Cincinnati Public Radio, Inc. and Subsidiary

Consolidated Financial Statements
June 30, 2021, with
Summarized Comparative Totals for June 30, 2020, and
Independent Auditors' Report

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

June 30, 2021 with Summarized Comparative Totals for June 30, 2020

Contents

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Independent Auditors' Report

Board of Directors
Cincinnati Public Radio, Inc. and Subsidiary
Cincinnati, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Cincinnati Public Radio, Inc. (a nonprofit organization) and Subsidiary (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cincinnati Public Radio, Inc. and Subsidiary as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report
(Continued)

Report on Summarized Comparative Information

We have previously audited Cincinnati Public Radio, Inc. and Subsidiary's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Effect of Adopting a New Accounting Standard

As discussed in Note 1, the Organization has adopted Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Barnes, Dennig & Co., Ltd.

September 30, 2021
Cincinnati, Ohio

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position
June 30, 2021 with Summarized Comparative Totals for June 30, 2020

	2021	2020
Assets		
Current:		
Cash and cash equivalents	$ 3,246,093	$ 647,439
Accounts receivable (net of allowance for doubtful accounts of $35,000 and $43,000 at June 30, 2021 and 2020, respectively)	198,295	344,125
Pledges and grants receivable, net	5,206,433	6,446,352
Prepaid expenses and deposits	54,429	63,960
Total current assets	8,705,250	7,501,876
Property and equipment, net	2,426,120	2,456,502
Other:		
Investments	9,545,020	10,888,142
Broadcast licenses	22,988,377	22,988,377
Total other assets	32,533,397	33,876,519
Total assets	$ 43,664,767	$ 43,834,897
Liabilities and Net Assets		
Liabilities		
Current:		
Accounts payable	$ 69,512	$ 117,295
Refundable advances and unearned revenue	174,278	148,404
Other accrued liabilities	228,189	224,365
Current portion of bonds payable	-	523,266
Total current liabilities	471,979	1,013,330
Bonds payable, net	-	2,635,163
Total liabilities	471,979	3,648,493
Net Assets		
Without donor restrictions:		
Operating	34,102,094	28,694,622
Board designated for capital campaign (building project)	1,287,191	1,059,118
Board designated endowment funds	66,269	3,229,059
Total without donor restrictions	35,455,554	32,982,799
With donor restrictions	7,737,234	7,203,605
Total net assets	43,192,788	40,186,404
Total liabilities and net assets	$ 43,664,767	$ 43,834,897

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended June 30, 2021 with Summarized Comparative Totals for June 30, 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues				
Public support:				
Corporation for Public Broadcasting	$ 699,755	$ -	$ 699,755	$ 498,360
Contributions	4,039,939	-	4,039,939	4,083,703
Underwriting	1,706,814	-	1,706,814	1,899,413
Underwriting - trade	159,426	-	159,426	285,552
Capital campaign contributions	-	543,629	543,629	6,738,641
Foundations	218,993	230,000	448,993	312,469
Federal and state grants	68,257	-	68,257	661,466
In-kind donations	320,168	-	320,168	319,606
Special events revenue	17,030	-	17,030	1,320
Other	28,087	-	28,087	10,897
Total public support	7,258,469	773,629	8,032,098	14,811,427
Revenues:				
Rentals and sales	31,408	-	31,408	33,031
Net assets released from restrictions	240,000	(240,000)	-	-
Total revenues	271,408	(240,000)	31,408	33,031
Total public support and revenues	7,529,877	533,629	8,063,506	14,844,458
Operating expenses				
Programming, production and promotion	3,340,725	-	3,340,725	3,682,894
Broadcasting	1,070,859	-	1,070,859	1,091,839
Management and general	392,092	-	392,092	400,717
Underwriting	592,348	-	592,348	610,489
Membership development	882,006	-	882,006	912,861
Total operating expenses	6,278,030	-	6,278,030	6,698,800
Change in net assets before other changes	1,251,847	533,629	1,785,476	8,145,658
Gain (loss) on disposal of equipment	27	-	27	(54,053)
Investment return, net	1,220,881	-	1,220,881	200,982
Total other changes	1,220,908	-	1,220,908	146,929
Change in net assets	2,472,755	533,629	3,006,384	8,292,587
Net assets, beginning of year	32,982,799	7,203,605	40,186,404	31,893,817
Net assets, end of year	$ 35,455,554	$ 7,737,234	$ 43,192,788	$ 40,186,404

