



**WDAV-FM RADIO**

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

Financial Statements

June 30, 2014

(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 400  
300 North Greene Street  
Greensboro, NC 27401

## **Independent Auditors' Report**

The Board of Trustees  
The Trustees of Davidson College:

We have audited the accompanying financial statements of WDAV-FM Radio, a public telecommunication entity operated by the Trustees of Davidson College, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from WDAV-FM Radio's 2013 financial statements and, in our report dated December 20, 2013, we expressed an unqualified opinion on those 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 U.S. generally accepted accounting principles; 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.

### ***Auditors' 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 auditors' 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.



***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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

Greensboro, North Carolina  
January 12, 2015

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

Statements of Financial Position

June 30, 2014

(with comparative financial information as of June 30, 2013)

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 480,525	237,231
Contributions receivable, net (note 2)	289,681	205,682
Investments (note 3)	1,655,958	1,534,104
	<u>2,426,164</u>	<u>1,977,017</u>
Property and equipment:		
Land	10,682	10,682
Land improvements	40,000	40,000
Building	1,837,782	1,801,415
Transmission, antenna, and tower equipment	904,183	904,183
Studio and broadcast equipment	732,990	732,990
	<u>3,525,637</u>	<u>3,489,270</u>
Less accumulated depreciation	<u>(1,437,769)</u>	<u>(1,313,259)</u>
Net property and equipment	<u>2,087,868</u>	<u>2,176,011</u>
Total assets	<u>\$ 4,514,032</u>	<u>4,153,028</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Deferred revenue	\$ 46,815	44,305
Net assets:		
Unrestricted	3,553,104	3,351,188
Temporarily restricted (note 7)	683,384	526,806
Permanently restricted (note 7)	230,729	230,729
Total net assets	<u>4,467,217</u>	<u>4,108,723</u>
Total liabilities and net assets	<u>\$ 4,514,032</u>	<u>4,153,028</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, 2014  
(with summarized financial information for the year ended June 30, 2013)

	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>2014</b>	<b>2013</b>
Revenues, gains and other support:					
Contributions	\$ 1,474,822	227,361	—	1,702,183	1,333,066
Donated facilities and administrative support from Davidson College	976,960	—	—	976,960	917,626
Special Event Revenue	259,212	—	—	259,212	14,390
Less: Cost of Direct Benefits	(256,006)	—	—	(256,006)	(15,061)
Net Revenue from Special Events	3,206	—	—	3,206	(671)
Community service grants from the Corporation for Public Broadcasting	184,751	—	—	184,751	180,602
Investment income	72,638	—	—	72,638	81,418
Other income	9,696	—	—	9,696	7,082
Realized and unrealized gains on investments	138,785	72,579	—	211,364	139,519
Total revenues and gains	2,860,858	299,940	—	3,160,798	2,658,642
Net assets released from restrictions	143,362	(143,362)	—	—	—
Total revenues, gains, and other support	3,004,220	156,578	—	3,160,798	2,658,642
Insurance recovery	147,941	—	—	147,941	157,010
Expenses:					
Program services:					
Programming and production	1,357,228	—	—	1,357,228	1,347,854
Broadcasting	233,901	—	—	233,901	241,506
Programming information	138,461	—	—	138,461	167,428
Supporting services:					
Fundraising	697,448	—	—	697,448	633,155
Management and general	523,207	—	—	523,207	421,454
Total expenses	2,950,245	—	—	2,950,245	2,811,397
Change in net assets	201,916	156,578	—	358,494	4,255
Net assets at beginning of year	3,351,188	526,806	230,729	4,108,723	4,104,468
Net assets at end of year	\$ 3,553,104	683,384	230,729	4,467,217	4,108,723

See accompanying notes to financial statements.

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

Statements of Cash Flows

Year ended June 30, 2014

(with comparative financial information for the year ended June 30, 2013)

	<u><b>2014</b></u>	<u><b>2013</b></u>
Cash flows from operating activities:		
Change in net assets	\$ 358,494	4,255
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	124,510	133,775
Allowance for uncollectible contributions receivable	(11,721)	12,534
Realized and unrealized gains on investments	(211,364)	(139,519)
Loss on disposal of assets	—	12,554
Proceeds from insurance recovery	(147,941)	(157,010)
Increase (decrease) in deferred revenue	2,510	(3,382)
Increase in contributions receivable	(72,278)	(60,028)
Net cash provided by (used in) operating activities	<u>42,210</u>	<u>(196,821)</u>
Cash flows from investing activities:		
Proceeds from insurance recovery	147,941	157,010
Purchases of property and equipment	(36,367)	(335,324)
Purchase of investments	—	(750)
Proceeds from sales and maturities of investments	<u>89,510</u>	<u>438,482</u>
Net cash provided by investing activities	<u>201,084</u>	<u>259,418</u>
Net increase in cash and cash equivalents	243,294	62,597
Cash and cash equivalents at beginning of year	<u>237,231</u>	<u>174,634</u>
Cash and cash equivalents at end of year	<u><u>\$ 480,525</u></u>	<u><u>237,231</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, 2014 and 2013

#### **(1) Significant Accounting Policies**

##### **(a) Description of the Entity**

WDAV-FM Radio 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.

##### **(b) 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.

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.

## **WDAV-FM RADIO**

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

### **Notes to Financial Statements**

June 30, 2014 and 2013

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.

**(c) 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.

**(d) Investments**

WDAV-FM Radio'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, WDAV-FM Radio 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.

