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WDAV-FM RADIO

(A Public Telecommunication Entity Operated by The Trustees of Davidson College)

Financial Statements

June 30, 2013

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

Board of Trustees
The Trustees of Davidson College:

We have audited the accompanying statement of financial position of WDAV-FM Radio, a public telecommunication entity operated by The Trustees of Davidson College, as of June 30, 2013, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of WDAV-FM Radio. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from WDAV-FM Radio's June 30, 2012 financial statements and, in our report dated _____, _____, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WDAV-FM Radio's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WDAV-FM Radio as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Date

WDAV-FM RADIO
(A Public Telecommunication Entity Operated by The Trustees of Davidson College)

Statement of Financial Position

June 30, 2013

(with comparative financial information as of June 30, 2012)

Assets	2013	2012
Cash and cash equivalents	\$ 237,231	174,634
Insurance Recovery Receivable	— 147,941	—
Contributions receivable, net (note 2)	205,682	158,188
Investments (note 3)	1,534,104	1,832,317
	<u>2,124,958</u>	<u>2,165,139</u>
Property and equipment:		
Land	10,682	10,682
Land improvements	40,000	40,000
Building	1,801,415	1,801,415
Transmission, antenna, and tower equipment	904,183	708,503
Studio and broadcast equipment	732,990	722,340
Construction in progress	—	27,935
	<u>3,489,270</u>	<u>3,310,875</u>
Less accumulated depreciation	<u>(1,313,259)</u>	<u>(1,323,859)</u>
Net property and equipment	<u>2,176,011</u>	<u>1,987,016</u>
Total assets	<u>\$ 4,300,969</u>	<u>4,152,155</u>

Liabilities and Net Assets

Liabilities:		
Deferred revenue	\$ 44,305	47,687
Net assets:		
Unrestricted	3,499,129	3,436,094
Temporarily restricted (note 6)	— 526,806	438,395
Permanently restricted (note 6)	— 230,729	229,979
Total net assets	<u>4,256,664</u>	<u>4,104,468</u>
Total liabilities and net assets	<u>\$ 4,300,969</u>	<u>4,152,155</u>

See accompanying notes to financial statements.

WDAV-FM RADIO
(A Public Telecommunication Entity Operated by The Trustees of Davidson College)
Statement of Activities
Year ended June 30, 2013
(with summarized financial information for the year ended June 30, 2012)

	Unrestricted	Temporarily restricted	Permanently restricted	2013	2012
Revenues, gains and other support:					
Contributions	\$ 1,169,494	162,151	750	1,332,395	1,336,719
Donated facilities and administrative support from Davidson College	917,626	—	—	917,626	902,687
Community service grants from the Corporation for Public Broadcasting	180,602	—	—	180,602	186,832
Investment income	81,418	—	—	81,418	93,024
Other income	7,082	—	—	7,082	17,482
Realized and unrealized gains (losses) on investments	98,602	40,917	—	139,519	(65,779)
Total revenues and gains	2,454,824	203,068	750	2,658,642	2,470,965
Net assets released from restrictions	114,657	(114,657)	—	—	—
Total revenues, gains, and other support	2,569,481	88,411	750	2,658,642	2,470,965
Expenses:					
Program services:					
Programming and production	1,347,854	—	—	1,347,854	1,350,948
Broadcasting	241,506	—	—	241,506	292,512
Programming information	167,428	—	—	167,428	144,202
Supporting services:					
Fund raising	633,155	—	—	633,155	477,150
Management and general	408,900	—	—	408,900	506,212
Total expenses	2,798,843	—	—	2,798,843	2,771,024
Change in net assets before extraordinary item	(229,362)	88,411	750	(140,201)	(300,059)
Extraordinary Item - gain (note 9)	292,397	—	—	292,397	—
Change in net assets	63,035	88,411	750	152,196	(300,059)
Net assets at beginning of year	3,436,094	438,395	229,979	4,104,468	4,404,527
Net assets at end of year	\$ 3,499,129	526,806	230,729	4,256,664	4,104,468

See accompanying notes to financial statements.