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021 with Summarized Comparative Totals for June 30, 2020

	2021							2020
	Programming, Production and Promotion	Broadcasting	Total Program Services	Management and General	Underwriting	Membership Development	Total	Total
Salaries and wages	$ 1,376,338	$ 407,769	$ 1,784,107	$ 257,533	$ 360,884	$ 297,115	$ 2,699,639	$ 2,675,337
Program license fees	1,068,040	-	1,068,040	-	-	-	1,068,040	1,080,516
Contract services	224,415	255,135	479,550	71,792	122,981	335,857	1,010,180	1,041,253
Employee benefits and payroll taxes	230,152	70,767	300,919	32,988	57,003	44,676	435,586	438,166
Advertising and premiums	160,143	-	160,143	-	-	45,855	205,998	314,807
Building rent	111,145	61,747	172,892	12,349	24,699	37,048	246,988	243,381
Depreciation	17,663	86,598	104,261	1,963	3,926	5,375	115,525	140,415
Bank fees	68	198	266	2,764	12,121	80,518	95,669	97,437
Research	67,616	-	67,616	-	-	-	67,616	79,075
Tower rent	-	64,287	64,287	-	-	-	64,287	64,284
Utilities	-	42,624	42,624	-	-	-	42,624	44,155
Bad debt expense	-	30,644	30,644	-	4,945	3,960	39,549	2,798
Supplies	12,167	19,510	31,677	320	779	2,332	35,108	26,338
Telephone	10,688	15,652	26,340	378	2,526	1,824	31,068	27,531
Postage	166	399	565	1,118	-	21,754	23,437	35,627
Dues and memberships	17,737	-	17,737	3,145	-	1,230	22,112	20,903
Insurance	9,581	5,323	14,904	1,065	2,129	3,194	21,292	19,023
Interest	20,272	-	20,272	-	-	-	20,272	292,167
Travel and training	8,040	630	8,670	6,535	355	1,138	16,698	30,994
Repairs and maintenance	19	9,576	9,595	142	-	130	9,867	14,022
Special events	6,475	-	6,475	-	-	-	6,475	10,571
Total expenses	$ 3,340,725	$ 1,070,859	$ 4,411,584	$ 392,092	$ 592,348	$ 882,006	$ 6,278,030	$ 6,698,800
Percentages - 2021	53%	17%	70%	6%	9%	14%	100%	
Percentages - 2020	55%	16%	71%	6%	9%	14%		100%

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows
Year Ended June 30, 2021 with Summarized Comparative Totals for June 30, 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 3,006,384	$ 8,292,587
Adjustments to reconcile change in net assets to net cash from operating activities:		
(Gain) loss on disposal of equipment	(27)	54,053
Depreciation	115,525	140,415
Amortization of bond issuance costs included in interest	3,362	145,308
Bad debt expense	39,549	2,798
Net realized and unrealized gain on investments	(1,129,885)	(59,100)
Contributions restricted for capital campaign	(543,629)	(6,738,641)
Changes in:		
Accounts receivable	106,281	(28,106)
Pledges and grants receivable	(166,890)	747
Prepaid expenses and deposits	9,531	2,202
Accounts payable	(19,647)	1,191
Refundable advances and unearned revenue	25,874	18,652
Other accrued liabilities	3,824	11,040
Net cash provided by operating activities	1,450,252	1,843,146
Cash flows from investing activities		
Purchase of property, equipment, and construction in progress	(113,252)	(1,537,619)
Proceeds from disposal of equipment	-	52,763
Purchase of investments	(1,260,969)	(397,954)
Proceeds from sale of investments	3,733,976	546,500
Net cash provided by (used in) investing activities	2,359,755	(1,336,310)
Cash flows from financing activities		
Payments on bonds payable	(3,161,791)	(495,218)
Proceeds from contributions restricted for capital campaign	1,950,438	382,249
Net cash used in financing activities	(1,211,353)	(112,969)
Net change in cash and cash equivalents	2,598,654	393,867
Cash and cash equivalents, beginning of year	647,439	253,572
Cash and cash equivalents, end of year	$ 3,246,093	$ 647,439
Supplemental cash flows information		
Noncash investing transactions:		
Construction in progress purchases included in accounts payable	$ -	$ 28,136
Interest paid	$ 37,942	$ 149,646

