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UNIVERSITY RADIO FOUNDATION, INC.

Financial Statements for the Years
Ended June 30, 2022 and 2021 and
Independent Auditors' Report



GreerWalker



GreerWalker

INDEPENDENT AUDITORS' REPORT

Board of Directors
University Radio Foundation, Inc.

Opinion

We have audited the financial statements of University Radio Foundation, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with generally accepted auditing standards in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Emphasis of Matter - Restatement of 2021 Financial Statements

As discussed in Note 12 to the financial statements, the 2021 financial statements have been restated to properly reflect sustaining member pledges. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with the Board of Directors 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.



Certified Public Accountants
February 10, 2023
Charlotte, NC

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	(Restated) <u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,347,982	\$ 2,025,645
Accounts receivable, net	215,640	186,769
Pledges receivable, net	386,192	315,929
Prepaid expenses and other current assets	124,819	141,229
Total current assets	<u>2,074,633</u>	<u>2,669,572</u>
NONCURRENT ASSETS:		
Investments	4,052,386	4,552,805
Property, net	390,152	393,318
Total noncurrent assets	<u>4,442,538</u>	<u>4,946,123</u>
TOTAL	<u>\$ 6,517,171</u>	<u>\$ 7,615,695</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	114,350	156,444
Accrued expenses	332,266	320,916
Deferred revenue	107,209	416,953
Total current liabilities	<u>553,825</u>	<u>894,313</u>
NET ASSETS:		
Without donor restrictions	5,302,924	6,161,472
With donor restrictions	660,422	559,910
Total net assets	<u>5,963,346</u>	<u>6,721,382</u>
TOTAL	<u>\$ 6,517,171</u>	<u>\$ 7,615,695</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022			Year Ended June 30, 2021 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND RECLASSIFICATIONS:						
Contributions	\$ 4,261,823	\$ 1,210,874	\$ 5,472,697	\$ 3,455,358	\$ 1,164,860	\$ 4,620,218
Corporation for Public Broadcasting	393,236	-	393,236	357,809	-	357,809
Underwriting fees	1,802,500	-	1,802,500	1,898,414	-	1,898,414
Return on investments, net	(500,419)	-	(500,419)	577,689	-	577,689
Income on forgiveness of PPP note payable	-	-	-	617,392	-	617,392
Other income	33,057	-	33,057	332,567	-	332,567
Reclassifications:						
Contributions and grants released from restrictions	1,110,362	(1,110,362)	-	1,314,313	(1,314,313)	-
Total revenue, support and reclassifications	<u>7,100,559</u>	<u>100,512</u>	<u>7,201,071</u>	<u>8,553,542</u>	<u>(149,453)</u>	<u>8,404,089</u>
EXPENSES:						
Program services:						
Programming and production	4,082,090	-	4,082,090	3,716,641	-	3,716,641
Broadcast engineering	484,544	-	484,544	444,588	-	444,588
Program information	405,638	-	405,638	350,764	-	350,764
Total program services	<u>4,972,272</u>	<u>-</u>	<u>4,972,272</u>	<u>4,511,993</u>	<u>-</u>	<u>4,511,993</u>
Supporting services:						
General and administrative	1,201,607	-	1,201,607	1,112,554	-	1,112,554
Fundraising	990,864	-	990,864	1,015,248	-	1,015,248
Underwriting and grants	794,364	-	794,364	737,639	-	737,639
Total support services	<u>2,986,835</u>	<u>-</u>	<u>2,986,835</u>	<u>2,865,441</u>	<u>-</u>	<u>2,865,441</u>
Total expenses	<u>7,959,107</u>	<u>-</u>	<u>7,959,107</u>	<u>7,377,434</u>	<u>-</u>	<u>7,377,434</u>
CHANGE IN NET ASSETS	(858,548)	100,512	(758,036)	1,176,108	(149,453)	1,026,655
NET ASSETS, BEGINNING OF YEAR	<u>6,161,472</u>	<u>559,910</u>	<u>6,721,382</u>	<u>4,985,364</u>	<u>709,363</u>	<u>5,694,727</u>
NET ASSETS, END OF YEAR	<u>\$ 5,302,924</u>	<u>\$ 660,422</u>	<u>\$ 5,963,346</u>	<u>\$ 6,161,472</u>	<u>\$ 559,910</u>	<u>\$ 6,721,382</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2022