WDAV-FM RADIO
(A Public Telecommunication Entity Operated by The Trustees of Davidson College)

Statement of Cash Flows

Year ended June 30, 2013

(with comparative financial information for the year ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 152,196	(300,059)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	133,775	138,188
Realized and unrealized (gains) losses on investments	(139,518)	65,779
Loss on disposal of assets	12,554	16,007
(Decrease) increase in deferred revenue	(3,382)	3,917
(Increase) in contributions receivable	(47,494)	(5,051)
Net cash provided by (used in) operating activities	<u>108,131</u>	<u>(81,219)</u>
Cash flows from investing activities:		
Proceeds from insurance recovery	(147,941)	—
Purchases of property and equipment	(335,324)	(57,194)
Purchase of investments	(750)	—
Proceeds from sales and maturities of investments	<u>438,482</u>	<u>219,583</u>
Net cash (used in) provided by investing activities	<u>(45,533)</u>	<u>162,389</u>
Net increase in cash and cash equivalents	62,598	81,170
Cash and cash equivalents at beginning of year	<u>174,634</u>	<u>93,464</u>
Cash and cash equivalents at end of year	<u><u>\$ 237,232</u></u>	<u><u>174,634</u></u>

See accompanying notes to financial statements.

WDAV-FM RADIO

(A Public Telecommunication Entity Operated by The Trustees of Davidson College)

Notes to Financial Statements

June 30, 2013 and 2012

(1) Significant Accounting Policies

Description of the Entity

WDAV-FM Radio (the Station) is a public telecommunication entity operated as a department of The Trustees of Davidson College (Davidson College). The entity is a 100,000 watt classical music/fine arts station in the Greater Charlotte area.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of WDAV-FM Radio and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of WDAV-FM Radio and/or the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by WDAV-FM Radio. Generally, the donors of these assets permit WDAV-FM Radio to use all of, or part of, the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and other economic factors.

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net assets class.

WDAV-FM RADIO

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Notes to Financial Statements

June 30, 2013 and 2012

Gains and losses on investments are generally reported as increases or decreases in temporarily restricted net assets when either time restricted or restricted by explicit external stipulations. However, when such losses result in the market value of a donor-restricted endowment fund declining below the related historic dollar value, the difference between the market and historic dollar values is reflected within unrestricted net assets. Gains and losses on perpetual trusts held by others are reported as increases or decreases in permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents include interest bearing checking and money market accounts and short-term investments with an original maturity of three months or less.

Investments

The Station's investments are part of the pooled endowment funds of Davidson College (the pool). Investments are recorded at estimated fair value. In the case of certain of the pool's less marketable investments, principally real estate and private investments, the Station has applied a practical expedient and concluded that net asset value reported by the underlying fund approximates the fair value of the investment, unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. In some instances, changes in fair value may require use of estimates. Accordingly, such values may differ from the values that would have been used had a ready market for the investments existed. The estimated values, provided primarily by investment managers, are reviewed and evaluated by Davidson College personnel.

The underlying investments in the pool include various types of investment securities and investment vehicles. Investment securities are exposed to several risks, such as interest rate, currency, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the WDAV-FM Radio financial statements.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is recorded using the straight-line method over the estimated useful life of each asset. Estimated useful life for each asset class is as follows: building – 50 years; land improvements – 10 years; transmission, antenna and tower equipment – 50 years; and studio and broadcast equipment – 5-20 years.

Donated Facilities and Administrative Support

Administrative support from the College consists of allocated costs and expenses incurred on behalf of WDAV-FM Radio, and is recorded as revenue and expenses in the statement of activities.

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Notes to Financial Statements

June 30, 2013 and 2012

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS*. This ASU requires a description of the valuation techniques and inputs used for all Level 2 and Level 3 fair value measurements to be disclosed. It also requires all transfers between levels of the fair value hierarchy to be separately reported and described. The Station adopted ASU 2011-04 during fiscal 2013.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, *Fair Value Measurements and Disclosures: Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 requires separate disclosure for the amounts and reasons for significant transfers in and out of Level 1 and Level 2 fair value measurements. ASU 2010-06 also requires entities to present separately information about purchases, sales, issuances, and settlements. ASU 2010-06 also clarifies existing disclosures for each class of assets and liabilities as well as about the valuation techniques and inputs used to measure fair value for recurring and nonrecurring Level 2 or Level 3 fair value measurements. The Station adopted the additional disclosure requirements of ASU 2010-06 in fiscal 2012.

Liquidity Risk

Liquidity risk represents the possibility that the Station may not be able to rapidly adjust the size of its portfolio holdings in times of high volatility and financial stress at a reasonable price. If the Station were forced to dispose of an illiquid investment at an inopportune time, it might be forced to do so at a substantial discount to fair value.