See accompanying notes to consolidated financial statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies for Cincinnati Public Radio, Inc. and Subsidiary is presented to assist in the understanding of the Organization's financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of Cincinnati Public Radio, Inc. and Cincinnati Public Radio Properties, LLC, a limited liability company whose sole member is Cincinnati Public Radio, Inc. The two entities are collectively referred to in this report as "CPR" or the "Organization". All material inter-organizational transactions have been eliminated.

Nature and Purpose of the Organization

Cincinnati Public Radio, Inc. is an Ohio not-for-profit organization providing the finest classical music programming on WGUC and news and public radio programming on WVXU and WMUB, pursuant to a local management agreement with Miami University who hold the license, heard throughout Cincinnati and the Tri-state area.

Cincinnati Public Radio Properties, LLC was established under the laws of the State of Ohio in 2005 in order to hold properties that were purchased in 2005. These properties were sold during fiscal years 2006 and 2007 and operations have been inactive subsequent to the sale.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. The Organization is considered a public charity under section 509(a)(1) of the Internal Revenue Code. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions that are material to the financial statements.

Financial Statement Presentation

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP for not-for-profit organizations requires, among other things, the net assets to be classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class and by natural and functional expense classification but not in one location. Such information, included with the consolidated statement of activities and consolidated statement of functional expenses, does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At June 30, 2021 and 2020, cash equivalents consisted primarily of money market deposit accounts. The Organization's cash in bank deposit accounts may at times exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Receivables

Accounts receivable consists primarily of balances due from underwriters. The Organization provides an allowance for doubtful accounts, which is based upon management's review of historical collection information.

Pledges and grants receivable are from individuals, foundations and corporations that have made a pledge or grant that has not been fulfilled or is payable in periodic payments. Management provides for an allowance for unpaid pledges and grants based on historical collection information.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met. Bequests are considered unconditional when a will is probated and declared valid by the courts.

Investments and Investment Return

Investments in equity and debt securities are carried at fair value. Investment return includes dividends, interest, investment management fees, and realized and unrealized gains and losses on investments.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Return (Continued)

The Organization has elected to record the endowment gifts at fair value at the date of the gift in accordance with the Ohio Uniform Management of Institutional Funds Act and the Ohio Prudent Management of Institutional Funds Act effective June 1, 2009, unless otherwise requested by the donor. Therefore, any appreciation or depreciation is recorded as a change in the investments without donor restrictions.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is calculated on a straight-line basis over the estimated useful life of the respective assets. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

In accordance with applicable GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions.

Broadcast Licenses

The Organization has broadcast licenses from the Federal Communication Commission (FCC) for WGUC and WVXU. These licenses are renewable and considered to have an indefinite useful life. These broadcast licenses are not subject to amortization but are tested for impairment at least annually.

In determining that the Organization's broadcast licenses qualified as indefinite lived intangibles, management considered a variety of factors including the FCC's historical track record of renewing public radio broadcast licenses and the stability of the public radio industry. Should the Organization determine that the carrying value of the broadcast licenses exceed the fair value, then the broadcast licenses will be written down to fair value and expensed to current operations in accordance with applicable GAAP Accounting for Intangibles. Consistent with applicable GAAP, the Organization has combined its broadcast licenses within a single market cluster into a single unit of accounting for impairment testing purposes.

In-Kind Donations

The Organization receives in-kind donations during the year, which are recorded at fair value as contribution revenue and in the appropriate expense category. See Note 13.

Revenue Recognition

The Organization is primarily supported through contributions and program underwriting. Individual support, contributions, grants and unconditional pledges are recorded as revenue without donor restrictions in the year made unless a restriction is explicitly stipulated by the donor. Donor restricted contributions and grants whose restrictions are met in the same reporting periods as received are reported as support without donor restrictions. Donor restricted revenue and grant revenue whose restrictions are not currently met in the year received, are reflected as an increase in net assets with donor restrictions.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. To determine the proper revenue recognition method, the Organization evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as single or more than one performance obligation.