**(e) Liquidity Risk**

Liquidity risk represents the possibility that WDAV-FM Radio 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 WDAV-FM Radio 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.

**(f) Market Price Risk**

The value of securities held by WDAV-FM Radio 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. WDAV-FM Radio attempts to manage this risk through diversification, ongoing due diligence of fund managers, and monitoring of economic conditions.



## **WDAV-FM RADIO**

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

### **Notes to Financial Statements**

June 30, 2014 and 2013

**(g) *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.

**(h) *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.

**(i) *Insurance Recovery***

On August, 24, 2012, the Station's transmission tower was struck by lightning severely damaging the main antenna. After review by engineers, antenna manufacturers and insurance representatives, WDAV-FM Radio disposed of and fully replaced the damaged antenna.

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. Insurance proceeds of \$147,941 and \$157,010 were received related to the damage as of June 30, 2014 and 2013, respectively.

**(j) *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 WDAV-FM Radio's financial statements for the year ended June 30, 2013, from which the information was derived.

**(k) *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 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.

**(l) *Certain June 30, 2013 amounts have been reclassified to conform with changes in presentation in fiscal 2014.***

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

Notes to Financial Statements

June 30, 2014 and 2013

**(2) Contributions Receivable**

Contributions receivable, net, are summarized as follows at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 267,813	197,548
One year to five years	25,197	18,158
More than 5 years	2,869	9,036
	<u>295,879</u>	<u>224,742</u>
Less:		
Allowance for uncollectible contributions receivable	(3,352)	(15,073)
Unamortized discount (discount rates ranging from 4% to 5.6%)	(2,846)	(3,987)
	<u>\$ 289,681</u>	<u>205,682</u>

**(3) Investments**

At June 30, 2014, WDAV-FM Radio had 3,079.44 units in the pooled endowment funds of Davidson College with a fair value of \$537.75 per unit. 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. Cost of investments at June 30, 2014 and 2013 totaled \$706,281 and \$795,791, respectively. Investment fees of \$3,281 and \$3,087 were allocated to WDAV-FM Radio for the years ended June 30, 2014 and 2013, respectively.

**(4) Fair Value Hierarchy**

The College, on behalf of WDAV-FM Radio, 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.

## WDAV-FM RADIO

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

### Notes to Financial Statements

June 30, 2014 and 2013

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*** – WDAV-FM Radio'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 WDAV-FM Radio's investments is based on WDAV-FM Radio'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 2014. There are no funding commitments or redemption restrictions related to WDAV-FM Radio'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 rate commensurate with risks involved, which is an application of the income approach. These inputs represent Level 3 inputs in the fair value hierarchy.

#### (5) Endowment Assets

WDAV-FM Radio's investments consist of units in the pooled endowment fund of Davidson College. This fund consists of approximately 1,200 individual funds, of which WDAV-FM Radio owns 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.

##### (a) *Interpretation of Relevant Law*

WDAV-FM Radio 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, WDAV-FM Radio 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. WDAV-FM Radio 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

## **WDAV-FM RADIO**

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

### **Notes to Financial Statements**

June 30, 2014 and 2013

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

**(b) *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.

**(c) *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 WDAV-FM Radio 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, 2014 and 2013.

**WDAV-FM RADIO**

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

## Notes to Financial Statements

June 30, 2014 and 2013

**(d) Return Objectives and Risk Parameters**

The College's endowment fund exists to provide a consistent and growing stream of financial support to WDAV-FM Radio 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 WDAV-FM Radio 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, 2014, 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	\$ —	—	230,729	230,729
Accumulated gains	555,975	393,703	—	949,678
Board-designated endowment funds	<u>475,551</u>	<u>—</u>	<u>—</u>	<u>475,551</u>
Total endowed net assets	<u>\$ 1,031,526</u>	<u>393,703</u>	<u>230,729</u>	<u>1,655,958</u>

Changes in WDAV-FM Radio's endowment net assets for the fiscal year ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2013	\$ 982,251	321,124	230,729	1,534,104
Net realized and unrealized gains	138,785	72,579	—	211,364
Appropriation of assets for expenditure	<u>(89,510)</u>	<u>—</u>	<u>—</u>	<u>(89,510)</u>
Endowment net assets, June 30, 2014	<u>\$ 1,031,526</u>	<u>393,703</u>	<u>230,729</u>	<u>1,655,958</u>

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

Notes to Financial Statements

June 30, 2014 and 2013

At June 30, 2013, 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	\$ —	—	230,729	230,729
Accumulated gains	417,189	321,124	—	738,313
Board-designated endowment funds	<u>565,062</u>	<u>—</u>	<u>—</u>	<u>565,062</u>
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:

	<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 gains	98,602	40,917	—	139,519
Contributions	—	—	750	750
Appropriation of assets for expenditure	<u>(438,482)</u>	<u>—</u>	<u>—</u>	<u>(438,482)</u>
Endowment net assets, June 30, 2013	<u>\$ 982,251</u>	<u>321,124</u>	<u>230,729</u>	<u>1,534,104</u>

**(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, WDAV-FM Radio 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, 2014, there were no material uncertain tax positions.

**(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.

**WDAV-FM RADIO**

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

Notes to Financial Statements

June 30, 2014 and 2013

**(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, 2014 and 2013 were \$69,468 and \$49,791, respectively.

The College also provides postretirement health care benefits to its retired employees. It is not possible 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.

**(9) Subsequent Events**

Management evaluated subsequent events after the balance sheet date of June 30, 2014 through January 12, 2015, which was the date the financial statements were available to be issued, and determined that there were no additional items to disclose.