

**WCBE-FM**  
**A Public Telecommunications Entity Operated**  
**by the Columbus City School District**

**Columbus, Ohio**

**Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**WCBE-FM  
Columbus, Ohio**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Statements of Functional Expenses	7-8
Notes to Financial Statements	9

## INDEPENDENT AUDITOR'S REPORT

WCBE-FM, a Component of  
Columbus City School District  
Columbus, Ohio

We have audited the accompanying financial statements of WCBE-FM (WCBE), a component of the Columbus City Schools, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITOR'S REPORT**  
(Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCBE, a component of Columbus City Schools as of June 30, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance principles generally accepted in the United States of America.

*Hemphill Wright & Associates, Inc.*

Westerville, Ohio  
February 08, 2021

**WCBE-FM**  
**Statement of Financial Position**  
**As of June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 158,960	\$ 164,727
Accounts Receivable - Underwriting	3,186	59,190
Accounts Receivable - Pledges	320	9,881
Accounts Receivable - Other	1,588	5,693
<b>Total Current Assets</b>	<b>164,054</b>	<b>239,491</b>
<b>Long-Term Assets</b>		
Property & Equipment, Net of Accumulated Depreciation of \$ 232,826 and \$219,718 (Note 2)	17,177	30,285
<b>TOTAL ASSETS</b>	<b>\$ 181,231</b>	<b>\$ 269,776</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable	\$ 28,741	\$ 10,506
Accrued Wages & Benefits	134,208	151,400
<b>TOTAL LIABILITIES</b>	<b>162,949</b>	<b>161,906</b>
 <b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>18,282</b>	<b>107,870</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 181,231</b>	<b>\$ 269,776</b>

See Notes to Financial Statements

**WCBE-FM**  
**Statement of Activities**  
**For the Year Ended June 30, 2020 and 2019**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
<b>Revenue</b>			
Membership Contributions	435,092	-	435,092
Underwriting Income	97,072	-	97,072
<b>Total Revenue</b>	<b>532,164</b>	-	<b>532,164</b>
<b>Support</b>			
Contributed operating support	795,500	-	795,500
Corporation for Public Broadcasting grant	-	-	-
E Tech Ohio contribution	34,246	-	34,246
Other Contributions	114,921	-	114,921
<b>In-Kind Support</b>			
Trade Values (Note 3)	110,952	-	110,952
Donated Facilities and Administrative Support (Note 3)	118,364	-	118,364
Other in-kind support	96,203	-	96,203
<b>Total Support</b>	<b>1,270,186</b>	-	<b>1,270,186</b>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>1,802,350</b>	-	<b>1,802,350</b>
<b>EXPENSES</b>			
<b>Program Services</b>			
Programming and Production	324,021	-	324,021
Broadcasting	1,145,702	-	1,145,702
Public Information	169,243	-	169,243
<b>Total Program Services</b>	<b>1,638,966</b>	-	<b>1,638,966</b>
<b>Supporting Services</b>			
Management and General	252,972	-	252,972
<b>Total Supporting Services</b>	<b>252,972</b>	-	<b>252,972</b>
<b>TOTAL EXPENSES</b>	<b>1,891,938</b>	-	<b>1,891,938</b>
Change in Net Assets	(89,588)	-	(89,588)
Net Assets at Beginning of Year	107,870	-	107,870
<b>Net Assets at End of Year</b>	<b>\$ 18,282</b>	<b>\$ -</b>	<b>\$ 18,282</b>