Revenue from contracts with customers is primarily recognized from underwriting. These contracts consist of performance obligations to broadcast underwriting announcements and are reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing services. Each on-air broadcast is determined to be a distinct performance obligation. The transaction price is stated in the contracts and is known at time of contract inception. The Organization determines the transaction price based on standard charges for goods and services provided. Underwriting revenue is recognized at a point in time when the underwriting announcements are broadcast on-air. At times, the Organization will enter into a trade agreement with a business in which underwriting announcements are provided in exchange for tickets, gift cards or media sponsorships. Noncash trade agreements for underwriting are recorded at fair value. Customers are billed for underwriting spots monthly after they are broadcast on-air and payment is expected within 30 days.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services. Such allocations are determined by management on an equitable basis. The most significant allocations were salaries and related expenses, which were allocated based on time and effort, and building rent and depreciation, which were allocated based on space occupied and usage.

	2021	2020
Program	$ 4,411,584	$ 4,774,733
Management and general	984,440	1,011,206
Fundraising (membership development)	882,006	912,861
	$ 6,278,030	$ 6,698,800

Management and general expenses include $592,348 and $610,489 of underwriting expense at June 30, 2021 and 2020, respectively.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain 2020 figures have been reclassified to conform to the 2021 presentation.

Effect of Adopting New Accounting Standard

During 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), which replaces most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the ASU using the modified retrospective approach to all contracts that were not completed as of the beginning of the fiscal year 2021. Results for reporting periods beginning after June 30, 2020 are presented under Topic 606, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The most significant impact of the adoption of Topic 606 is expanded disclosures for revenue recognition.

Subsequent Events

The Organization has evaluated subsequent events through September 30, 2021, which is the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Cash and cash equivalents	$ 3,246,093	$ 647,439
Accounts receivable, net	198,295	344,125
Pledges and grants receivable, net	5,206,433	6,446,352
Investments	9,545,020	10,888,142
Total financial assets	18,195,841	18,326,058
Less those unavailable for general expenditure within one year:		
Board designated for capital campaign	(1,287,191)	(1,059,118)
Board designated endowment funds	(66,269)	(3,229,059)
Donor restricted for capital campaign	(7,157,583)	(6,803,954)
Charitable gift annuity	(13,702)	(13,702)
Donor restricted endowment funds	(335,949)	(335,949)
Financial assets available for general expenditures within one year	$ 9,335,147	$ 6,884,276

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

As part of a liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its investments. During 2019, the Organization began a long-term project to build new facilities and has kept a higher balance than average in cash, cash equivalents and investments to meet the needs of the project.

The Organization's endowment funds consist of donor restricted endowments and funds designated by the board as endowments. Donor restricted endowment funds are not available for general expenditure. Income from donor restricted endowments is available for general use.

The Organization's board designated endowment funds at June 30, 2021 and 2020 consist of $-0- and $3,161,790 designated for full payment of bonds in August 2020 and $66,269 and $67,269, respectively, designated for UC College Conservatory of Music scholarships. Income from this endowment fund is reinvested in the Organization's investments.

NOTE 3 PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable as of June 30 consisted of the following:

	2021	2020
Due within one year	$ 1,514,958	$ 1,548,375
Due in one to five years	3,770,709	4,979,061
	5,285,667	6,527,436
Less allowance for uncollectible contributions	(45,850)	(26,600)
Less unamortized discount	(33,384)	(54,484)
	$ 5,206,433	$ 6,446,352

The discount ranged from 0.16% to 0.49% for 2021 and 2020.

NOTE 4 INVESTMENTS AND ENDOWMENTS

Investments as of June 30 consisted of the following:

	2021	2020
Money market funds	$ 3,076,966	$ 4,994,727
Equity securities	3,551,305	2,498,171
Equity mutual funds	-	870
Bond mutual funds	3,956	4,931
U.S. Treasuries	-	803,344
Corporate bonds	1,866,276	1,760,355
Other traded securities	1,046,517	825,744
	$ 9,545,020	$ 10,888,142

Endowment

The Organization's endowment consists of various donor-restricted endowment funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which is the applicable law in the state of Ohio effective June 1, 2009. UPMIFA provides guidance on matters concerning the governance and management of donor restricted endowment funds. Under UPMIFA, the original value of donated gifts to the donor restricted endowment, the original value of subsequent gifts to the donor restricted endowment, and accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument are classified as net assets with donor restrictions. The remaining portion of the donor restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure.

