and, as such, employees of the Commonwealth of Virginia. Substantially all salaried classified employees participate in a defined benefit plan administered by the Virginia Retirement System (VRS). Information related to this plan is available, at the statewide level only, in the Commonwealth of Virginia's *Comprehensive Annual Financial Report*. The Commonwealth, not the University, has overall responsibility for the contributions to this plan.

In addition, the University maintains a defined contribution plan in which substantially all of WTJU's staff participate. The University contributes a percentage established by statute to this plan and participants are fully vested immediately.

7. RESTRICTED - EXPENDABLE NET POSITION

Restricted net position represents funds received by UVA for WTJU for subsequent years of operations.

8. SUBSEQUENT EVENTS

The management of WTJU has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 30, 2023, which is the date the financial statements were available to be issued.

9. NON-FEDERAL FINANCIAL SUPPORT (NFFS)

The Corporation for Public Broadcasting allocates a portion of its funds annually to public broadcasting entities, primarily based upon non-federal financial support. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment, and meeting all of the respective criteria for each.

A "contribution" is cash, property, or services given to the public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio programs and related activities; and (4) the recipient must be a broadcasting entity on behalf of a public broadcast station.

A "payment" is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of payment must be appropriations or contract payments in exchange for specific broadcasting services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Non-federal financial support for WTJU is presented in the accompanying supplementary schedule.

SUPPLEMENTARY INFORMATION

WTJU 91.1 FM
(A DEPARTMENT OF THE UNIVERSITY OF VIRGINIA)

SCHEDULES OF NON-FEDERAL FINANCIAL SUPPORT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | 2021 |
|---|----------------|----------------|
| Patron donations | \$ 327,393 | \$ 279,510 |
| Non-federal grants | 5,000 | 5,000 |
| Student fees | 212,130 | 183,201 |
| Underwriting | 63,071 | 37,772 |
| Other income | 22,087 | 16,176 |
| Institutional support | 162,050 | 115,972 |
| In-kind contributions | 89,626 | 37,056 |
| Total non-federal financial support | \$ 881,357 | \$ 674,687 |