See Notes to Financial Statements

**WCBE-FM**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
<b>Revenue</b>			
Membership Contributions	445,355	-	445,355
Underwriting Income	344,797	-	344,797
Total Revenue	<u>790,152</u>	<u>-</u>	<u>790,152</u>
<b>Support</b>			
Contributed operating support	870,000	-	870,000
Corporation for Public Broadcasting grant	93,168	33,643	126,811
E Tech Ohio contribution	33,198	-	33,198
Other Contributions	66,922	-	66,922
In-Kind Support			
Trade Values (Note 3)	152,305	-	152,305
Donated Facilities and Administrative Support (Note 3)	84,053	-	84,053
Other in-kind support	105,250	-	105,250
Net Assets Released From Restrictions	33,643	(33,643)	-
Total Support	<u>1,438,539</u>	<u>-</u>	<u>1,438,539</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>2,228,691</u>	<u>-</u>	<u>2,228,691</u>
<b>EXPENSES</b>			
<b>Program Services</b>			
Programming and Production	324,090	-	324,090
Broadcasting	1,229,025	-	1,229,025
Public Information	190,195	-	190,195
Total Program Services	<u>1,743,310</u>	<u>-</u>	<u>1,743,310</u>
<b>Supporting Services</b>			
Management and General	275,937	-	275,937
Total Supporting Services	<u>275,937</u>	<u>-</u>	<u>275,937</u>
<b>TOTAL EXPENSES</b>	<u>2,019,247</u>	<u>-</u>	<u>2,019,247</u>
Change in Net Assets	209,444	-	209,444
Net Assets at Beginning of Year	<u>(101,574)</u>	<u>-</u>	<u>(101,574)</u>
<b>Net Assets at End of Year</b>	<u><b>\$ 107,870</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 107,870</b></u>

See Notes to Financial Statements

**WCBE-FM**  
**Statement of Cash Flows (Direct Method)**  
**For the Year Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Grantors	\$ 34,246	\$ 160,009
Cash Received from Customers	597,729	732,696
Cash Paid to Employees and Suppliers	(1,877,787)	(1,745,759)
Cash Received from Other	1,240,045	936,922
Prior Period Adjustment	-	(657,410)
<b>Net Cash(Used in) Operating Activities</b>	<b>(5,767)</b>	<b>(573,542)</b>
 <b>Cash Flows From Investing Activities</b>		
Adjustment made to Equipment	-	-
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>-</b>
 <b>Cash Flows From Financing Activities</b>		
Prior Period Adjustment	-	-
<b>Net Cash Provided by Financing Activities</b>	<b>-</b>	<b>-</b>
 Net (Decrease) in Cash	(5,767)	(573,542)
 Beginning Cash Balance	164,727	738,269
 <b>Ending Cash Balance</b>	<b>\$ 158,960</b>	<b>\$ 164,727</b>

See Notes to Financial Statements



**WCBE-FM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**

	<b>PROGRAMMING AND PRODUCTION</b>	<b>BROADCASTING</b>	<b>PROGRAM PROMOTION</b>	<b>TOTAL PROGRAMS</b>	<b>MANAGEMENT AND GENERAL</b>	<b>2020 TOTAL</b>
Salary and Wages	\$ 121,552	\$ 354,695	\$ 105,175	\$ 581,422	\$ 55,372	\$ 636,794
Fringe Benefits	44,848	131,608	46,441	222,897	8,856	231,753
Purchased Services	18,000	470,682	10,263	498,945	8,950	507,895
Supplies	-	11,403	5,312	16,715	413	17,128
Other	-	77,020	-	77,020	82,721	159,741
Depreciation	9,174	1,310	655	11,139	1,969	13,108
Indirect Admin Support	19,495	2,781	1,397	23,673	94,691	118,364
Donated Services	-	96,203	-	96,203	-	96,203
In-Kind Adjustments	110,952	-	-	110,952	-	110,952
<b>Total</b>	<b>\$ 324,021</b>	<b>\$ 1,145,702</b>	<b>\$ 169,243</b>	<b>\$ 1,638,966</b>	<b>\$ 252,972</b>	<b>\$ 1,891,938</b>

See Notes to Financial Statements

**WCBE-FM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2019**

	<b>PROGRAMMING AND PRODUCTION</b>	<b>BROADCASTING</b>	<b>PROGRAM PROMOTION</b>	<b>TOTAL PROGRAMS</b>	<b>MANAGEMENT AND GENERAL</b>	<b>2019 TOTAL</b>
Salary and Wages	\$ 93,072	\$ 249,022	\$ 103,185	\$ 445,279	\$ 137,801	\$ 583,080
Fringe Benefits	43,695	127,154	56,019	226,868	58,795	285,663
Purchased Services	12,000	592,240	5,168	609,408	8,950	618,358
Supplies	-	28,579	24,176	52,755	698	53,453
Other	-	123,495	-	123,495	485	123,980
Depreciation	9,174	1,310	655	11,139	1,966	13,105
Indirect Admin Support	13,844	1,975	992	16,811	67,242	84,053
Donated Services	-	105,250	-	105,250	-	105,250
In-Kind Adjustments	152,305	-	-	152,305	-	152,305
<b>Total</b>	<b>\$ 324,090</b>	<b>\$ 1,229,025</b>	<b>\$ 190,195</b>	<b>\$ 1,743,310</b>	<b>\$ 275,937</b>	<b>\$ 2,019,247</b>

