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UNIVERSITY RADIO FOUNDATION, INC.

Financial Statements for the Years
Ended June 30, 2023 and 2022 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, 2023 and 2022, 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, 2023 and 2022, 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.

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.

GreerWalker

Certified Public Accountants
January 10, 2024
Charlotte, NC

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	$ 338,242	$ 1,347,982
Accounts receivable, net	233,193	215,640
Pledges receivable, net	387,181	386,192
Prepaid expenses and other current assets	111,122	124,819
Total current assets	1,069,738	2,074,633
NONCURRENT ASSETS:		
Investments	4,417,092	4,052,386
Operating lease right-of-use assets, net	1,210,523	-
Property, net	364,510	390,152
Total noncurrent assets	5,992,125	4,442,538
TOTAL	$ 7,061,863	$ 6,517,171

LIABILITIES AND NET ASSETS	2023	2022
CURRENT LIABILITIES:		
Line of credit	$ 502,316	$ -
Current portion of operating lease liabilities	633,534	-
Accounts payable	161,255	114,350
Accrued expenses	308,380	332,266
Deferred revenue	194,458	107,209
Total current liabilities	1,799,943	553,825
Operating lease liabilities, net of current portion	766,127	-
NET ASSETS:		
Without donor restrictions	3,805,678	5,302,924
With donor restrictions	690,115	660,422
Total net assets	4,495,793	5,963,346
TOTAL	$ 7,061,863	$ 6,517,171

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND RECLASSIFICATIONS:						
Contributions	$ 3,921,916	$ 1,000,694	$ 4,922,610	$ 4,261,823	$ 1,210,874	$ 5,472,697
Corporation for Public Broadcasting	421,587	-	421,587	393,236	-	393,236
Underwriting fees	1,659,969	-	1,659,969	1,802,500	-	1,802,500
Return on investments, net	364,706	-	364,706	(500,419)	-	(500,419)
Other income	15,469	-	15,469	33,057	-	33,057
Reclassifications:						
Contributions and grants released from restrictions	971,001	(971,001)	-	1,110,362	(1,110,362)	-
Total revenue, support and reclassifications	7,354,648	29,693	7,384,341	7,100,559	100,512	7,201,071
EXPENSES:						
Program services:						
Programming and production	4,318,626	-	4,318,626	4,082,090	-	4,082,090
Broadcast engineering	473,904	-	473,904	484,544	-	484,544
Program information	269,527	-	269,527	405,638	-	405,638
Total program services	5,062,057	-	5,062,057	4,972,272	-	4,972,272
Supporting services:						
General and administrative	1,709,060	-	1,709,060	1,201,607	-	1,201,607
Fundraising	1,150,807	-	1,150,807	990,864	-	990,864
Underwriting and grants	929,970	-	929,970	794,364	-	794,364
Total support services	3,789,837	-	3,789,837	2,986,835	-	2,986,835
Total expenses	8,851,894	-	8,851,894	7,959,107	-	7,959,107
CHANGE IN NET ASSETS	(1,497,246)	29,693	(1,467,553)	(858,548)	100,512	(758,036)
NET ASSETS, BEGINNING OF YEAR	5,302,924	660,422	5,963,346	6,161,472	559,910	6,721,382
NET ASSETS, END OF YEAR	$ 3,805,678	$ 690,115	$ 4,495,793	$ 5,302,924	$ 660,422	$ 5,963,346

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Year Ended June 30, 2023						
	Program			Supporting			
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	Total
Salaries and wages	$ 2,289,902	$ 128,465	$ 136,663	$ 1,085,028	$ 457,417	$ 653,333	$ 4,750,808
Payroll taxes	165,254	9,441	11,542	83,743	30,731	46,102	346,813
Employee benefits	223,105	9,113	16,612	68,844	36,161	51,379	405,214
Retirement plan contributions	96,268	7,537	4,737	31,442	4,400	6,471	150,855
Professional fees	31,620	51,294	31,933	193,281	118,706	16,716	443,550
Program fees	1,046,662	-	-	-	-	-	1,046,662
Outreach and promotion	3,350	-	18,871	111	89,534	-	111,866
Office expenses	5,875	-	-	7,836	3,697	1,674	19,082
Computer and IT	34,984	39,088	6,119	15,247	34,694	9,684	139,816
Occupancy	271,244	128,377	17,090	78,696	48,470	55,917	599,794
Postage and printing	2,877	82	1,870	1,028	189,574	590	196,021
Travel and entertainment	31,972	1,523	1,520	45,945	10,277	3,170	94,407
Conferences and meetings	737	420	-	30,377	5,255	-	36,789
Depreciation	9,899	72,413	2,575	2,315	1,882	1,796	90,880
Insurance	17,056	6,905	1,168	22,703	2,307	2,658	52,797
Dues and subscriptions	87,781	600	827	26,034	3,699	14,888	133,829
Bad debt expense	-	-	-	-	27,843	9,490	37,333
Transaction fees	40	-	-	11,814	81,160	10,140	103,154
Miscellaneous	-	18,646	18,000	4,616	5,000	45,962	92,224
Total expenses	$ 4,318,626	$ 473,904	$ 269,527	$ 1,709,060	$ 1,150,807	$ 929,970	$ 8,851,894