	Year Ended June 30, 2022						
	Program			Supporting			Total
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	
Salaries and wages	\$ 2,193,080	\$ 129,738	\$ 209,557	\$ 817,428	\$ 364,665	\$ 231,966	\$ 3,946,434
Payroll taxes	160,302	9,272	15,429	44,509	26,044	14,290	269,846
Employee benefits	208,620	8,982	17,196	57,896	21,159	13,012	326,865
Retirement plan contributions	110,123	7,795	14,502	19,008	16,546	2,623	170,597
Professional fees	94,365	33,112	51,124	98,907	25,616	474,691	777,815
Program fees	974,068	-	-	-	-	-	974,068
Outreach and promotion	70	-	31,763	1,146	110,630	-	143,609
Office expenses	3,702	1,041	251	6,896	1,430	124	13,444
Computer and IT	42,176	22,756	2,720	11,910	50,097	5,077	134,736
Occupancy	166,669	112,290	5,300	36,417	17,377	22,233	360,286
Postage and printing	2,046	207	11,791	1,369	223,796	428	239,637
Travel and entertainment	12,757	1,490	5,575	47,272	24,452	1,264	92,810
Conferences and meetings	1,273	240	1,160	15,392	1,014	-	19,079
Depreciation	10,815	90,760	2,724	(4,563)	977	873	101,586
Insurance	19,634	6,657	956	14,326	3,279	2,501	47,353
Dues and subscriptions	81,346	1,982	2,252	27,090	4,462	7,052	124,184
Bad debt expense	1,044	-	-	-	1,751	-	2,795
Transaction fees	-	-	1,278	6,788	90,169	17,030	115,265
Miscellaneous	-	58,222	32,060	(184)	7,400	1,200	98,698
Total expenses	\$ 4,082,090	\$ 484,544	\$ 405,638	\$ 1,201,607	\$ 990,864	\$ 794,364	\$ 7,959,107

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2021

	Year Ended June 30, 2021 (Restated)						
	Program			Supporting			Total
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	
Salaries and wages	\$ 1,983,157	\$ 109,047	\$ 140,453	\$ 767,983	\$ 427,653	\$ -	\$ 3,428,293
Payroll taxes	148,927	8,730	10,742	48,354	31,694	-	248,447
Employee benefits	191,270	7,474	11,519	54,759	27,754	-	292,776
Retirement plan contributions	88,901	6,532	8,265	37,118	21,942	-	162,758
Professional fees	59,586	27,239	41,072	54,615	20,275	665,703	868,490
Program fees	878,103	-	-	-	-	-	878,103
Outreach and promotion	2,870	-	66,598	-	110,502	-	179,970
Office expenses	3,002	-	104	2,643	1,534	-	7,283
Computer and IT	69,994	22,654	4,333	9,315	41,992	6,101	154,389
Occupancy	162,950	112,826	8,090	49,512	30,500	37,755	401,633
Postage and printing	1,978	111	150	940	190,703	1,211	195,093
Travel and entertainment	5,873	732	208	14,355	1,440	-	22,608
Conferences and meetings	6,319	-	995	20,139	914	89	28,456
Depreciation	11,851	90,207	3,082	2,766	1,106	988	110,000
Insurance	23,067	7,994	1,236	14,993	4,531	2,753	54,574
Dues and subscriptions	75,762	508	495	25,741	1,226	9,125	112,857
Bad debt recovery	-	-	-	-	(13,937)	-	(13,937)
Transaction fees	-	-	285	4,467	86,800	13,015	104,567
Miscellaneous	3,031	50,534	53,137	4,854	28,619	899	141,074
Total expenses	\$ 3,716,641	\$ 444,588	\$ 350,764	\$ 1,112,554	\$ 1,015,248	\$ 737,639	\$ 7,377,434

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

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

	<u>2022</u>	(Restated) <u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (758,036)	\$ 1,026,655
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in allowance for pledges and accounts receivable	10,571	37,889
Depreciation	101,586	110,000
Loss on disposal of property	3,011	1,886
Return on investments, net	500,419	(577,689)
Income on forgiveness of PPP note payable	-	(617,392)
Changes in operating assets and liabilities:		
Accounts receivable	(28,871)	17,629
Pledges receivable	(80,834)	244,335
Prepaid expenses and other current assets	16,410	(35,517)
Accounts payable	(42,094)	58,456
Accrued expenses	11,350	41,191
Deferred revenue	<u>(309,744)</u>	<u>95,541</u>
Net cash provided by (applied to) operating activities	(576,232)	402,984
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	<u>(101,431)</u>	<u>(46,448)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(677,663)	356,536
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,025,645</u>	<u>1,669,109</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,347,982</u>	<u>\$ 2,025,645</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - University Radio Foundation, Inc. (“WFAE” or the “Organization”) operates independent public radio stations located in Charlotte (WFAE-FM) and Hickory (WFHE-FM), North Carolina.