Investment Policy

Investment assets, including endowment assets, which are assets of donor-restricted funds that the Organization must hold in perpetuity, are managed in a pooled income fund. The investment policy states that the primary objective of the investments will be to provide for long-term growth of principal and income without undue exposure to risk. Endowment assets are expected to meet spending needs plus the level of U.S. inflation over the life span of the organization, which is expected to be in perpetuity.

These objectives shall be accomplished using a balanced strategy of equity and fixed income securities and cash equivalents relying on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

NOTE 4 INVESTMENTS AND ENDOWMENTS (CONTINUED)

Spending Policy

The Organization's current spending policy is to transfer all investment return into net assets without donor restrictions or net assets with donor restrictions if directed by the donor. The Board of Directors approved the use of up to 4% of the average quarterly fair market value of without donor restriction undesignated (non-endowment) funds for the prior 12 quarters to be spent to meet operating needs.

The composition of net assets by type of endowment fund at June 30 was:

	2021	2020
Board designated endowment funds:		
Bond Payment Fund for bond payoff in August 2020	$ -	$ 3,161,790
Charles Harper Fund for CCM scholarships	66,269	67,269
	66,269	3,229,059
Donor restricted endowment funds	335,949	335,949
	$ 402,218	$ 3,565,008

The changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2019	$ 3,230,059	$ 335,949	$ 3,566,008
Investment return	113,055	4,956	118,011
Appropriated for expenditure	(114,055)	(4,956)	(119,011)
Total change in endowment net assets	(1,000)	-	(1,000)
Balance at June 30, 2020	3,229,059	335,949	3,565,008
Investment return	9,115	18,512	27,627
Appropriated for expenditure	(3,171,905)	(18,512)	(3,190,417)
Total change in endowment net assets	(3,162,790)	-	(3,162,790)
Balance at June 30, 2021	$ 66,269	$ 335,949	$ 402,218

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consisted of the following:

	2021	2020
Leasehold improvements	$ 891,123	$ 891,123
Transmitter	783,705	783,705
Studio and broadcast equipment	440,961	453,755
Furniture, fixtures and office equipment	207,324	207,630
Computer hardware and software	140,273	138,638
	2,463,386	2,474,851
Less accumulated depreciation	(2,155,270)	(2,085,296)
	308,116	389,555
Construction in progress	2,118,004	2,066,947
	$ 2,426,120	$ 2,456,502

Depreciation expense was $115,525 and $140,415 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 BROADCAST LICENSES

The broadcast licenses consisted of the following at June 30:

	2021	2020
WGUC	$ 9,900,000	$ 9,900,000
WVXU	13,088,377	13,088,377
	$ 22,988,377	$ 22,988,377

NOTE 7 BONDS PAYABLE

Bonds payable consisted of the following at June 30:

	2021	2020
Bonds payable (A)	$ -	$ 3,161,791
Less unamortized debt issuance costs (B)	-	(3,362)
	-	3,158,429
Less current maturities	-	(523,266)
	$ -	$ 2,635,163

NOTE 7 BONDS PAYABLE (CONTINUED)

(A) In 2020, the Organization had outstanding tax-exempt revenue bonds, which were originally due on August 10, 2025. Payments of principal and interest were made on a quarterly basis. On May 23, 2013, the Organization reissued the tax-exempt revenue bonds. The interest was variable with annual resets each November that were fixed by the bond agreement. The maximum interest rate was 4.99%. The bonds were secured by substantially all assets of the Organization. The loan agreement contained financial covenants for cash flow available for debt service, maximum amount of debt and unrestricted investments that must be met. On August 10, 2020, the Organization paid off the full principal and accrued interest balance of $3,199,732.