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			
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	Total
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 recovery	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.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,467,553)	$ (758,036)
Adjustments to reconcile change in net assets to net cash applied to operating activities:		
Change in allowance for pledges and accounts receivable	(7,067)	10,571
Depreciation	90,880	101,586
Loss on disposal of property	-	3,011
Amortization of operating lease right-of-use assets	445,162	-
Return on investments, net	(364,706)	500,419
Changes in operating assets and liabilities:		
Accounts receivable	(27,043)	(28,871)
Pledges receivable	15,568	(80,834)
Prepaid expenses and other current assets	(5,286)	16,410
Operating lease liabilities	(237,041)	-
Accounts payable	46,905	(42,094)
Accrued expenses	(23,886)	11,350
Deferred revenue	87,249	(309,744)
Net cash applied to operating activities	(1,446,818)	(576,232)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	(65,238)	(101,431)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit, net	502,316	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,009,740)	(677,663)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,347,982	2,025,645
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 338,242	$ 1,347,982

See notes to financial statements.

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.

Adoption of New Accounting Standard - In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*. The ASU and all subsequently issued clarifying ASUs (collectively, "ASC 842") replaced most existing lease guidance in GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing and uncertainty of leases and cash flows arising from leases.

The Organization adopted the new standard effective July 1, 2022, using the modified retrospective method. Results for reporting periods beginning after July 1, 2022, are presented under ASC 842 while prior period amounts continue to be reported in accordance with previous guidance. The adoption of ASC 842 resulted in the recording of additional assets and liabilities related to the Organization's operating leases of approximately $602,000 on July 1, 2022. The adoption of the new standard did not materially impact net assets or cash flows. Additionally, the cumulative effect of the initial application of ASC 842 did not result in a material adjustment to net assets on July 1, 2022.

The Organization elected the "package of practical expedients" under the transition guidance within ASC 842 in which the Organization does not reassess the historical lease classification for existing leases, whether any existing contracts at transition are or contain leases, or the initial direct costs for any existing leases.

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 ($19,964 and $10,474 as of June 30, 2023 and 2022, respectively) 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 $233,193, $215,640, and $186,769 was recorded at June 30, 2023, 2022, and 2021, respectively. During the year ended June 30, 2023, the Organization incurred $9,490 in bad debt expense related to underwriting accounts receivable. During the year ended June 30, 2022, 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.

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 $36,000, $49,000, and $116,000 was recorded at June 30, 2023, 2022, and 2021, 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 $99,000 and $104,000 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022.

Advertising Expense - The Organization expenses the cost of advertising as incurred. The accompanying statements of activities include advertising expense in the amount of approximately $7,000 and $6,000 for the years ended June 30, 2023 and 2022, 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.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through January 10, 2024, 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 as of June 30, 2023:

Financial assets at year-end:	
Cash and cash equivalents	$ 338,242
Accounts and pledges receivable, net	620,374
Investments	4,417,092
Total financial assets	5,375,708
Less amounts not available to be used for general expenditures within one year:	
Restricted by donors with purpose restrictions	302,934
Financial assets not available to be used within one year	302,934
Financial assets available to meet general expenditures within one year	$ 5,072,774

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 outstanding borrowings of approximately $502,000 under this agreement as of June 30, 2023.

3. PLEDGES RECEIVABLE

Pledges outstanding consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Pledges receivable	$ 430,201	$ 445,769
Less allowance for uncollectible pledges	43,020	59,577
Pledges receivable, net	387,181	386,192
Current portion, net	387,181	386,192
Long-term, net	$ -	$ -

4. INVESTMENTS

Investments consisted of the following funds as of June 30, 2023 and 2022:

	2023	2022
Money market funds	$ 202,746	$ 209,828
Equity funds	1,555,784	1,150,466
Exchange-traded products	1,379,620	974,865
Fixed-income funds	1,278,942	1,717,227
Total	$ 4,417,092	$ 4,052,386

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, 2023.

- 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, 2023 and 2022.