Financial Statement Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

Net assets with donor restrictions - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met and restrictions stipulating that the amounts be maintained by the Organization in perpetuity. For net assets held in perpetuity, the Organization may expend part or all of the income earned according to donor stipulations.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash deposits with financial institutions that, at times, may exceed federally insured limits.

Accounts Receivable - The Organization extends credit to its underwriters. By their nature, accounts receivable involve risk, including the credit risk of nonpayment by the underwriter. Accounts receivable are considered past due based on contractual and invoice terms. The Organization maintains allowances (\$10,474 as of June 30, 2022 and 2021) which management believes are adequate to absorb estimated losses to be incurred in realizing the recorded amounts of its accounts receivable. These allowances are determined by management through review of outstanding receivables and prior collection history. Accounts deemed uncollectible are charged against the allowance for doubtful accounts. Net accounts receivable of \$215,640, \$186,769, and \$202,257 was recorded at June 30, 2022, 2021, and 2020, respectively. During the years ended June 30, 2022 and 2021, the Organization did not incur any bad debt expenses related to underwriting accounts receivable.

Pledges Receivable - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if restrictions expire in the same fiscal year. All other donor-restricted net assets are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions receivable are recorded at their net realizable value. An allowance for uncollectible pledges receivable is provided based on management’s review of outstanding receivables and prior collection history.

Property - Property that is purchased is recorded at cost. Property that is contributed is recorded at approximate fair value at the time of donation. Depreciation is computed using straight-line methods based on the estimated useful lives of the respective assets. The Organization has determined that items purchased with a value exceeding \$1,000 are to be treated as capitalized assets.

Investments - Investments are recorded at fair value with realized and unrealized gains and losses included in the statements of activities as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations. The fair value of investment securities is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities.

Accrued Rent - The Organization recognizes lease expense on a straight-line basis over the term of the respective lease. Accrued rent arises from leases that provide for lease payments that differ from a straight-line basis.

Revenue Recognition

Revenues from Underwriting Contracts

The Organization enters into contracts with customers to provide underwriting spots and related services. Revenue is recognized ratably over time as the Organization satisfies its performance obligation to provide underwriting spots and related services at amounts that reflect the consideration the Organization expects to receive in exchange for those services. The Organization's standard terms and conditions require payment within 30 days of the invoice date, though timing of payment with specific customers may be separately negotiated. Revenues from underwriting contracts are labeled in the accompanying statements of activities as underwriting fees.

Contributions

The Organization recognizes contributions that are given unconditionally in the period the contributions are received or promised, whichever is earlier. Pledges receivable are recorded net of estimated uncollectible amounts and discounted to net present value when applicable. Conditional promises to give are not included in support until such time as the conditions are substantially met.

The Organization may receive contributions of cash or other assets which it reports as restricted support if such contributions are received with donor restrictions that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Deferred Revenue

Underwriting consideration received in advance of services rendered is recognized as deferred revenue. Consideration received for conditional contributions is recognized as deferred revenue until such time as the conditions are substantially met. Accordingly, these considerations are categorized as deferred revenue in the accompanying statements of financial position. Deferred revenue related to underwriting fees of approximately \$49,000, \$116,000, and \$185,000 was recorded at June 30, 2022, 2021, and 2020, respectively.

Donated Services and Goods - The Organization receives donated services and goods and engages in trade transactions, in the ordinary course of business. Such transactions involve donation of goods or services or the exchange of underwriting time for certain goods or services. These goods and services are recorded at the estimated market value of the related goods or services received on the date that they are received. These goods and services are recorded as support in the accompanying statements of activities and in the corresponding functional expense category on the accompanying statement of functional expenses and totaled approximately \$104,000 and \$152,000 for the years ended June 30, 2022 and 2021, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services, management and general, and fundraising efforts. The value of this contributed time does not meet the criteria for recognition of donated services and, accordingly, is not reflected as support in the accompanying financial statements.

Income Taxes - The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes has been recognized in the accompanying financial statements.