See Notes to Financial Statements

**WCBE-FM**  
**A Public Telecommunications Entity Operated by the Columbus City School District**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

<b>Note 1 – Organization and Summary of Significant Accounting Policies</b>
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**Organization**

WCBE FM (the “Organization”), is a component of Columbus City Schools. WCBE is a non-profit, public radio station and operated by the Columbus City School District (the “District”).

The Organization's mission is to provide the highest quality local, national and international programming featuring news, music and information to its listeners in the central Ohio area.

**Basis of Presentation**

The accompanying financial statements have been derived from the trial balance of the District. The District maintains the accounting for the Organization in a manner that allows for the component to be separately reported upon.

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States if America. Revenues are recorded when earned and expenses are recorded when incurred.

**Use of Management 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.

**Accounting Pronouncement Adopted**

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

**Net Assets and Financial Statement Presentation**

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

**WCBE-FM**  
**A Public Telecommunications Entity Operated by the Columbus City School District**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

**Cash**

The Organization's cash is maintained by the District and accounted for in Funds 19 and 20. The cash is commingled with all other funds in the bank accounts of the District. As of June 30, 2020, and 2019, these funds had a total balance of \$158,960 and \$164,727, respectively.

**Accounts Receivable**

Accounts receivable are stated at unpaid balances. The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. When amounts become uncollectible, they are charged to operations when that determination is made.

**Property and Equipment**

Property and equipment are recorded at cost, or in the case of donated property, at their estimated fair value at the date of receipt. Depreciation is recognized over the estimated useful lives of the assets on a straight-line basis. The Organization's policy is to expense property additions less than \$5,000 in the year purchased. The estimated lives of such assets range between 5 and 10 years. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in revenue and support.

**Revenue and Support Recognition**

The Organization's specific revenue and support recognition policies are as follows:

**Membership Revenue**

Membership receipts are deferred and recognized as revenue over the membership period.

**Underwriting Revenue**

Underwriting revenue is recognized as the underwriting services are provided.

**Contributions**

Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises 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.

**WCBE-FM**  
**A Public Telecommunications Entity Operated by the Columbus City School District**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

All contributions are considered to be available for use without restrictions unless specifically restricted by the donor. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as without restrictions.

**Donated Services and Facilities**

In accordance with generally accepted accounting principles, contributions of services are recognized, at their estimated fair value, if the services received a) create or enhance non-financial assets or, b) require specialized skills, are provided by individuals possessing those skills, would typically need to be purchased if not provided by donation, and are recorded as expenses for program services. Contributed services and promises to give services that do not meet the aforementioned criteria are not recognized. Contributions of facilities are recorded at their fair value of the donation.

**Income Taxes**

The Organization is a component of the District. The District is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no tax provisions have been made by the Organization.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on total personnel costs or other systematic bases.

**Recently Issued but Not Yet Effective Accounting Pronouncements**

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will change the Organization's method of revenue recognition. This new standard is effective for the Organization's annual reporting periods beginning after December 15, 2019. Early implementation is permitted. The provisions of this standard will be applied retrospectively. Management has not yet determined whether this new standard will have a material effect on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will change the Organization's statement of financial position by adding lease-related assets and liabilities. This may affect compliance with contractual agreements and loan covenants. This new standard is effective for the Organization's annual reporting periods beginning after December 15, 2021, with early implementation permitted. Management has not yet determined whether this new standard will have a material effect on its financial statements.

**WCBE-FM**  
**A Public Telecommunications Entity Operated by the Columbus City School District**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Related Parties**

Related parties exist when an entity has the ability to significantly influence the management or operating policies of another entity to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interest.

**Subsequent Events**

The Organization has evaluated subsequent events through February 08, 2021, the date on which the financial statements were available to be issued. Management has determined that there were no transactions or events that required disclosure through the evaluation date.

**Note 2 – Risks and Uncertainties**

**Grants and Contracts**

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management deems the contingency unlikely.