Return on investments in the accompanying statement of activities is comprised of the following for the years ended June 30, 2023 and 2022, respectively:

	2023	2022
Realized losses	$ (6,959)	$ (6,584)
Unrealized gains (losses)	259,592	(584,313)
Dividends and interest, net	112,073	90,478
Return on investments, net	$ 364,706	$ (500,419)

Dividends and interest income is presented net of investment fees of approximately $12,000 and $16,000 for the years ended June 30, 2023 and 2022, respectively.

5. PROPERTY

Property consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Land	$ 28,432	$ 28,432
Transmitters, antenna, and tower	1,421,084	1,400,958
Equipment - studio and broadcast	484,650	518,725
Furniture and fixtures	109,617	209,886
Leasehold improvements	130,687	92,049
Subtotal	2,174,470	2,250,050
Less accumulated depreciation and amortization	1,809,960	1,859,898
Total, net	$ 364,510	$ 390,152

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 SOFR (5.06% as of June 30, 2023) plus 2.36%, subject to a floor of 3.25%. There were outstanding borrowings of approximately $502,000 under this agreement at June 30, 2023. There were no outstanding borrowings under this agreement at June 30, 2022.

7. OPERATING LEASES

The Organization leases building space and a transmitter from unrelated third parties under agreements classified as operating leases for remaining terms ranging from two to three years. These leases do not contain any material restrictive covenants or residual value guarantees.

The components of lease expense are as follows for the year ended June 30, 2023:

Operating lease expense	$ 482,403

Total rent expense for operating leases was approximately $240,000 for the year ended June 30, 2022.

Supplemental cash flow information related to leases as of June 30, 2023, are as follows:

Cash paid for amounts included in measurement of operating lease liabilities:

Operating lease – cash paid on lease liabilities	$ 274,282

ROU assets obtained in exchange for new lease liabilities:

Operating leases	$ 1,636,702
Prepaid rent	$ 18,983

Supplemental balance sheet information related to leases for the year ended June 30, 2023, are as follows:

Operating leases:

Operating lease ROU asset, equipment	$ 70,586
Operating lease ROU asset, buildings	1,139,937
Total operating lease ROU assets	$ 1,210,523
Current operating lease liabilities, equipment	$ 47,138
Current operating lease liabilities, buildings	586,396
Total current operating lease liabilities	$ 633,534
Noncurrent operating lease liabilities, equipment	$ 24,439
Noncurrent operating lease liabilities, buildings	741,688
Total noncurrent operating lease liabilities	$ 766,127
Weighted-average remaining lease term:	
Operating leases	2.45 years
Weighted-average discount rate:	
Operating leases	3.73 %

Future undiscounted cash flows and a reconciliation to the operating lease liabilities recognized on the statement of financial position as of June 30, 2023, are as follows:

Year ending June 30:	
2024	$ 673,636
2025	447,010
2026	344,927
Total undiscounted cash flows	1,465,573
Less present value discount	(65,912)
Total operating lease liabilities	$ 1,399,661

In October 2022, the Organization executed a lease agreement directly with the owner of a building the Organization currently sublets. The term of this lease will begin in May 2026 and extend through June 2031. As the two leasing arrangements are governed by separate agreements with different lessors, the second lease will not be measured until its commencement date in May 2026. The execution of the lease in October 2022 will require the following approximate future minimum lease payments, which are in addition to the future undiscounted cash flows presented in the table above:

Year ending June 30:	
2027	$ 460,000
2028	474,000
2029	488,000
2030	502,000
2031	518,000
Total	$ 2,442,000

Including the effect of the lease agreement entered into in October 2022, approximate future minimum lease payments under the operating leases as of June 30, 2022, were as follows:

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

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Restricted by donors with time restrictions	$ 387,181	$ 386,192
Restricted by donors with purpose restrictions:		
American Journalism Project	302,934	274,230
Net assets with donor restrictions	$ 690,115	$ 660,422

Net assets with donor restrictions are released from restriction by satisfaction of time and purpose. Restrictions released during the years ended June 30, 2023 and 2022 consisted of the following:

	2023	2022
Released from time restrictions	$ 386,192	$ 315,929
Released from purpose restrictions	584,809	794,433
Total	$ 971,001	$ 1,110,362

9. 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, 2023 and 2022 totaling approximately $151,000 and $171,000, respectively.

10. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2023 and 2022, the Organization received contributions from the Board of Directors and employees totaling approximately $188,000 and $221,000, respectively.

11. SUBSEQUENT EVENT

Effective December 2023, the Organization entered into a collective bargaining agreement that covers approximately 49% of the employees employed by the Organization as of the effective date. The agreement expires on June 30, 2027.