(B) The Organization incurred legal, broker, appraisal, survey and other fees in connection with the bond issuance. As of June 30, 2021 and 2020, the unamortized debt issuance costs include bond issuance costs of $-0- and $484,336 less accumulated amortization of $-0- and $480,974, respectively. These costs were being amortized over the life of the bonds and were written off when the bonds were paid off. Amortization expense incurred and reported as interest expense for the years ended June 30, 2021 and 2020 was $3,362 and $145,308, respectively.

NOTE 8 NET ASSETS WITH DONOR RESTICTIONS

Net assets with donor restrictions as of June 30 are available for the following purposes or periods:

	2021	2020
Restricted as to purpose:		
Capital campaign (building project)	$ 2,139,621	$ 379,083
Programming	230,000	50,000
	2,369,621	429,083
Restricted as to time:		
Capital campaign (building project) pledges receivable	5,017,962	6,424,871
Charitable gift annuity	13,702	13,702
	5,031,664	6,438,573
Restricted for endowments:		
Endowment funds to be maintained in perpetuity, with earnings available for general operations	131,570	131,570
Endowment funds to be maintained in perpetuity, with earnings available for WGUC programming	204,379	204,379
	335,949	335,949
	$ 7,737,234	$ 7,203,605

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors and consisted of the following for the years ended June 30:

	2021	2020
Purpose restriction accomplished:		
Capital campaign (building project)	$ 190,000	$ 187,133
Programming	50,000	40,000
Educational outreach	-	8,000
	$ 240,000	$ 235,133

NOTE 10 CONDITIONAL CONTRIBUTIONS

The Corporation for Public Broadcasting (CPB) is a private, not-for-profit grant-making organization that provides funding to public radio and television stations. Grants may be used at the discretion of the recipients, although a portion is restricted for acquisition and production of programs to be distributed nationwide. Public broadcasters use these funds for purposes relating primarily to production and acquisition of programming.

The grants are reported on the accompanying consolidated financial statements as operating revenues without donor restrictions when earned; however, certain general guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting and licensee status with the Federal Communications Commission. During the 2021 and 2020 fiscal years, $699,755 and $498,360, respectively, were earned. Amounts received in excess of amounts earned are recorded as refundable advances on the consolidated statement of financial position.

On May 1, 2020, the Organization entered into a loan agreement pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (CARES Act) Paycheck Protection Program (the Program) for $437,400. All or a portion of the note may be forgiven in accordance with the Program requirements. Interest on the outstanding principal balance will accrue at a fixed rate of 1.00%, but neither principal or interest are due and payable during the initial 6-month deferral period after issuance. After the initial 6-month deferral period expires, the outstanding principal balance that is not forgiven under the Program will convert to an amortizing loan payable in 18 equal monthly installments of principal. On January 20, 2021, the Organization received notification from the SBA that the note was forgiven, and the SBA remitted payment to the lender for the full outstanding principal and accrued interest amount.

The Organization had elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the derecognition of the liability. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the program are "substantially met" and occur on or before the statement of financial position date. As of June 30, 2020, the Organization estimated that all significant conditions under the Program had been substantially met and recognized the entire $437,400 of funding as grant revenue during 2020.

NOTE 11 OPERATING LEASES

The Organization leases its office facilities under a non-cancelable operating lease from the Greater Cincinnati Television Educational Foundation. The original lease was for a fifteen-year term, which expired on October 31, 2019. This lease was renewed for an additional three-year term, which expires on October 31, 2022, but with the right to cancelation on a month to month basis after October 31, 2021. Base rent is adjusted annually for inflation. Rent expense for this lease included in the consolidated statements of activities for the years ended June 30, 2021 and 2020 was $246,989 and $243,381, respectively.

In addition, the Organization leases office equipment under a non-cancelable lease that expires on May 30, 2023. Rent expense for office equipment leases included in the consolidated statements of activities was $7,748 and $8,187 for the years ended June 30, 2021 and 2020, respectively.