**Funding Concentrations**

A significant portion of the Organization’s revenue is derived from operating support from the District. If such funding were curtailed or lost, it would have a substantial impact on the Organization’s ability to provide program services.

**Global Pandemic**

In March 2020, the World Health Organization recognized the outbreak of COVID-19 disease as a pandemic. Governments worldwide continue to take actions to prevent the spread of the outbreak, including event cancellations and quarantines that have created widespread adverse impacts to the global economy as well as business interruptions. Given the dynamic nature of these circumstances and the duration of business disruption, the future financial impact on the Organization cannot be reasonably estimated at this time.

**Note 3 – Related Party Transactions**

The Organization receives the following revenue and support from the District:

	2020	2019
General operating support	\$ 768,500	\$ 870,000
In-kind support – facilities and administrative services	118,364	84,053
In-kind support – other services	96,203	105,250
Total	<u>\$ 983,067</u>	<u>\$ 1,059,303</u>

**WCBE-FM**  
**A Public Telecommunications Entity Operated by the Columbus City School District**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 4 – Property and Equipment**

A summary of property and equipment is as follows:

	<u>2020</u>	<u>2019</u>
Telecommunications equipment	\$ 177,203	\$ 177,203
Office equipment	51,363	51,363
Furniture and fixtures	<u>21,437</u>	<u>21,437</u>
Property and equipment, at cost	250,003	250,003
Less accumulated depreciation	<u>(232,826)</u>	<u>(219,718)</u>
Property and equipment, net	<u>\$ 17,177</u>	<u>\$ 30,285</u>

**Note 5 – In-Kind Contributions**

Donated facilities from the District consist of a building, to which the District holds title, with office and studio space. The related donated costs are recorded in revenue and expense at the annual calculated depreciation of the building. Indirect administrative support from the District consists of allocated costs based on a formula developed by the Corporation for Public Broadcasting (“CPB”).

In-kind contributions consist of administrative services and other office expenses. These in-kind contributions have been recorded as both a revenue and expense in the statements of activities.

Trade values are comprised of live music performances, CD’s from music companies, and other miscellaneous sources. These in-kind contributions have been recorded as both a revenue and expense in the statements of activities.

**Note 6 – Retirement Plan**

Substantially all Organization employees are participating members of the School Employees Retirement System of Ohio (“SERS”). The Organization's share of the retirement expenses was approximately \$88,649 and \$97,855 for the years ended June 30, 2020 and 2019, respectively. The non-funded actuarial liability for SERS is not determined by the State on a separate entity basis. The liability for the Organization’s employees is included in the liability of the District as of June 30, 2020 and 2019.

**Note 7 - Operating Lease Obligation**

The Organization leases space on the 45th floor of an office building for the location of a transmitter and an antenna. The term of this lease was ten (10) years commencing January 1, 2018 and terminating on December 31, 2027. This lease contained a clause allowing its continuation for an additional ten (10) year period; that continuation clause was activated, resulting in a new termination date of December 31, 2037.

**WCBE-FM**  
**A Public Telecommunications Entity Operated by the Columbus City School District**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 7 - Operating Lease Obligation (continued)**

Monthly lease payments for the first year were \$3,047 under the lease agreement effective January 1, 2018. Each year thereafter the lease, consistent with a Cost of Living Escalation provision of the lease, and shall be increased so that it equals 75 percent of the rise in the Consumer Price index. In addition, the Organization may receive an allocated electricity charge for this space in conjunction with the billing for the monthly lease payments.

As of June 30, 2020, total future minimum lease payments under this lease are as follows:

Years Ending June 30,	Amount
2021	\$ 37,049
2022	37,790
2023	38,546
2024	39,317
2025	40,103
Thereafter	565,690
Total	\$ 758,495

**Note 8 – Liquidity and Availability of Funds**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2020, because of contractual or donor-imposed restrictions or internal designations. Amounts not available include any amounts set aside by the Board for growth and sustainability of the Organization that could be drawn upon if the Board approves the action. The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Financial assets:	
Cash	\$ 158,960
Accounts receivable	5,094
Financial assets, at year-end	164,054
Less: those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions	-
Board designations	-
Financial assets available to meet cash needs for general expenditures	\$ 164,054

**Liquidity Policy**

As part of the Organization's liquidity management, it maintains a sufficient level of operating cash to be available as its general expenditures, liabilities, and other obligations come due.