Market Price Risk

The value of securities held by the Station may decline in response to certain economic events, including those events impacting entities whose securities are owned and included in the investment portfolio. Those events impacting valuation may include, but are not limited to, economic changes, market fluctuations, regulatory changes, global and political instability, currency, interest rate and commodity price fluctuations. The Station attempts to manage this risk through diversification, ongoing due diligence of fund managers, and monitoring of economic conditions.

Prior Year Comparative Information

The statement of activities includes certain prior year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2012, from which the information was derived.

Use of Estimates

Management of WDAV-FM Radio has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities

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Notes to Financial Statements

June 30, 2013 and 2012

to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(2) Contributions Receivable

Contributions receivable, net, are summarized as follows at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 197,548	142,219
One year to five years	18,158	11,409
More than 5 years	9,036	11,409
	<u>224,742</u>	<u>165,037</u>
Less:		
Allowance for uncollectible contributions receivable	(15,073)	(2,539)
Unamortized discount (discount rates ranging from 4% to 5.73%)	(3,987)	(4,310)
	<u>\$ 205,682</u>	<u>158,188</u>

(3) Investments

At June 30, 2013, WDAV-FM Radio had 3,228.04 units in the pooled endowment funds of Davidson College with a fair value of \$475.24 per unit. At June 30, 2012, WDAV-FM Radio had 4,164.28 units in the pooled endowment funds of Davidson College with a fair value of \$440.01 per unit. Cost of investments at June 30, 2013 and 2012 totaled \$795,791 and \$1,233,523, respectively. Investment fees of \$3,087 and \$3,799 were allocated to WDAV-FM Radio for the years ended June 30, 2013 and 2012, respectively.

Comment [SF1]: Can we move this to the Endowment Assets footnote?

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Notes to Financial Statements

June 30, 2013 and 2012

(4) Fair Value Hierarchy*Fair Value Hierarchy*

The College determines fair value in accordance with ASC Topic 820. The standard establishes a framework for measuring fair value, a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs, and disclosure requirements for fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of fair value inputs that may be used to measure fair value under the hierarchy established by the standard are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing and amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset and may not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset.

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Cash and cash equivalents – The fair value of cash and cash equivalents is classified as Level 1 as it is based on quoted market prices in active markets.

Investments – The Station's investments consists of units in the pooled endowment fund of Davidson College. This fund is comprised of investments classified as Levels 1, 2 and 3. The determination of which category within the fair value hierarchy is appropriate for the Station's investments is based on the Station's ability to redeem the investments at net asset value at the date of the statement of financial position, and therefore, WDAV-FM Radio investments are classified as Level 2. There were no transfers between asset classes during fiscal year 2013. There are no funding commitments or redemption restrictions related to the Station's investment in the pooled endowment fund of Davidson College.

Contributions Receivable – Contributions receivable for current year gifts are initially measured at fair value in the year the receivable is recorded based on the present value of future cash flows discounted at a

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Notes to Financial Statements

June 30, 2013 and 2012

rate commensurate with risks involved, which is an application of the income approach. These inputs represent Level 3 inputs in the fair value hierarchy.

~~(4)~~(5) Endowment Assets

The Station's investments consist of units in the pooled endowment fund of Davidson College. This fund consists of approximately 1,200 individual funds, of which the Station owns ~~four~~three, established for a variety of purposes, including both donor-restricted endowment funds and funds designated by The Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Station and The Board of Trustees of Davidson College has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) as providing, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, the Station to spend from an endowment fund without regard to the book value of the corpus of the fund. This flexibility allows an expenditure that lowers the value of the corpus of an endowment below its book value. The Station classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment which are not expendable on a current basis, (b) the original value of subsequent gifts to the permanent endowment which are not expendable on a current basis and (c) accumulations to the permanent endowment, which are not expendable on a current basis, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Davidson College (the College) in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the College and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the College
- (7) The investment policies of the College

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June 30, 2013 and 2012

Endowment Spending Policy

The College's spending policy is to appropriate 5% of the average of the December 31, year end market values for the immediately preceding five years for annual College operations. In establishing the policy, the College considered the expected return on its endowment. Accordingly, the College expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Station and the College to retain as a fund of perpetual duration. These deficiencies may result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by The Board of Trustees. There were no deficiencies of this nature as of June 30, 2013 and 2012.