The future minimum payments on the Organization's operating leases are as follows:

2022	$ 261,082
2023	92,527
	$ 353,609

NOTE 12 RETIREMENT PLAN

The Organization has a defined contribution retirement plan for all eligible employees. The plan is funded through the purchase of deferred tax-sheltered annuity contracts. Employee contributions are voluntary and are made on a pretax basis. On January 1, 2009, the Organization amended the plan to change the contribution to a voluntary basis rather than a specific contribution amount. In November 2015, the Organization resumed payments to the plan. During the 2021 and 2020 fiscal years, the Organization contributed 2% for the first 4% of contributions made by eligible employees. Employer contributions for the years ended June 30, 2021 and 2020 were $39,759 and $37,931, respectively.

NOTE 13 UNDERWRITING - TRADE AND IN-KIND DONATIONS

Underwriting trade and In-kind donations are reflected in the accompanying consolidated statements. Detailed below is a listing of all noncash underwriting revenue and in-kind donations at their estimated fair values at date of receipt for the years ended June 30:

	2021	2020
Advertising and premiums	$ 110,806	$ 220,082
Operational expenses	320,168	329,602
Programming	48,620	53,820
Special events	-	1,654
	$ 479,594	$ 605,158

NOTE 14 FAIR VALUE

The Organization measures investments at fair value in accordance with GAAP, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. GAAP also establishes a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The three levels are defined as follows:

Level 1 – Inputs are unadjusted quoted prices for identical assets in active markets.
Level 2 – Inputs are observable quoted prices for similar assets in active markets.
Level 3 – Inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

The following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of the investments pursuant to the valuation hierarchy.

Fair values for investments in marketable securities are determined by reference to quoted market prices and other relevant information generated by market transactions.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes assets measured at fair value on a recurring basis at:

June 30, 2021	Total	Level 1	Level 2
Investments			
Money market funds	$ 3,076,966	$ -	$ 3,076,966
Equity securities	3,551,305	3,551,305	-
Bond mutual funds	3,956	3,956	-
Corporate bonds	1,866,276	-	1,866,276
Other traded securities	1,046,517	1,046,517	-
Total investments	$ 9,545,020	$ 4,601,778	$ 4,943,242

June 30, 2020	Total	Level 1	Level 2
Investments			
Money market funds	$ 4,994,727	$ -	$ 4,994,727
Equity securities	2,498,171	2,498,171	-
Equity mutual funds	870	870	-
Bond mutual funds	4,931	4,931	-
U.S. Treasuries	803,344	-	803,344
Corporate bonds	1,760,355	-	1,760,355
Other traded securities	825,744	825,744	-
Total investments	$ 10,888,142	$ 3,329,716	$ 7,558,426

There were no level 3 assets measured at fair value on a recurring basis.

NOTE 14 FAIR VALUE (CONTINUED)

Assets Measured at Fair Value on a Nonrecurring Basis

Broadcast licenses are measured at fair value on a nonrecurring basis. That is, the broadcast licenses are subject to fair value in certain circumstances, such as when there is evidence of impairment. The licenses were recorded at the book values at the time of purchase, which approximates fair value and results in a classification within Level 3 of the valuation hierarchy.

Level 3 – Broadcast Licenses $22,988,377

NOTE 15 COMMITMENTS AND CONTINGENCIES

Pursuant to the agreement with the University of Cincinnati that transferred the WGUC broadcast license and all rights associated with it from the University to the Organization, the University has the right of first refusal upon any future sale of the WGUC license.

In April 2019, the Organization entered into a Property Sale and Development Agreement with the City of Cincinnati for the redevelopment of the site at 9th and Plum Street in Cincinnati. The site purchase price of $1,526,000 will be due at closing which must occur no later than March 31, 2022. Prior to closing the Organization must meet certain conditions including financing requirements, surveys, and inspections. The Organization must commence construction at the site no later than June 30, 2022 and complete construction within 24 months of starting. As part of this redevelopment project, the Organization has also entered into contractual agreements with an architect and construction manager.

NOTE 16 SIGNIFICANT CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Those matters include the following:

One donor made up approximately 77% and 78% of pledges and grants receivable as of June 30, 2021 and 2020, respectively, and -0-% and 74% of capital campaign contributions in 2021 and 2020, respectively.

NOTE 17 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization’s operations and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which we operate and the related impact on consumer confidence and spending, all of which are highly uncertain.

NOTE 18 RECENTLY ISSUED ACCOUNTING STANDARDS UPDATES

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's fiscal year ending June 30, 2023.

The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.