The Organization records liabilities for income tax positions taken or expected to be taken when those positions are deemed uncertain to be upheld in an examination by taxing authorities. No liabilities for uncertain income tax positions were recorded as of June 30, 2022 and 2021.

Advertising Expense - The Organization expenses the cost of advertising as incurred. The accompanying statements of activities include advertising expense in the amount of approximately \$6,000 and \$10,000 for the years ended June 30, 2022 and 2021, respectively.

Functional Expense Classification - The Organization's functional expense classification and allocation policy is based on a review of the current organizational structure, and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas. The compensation of certain members of management is allocated based on time and effort spent on program and supporting services. Occupancy, insurance and supply expenses are allocated based on employee headcount. All remaining expenses are categorized according to natural classification.

Reclassifications - Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation. Such reclassifications had no effect on the previously reported change in net assets.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through February 10, 2023, which is the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at June 30, 2022:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,347,982
Accounts and pledges receivable, net	601,832
Investments	<u>4,052,386</u>
Total financial assets	<u>6,002,200</u>
Less amounts not available to be used for general expenditures within one year:	
Restricted by donors with purpose restrictions	274,230
Restricted by donors with time restrictions greater than one year	<u>-</u>
Financial assets not available to be used within one year	<u>274,230</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,727,970</u>

As part of the Organization's liquidity management, the Organization maintains at least three months of monthly expenses in cash and cash equivalents and appropriate short-term liquid investments, which may include unused availability on a line of credit issued by a commercial bank. As detailed in Note 6, the Organization has a line of credit for an amount up to \$750,000. There were no outstanding borrowings under this agreement as of June 30, 2022.

3. PLEDGES RECEIVABLE

Pledges outstanding consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Pledges receivable	\$ 445,769	\$ 364,935
Less allowance for uncollectible pledges	<u>59,577</u>	<u>49,006</u>
Pledges receivable, net	386,192	315,929
Current portion, net	<u>386,192</u>	<u>315,929</u>
Long-term, net	<u>\$ -</u>	<u>\$ -</u>

4. INVESTMENTS

Investments consisted of the following funds as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 209,828	\$ 52,402
Fixed-income funds	1,717,227	3,015,848
Equity funds	1,150,466	1,051,065
Exchange-traded products	<u>974,865</u>	<u>433,490</u>
Total	<u>\$ 4,052,386</u>	<u>\$ 4,552,805</u>

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

The inputs used for valuing investments are summarized in the three broad levels listed below:

- Level 1 - quoted prices in active markets for identical assets
- Level 2 - other significant observable inputs either directly or indirectly (including quoted prices for similar securities, interest rates, yield curves, credit risk, etc.)
- Level 3 - significant unobservable inputs

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

- Money Market Funds: Valued at the net asset value (“NAV”) per share which is \$1 per share.
- Mutual Funds (Fixed-Income and Equity Funds): Valued at the NAV of the shares held by the Organization at year end, as listed on publicly traded exchanges.
- Exchange-Traded Products: Valued at an index, a commodity or a basket of assets like an index fund that is listed on publicly traded exchanges.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. All of the Organization’s investments are considered Level 1 investments within the fair value hierarchy as of June 30, 2022 and 2021.

Return on investments in the accompanying statement of activities is comprised of the following for the years ended June 30, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Realized gains (losses)	\$ (6,584)	\$ 340,167
Unrealized gains (losses)	(584,313)	158,761
Dividends and interest, net	<u>90,478</u>	<u>78,761</u>
Return on investments, net	<u>\$ (500,419)</u>	<u>\$ 577,689</u>

Dividends and interest income is presented net of investment fees of approximately \$16,000 and \$15,000 for the years ended June 30, 2022 and 2021, respectively.

5. PROPERTY

Property consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 28,432	\$ 28,432
Transmitters, antenna, and tower	1,400,958	1,337,397
Equipment - studio and broadcast	518,725	507,400
Furniture and fixtures	209,886	209,886
Leasehold improvements	<u>92,049</u>	<u>92,049</u>
Subtotal	2,250,050	2,175,164
Less accumulated depreciation and amortization	<u>1,859,898</u>	<u>1,781,846</u>
Total, net	<u>\$ 390,152</u>	<u>\$ 393,318</u>

6. LINE OF CREDIT

The Organization has a line of credit agreement with a bank for an amount up to \$750,000. The line of credit is payable in full on demand and may be terminated without notice to WFAE by the bank. Interest is payable monthly at LIBOR (1.71% as of June 30, 2022) plus 2.25%, subject to a floor of 3.25%. There were no outstanding borrowings under this agreement at June 30, 2022 and 2021.

7. PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization received a loan of \$617,392 through the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was enacted to provide financial relief to certain organizations impacted by the coronavirus outbreak ("COVID-19"). Per the terms of the agreement, if the Organization utilizes the funds under certain parameters, the Organization may apply for loan forgiveness up to the entire amount owed. The Organization applied for full forgiveness of the loan after it met the related requirements. The bank provided notification of forgiveness of the loan in March 2021. Accordingly, the Organization recognized the forgiven amount as income in the accompanying statement of activities for the year ended June 30, 2021.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Restricted by donors with time restrictions	<u>\$ 386,192</u>	<u>\$ 315,929</u>
Restricted by donors with purpose restrictions:		
American Journalism Project	274,230	150,750
Healthcare Reporting	-	61,231
ReEmprise (Podcast and Community)	-	25,000
Other	<u>-</u>	<u>7,000</u>
Total	<u>274,230</u>	<u>243,981</u>
Net assets with donor restrictions	<u>\$ 660,422</u>	<u>\$ 559,910</u>

Net assets with donor restrictions are released from restriction by satisfaction of time and purpose. Restrictions released during the years ended June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Released from time restrictions	\$ 315,929	\$ 1,079,935
Released from purpose restrictions	<u>794,433</u>	<u>234,378</u>
Total	<u>\$ 1,110,362</u>	<u>\$ 1,314,313</u>

9. LEASE COMMITMENTS

The Organization leases building space and a transmitter from unrelated third parties under agreements classified as operating leases. Rent expense under these agreements totaled approximately \$240,000 and \$279,000 for the years ended June 30, 2022 and 2021, respectively.

Including the effect of lease agreements entered into in September 2022 and October 2022 (see Note 13), approximate future minimum lease payments under the operating leases as of June 30, 2022 are as follows:

Year ending June 30:	
2023	\$ 289,000
2024	679,000
2025	447,000
2026	345,000
2027	460,000
Thereafter	<u>2,424,000</u>
Total minimum lease payments	<u>\$ 4,644,000</u>

10. RETIREMENT PLAN

The Organization maintains a 403(b) retirement plan (the "Plan"), which covers full time employees of the Organization that have been employed for at least one year. The Plan requires employees to contribute 6% of salary following the completion of one year of service. The Organization makes discretionary contributions. Discretionary contributions were made by the Organization for the years ended June 30, 2022 and 2021 totaling approximately \$171,000 and \$163,000, respectively.

11. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2022 and 2021, the Organization received contributions from the Board of Directors and employees totaling approximately \$221,000 and \$104,000, respectively.

12. RESTATEMENT

The Organization has restated its 2021 financial statements to correct the prior effects of recognizing sustaining member commitments as one-year pledges. These are monthly commitments with no stated pledge term that can be cancelled by the sustaining member at any time. The correct treatment of these commitments is to recognize them as monthly revenue. The correction of the prior year treatment reduces contributions recognized throughout the year; it reduces the expense associated with early cancellation of sustaining member pledges; and it reduces pledges receivable and its allowance along with net assets at the beginning and end of the fiscal year. This correction has been reflected as a prior period adjustment in the accompanying financial statements as of and for the year ended June 30, 2021 as follows:

	2021 as Previously <u>Reported</u>	Prior Period <u>Adjustment</u>	2021 <u>as Restated</u>
Net assets, beginning of year			
- without donor restrictions	\$ 4,915,627	\$ 69,737	\$ 4,985,364
Net assets, beginning of year			
- with donor restrictions	\$ 1,406,729	\$ (697,366)	\$ 709,363
Pledges receivable, net	\$ 1,166,646	\$ (850,717)	\$ 315,929
Net assets – with donor restrictions	\$ 1,410,627	\$ (850,717)	\$ 559,910
Total expenses	\$ 7,553,143	\$ (175,709)	\$ 7,377,434
Total revenue, support and reclassifications			
- without donor restrictions	\$ 8,798,988	\$ (245,446)	\$ 8,553,542
Total revenue, support and reclassifications			
- with donor restrictions	\$ 3,898	\$ (153,351)	\$ (149,453)

13. SUBSEQUENT EVENTS

In September 2022 and October 2022, the Organization entered into two lease agreements related to a new Community Engagement Center. The aggregate future minimum lease payments of \$1,139,000 and \$2,883,000, respectively, have been incorporated into Note 9 above.