Return Objectives and Risk Parameters

The College's endowment fund exists to provide a consistent and growing stream of financial support to the Station and the College's annual budget in perpetuity while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Station must hold in perpetuity or for a donor-specified period as well as board-designated funds. Given this need to preserve long-term purchasing power, the investment objective for the endowed assets is to attain a real total return of at least 5% over long time horizons. Actual returns in any given year may vary from this amount.

At June 30, 2013, WDAV-FM Radio's endowment net asset composition was as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$ —	—	230,729	230,729
Accumulated gains	417,189	321,124	—	738,313
Board-designated endowment funds	565,062	—	—	565,062
Total endowed net assets	<u>\$ 982,251</u>	<u>321,124</u>	<u>230,729</u>	<u>1,534,104</u>

Changes in WDAV-FM Radio's endowment net assets for the fiscal year ended June 30, 2013:

WDAV-FM RADIO

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June 30, 2013 and 2012

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2012	\$ 1,322,131	280,207	229,979	1,832,317
Net realized and unrealized losses	98,602	40,917	750	140,269
Contributions	—	—	—	—
Appropriation of assets for expenditure	(438,482)	—	—	(438,482)
Endowment net assets, June 30, 2013	<u>\$ 982,251</u>	<u>321,124</u>	<u>230,729</u>	<u>1,534,104</u>

At June 30, 2012, WDAV-FM Radio's endowment net asset composition was as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	—	229,979	229,979
Accumulated gains	318,587	280,207	—	598,794
Board-designated endowment funds	<u>1,003,544</u>	<u>—</u>	<u>—</u>	<u>1,003,544</u>
Total endowed net assets	<u>\$ 1,322,131</u>	<u>280,207</u>	<u>229,979</u>	<u>1,832,317</u>

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WDAV-FM RADIO

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Notes to Financial Statements

June 30, 2013 and 2012

Changes in WDAV-FM Radio's endowment net assets for the fiscal year ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2011	\$ 1,590,251	297,449	229,979	2,117,679
Net realized and unrealized losses	(48,537)	(17,242)	—	(65,779)
Contributions	—	—	—	—
Appropriation of assets for expenditure	(219,583)	—	—	(219,583)
Endowment net assets, June 30, 2012	<u>\$ 1,322,131</u>	<u>280,207</u>	<u>229,979</u>	<u>1,832,317</u>

(5)(6) Income Taxes

WDAV-FM Radio is operated by Davidson College, a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the Code). As such, the Station is generally exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes is made in the financial statements. As of June 30, 2013, there were no material uncertain tax positions.

(6)(7) Restrictions and Limitations on Net Assets Balances

Temporarily restricted net assets consist of outstanding pledges available for operational support and unappropriated earnings on permanently restricted net assets.

Permanently restricted net assets consist of endowment funds held in perpetuity. The income from these investments held in perpetuity is available for operations.

(7)(8) Benefit Plans

WDAV-FM Radio's employees are eligible to participate in the College's defined contribution retirement plan. Total employer contributions for the years ended June 30, 2013 and 2012 were \$49,791 and \$50,132, respectively.

In addition, the College also provides postretirement health care benefits to its retired employees.

It is not possible to present separately the employer contributions under the defined contribution retirement plan or to present separately the net postretirement benefit cost or the actuarially determined accumulated benefit obligation for WDAV-FM Radio for the postretirement health care benefits because no determination has been made of the allocation of such amounts between the College and WDAV-FM Radio.

Comment [SF2]: Should we expand this to match the College FS?

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June 30, 2013 and 2012

(9) Subsequent Events Extraordinary Item: Lightning Strike

On August, 24, 2012, the Station's transmission tower was struck by lightning, causing the Station to go off air. Inspection by engineers determined that the strike had severely damaged the main antenna, and after further review by engineers, antenna manufacturers and insurance representatives, the Station decided to dispose of and fully replace the damaged antenna.

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As of June 30, 2013, gross fixed assets were written down by \$156,929, along with associated accumulated depreciation of \$144,375, resulting in a net book value decrease of about \$12,554. Additionally, the Station invested \$314,153 to purchase and install the new antenna, which was put into operation on June 11, 2013. The cost of the antenna was almost fully covered by approved insurance proceeds of \$304,951, of which \$157,010 was received prior to June 30, 2013 and the remaining \$147,941 was accrued for as of June 30, 2013.

(8)

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(10) Subsequent Events

Management evaluated subsequent events after the balance sheet date of June 30, 2013 through _____, _____, which was the date the financial statements were available to be issued, and determined that there were no additional items to disclose.