Cincinnati Public Radio, Inc. and Subsidiary

Consolidated Financial Statements
June 30, 2022, with
Summarized Comparative Totals for June 30, 2021, and
Independent Auditors' Report

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

June 30, 2022 with Summarized Comparative Totals for June 30, 2021

Contents

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Accounting • Tax • Business Insight

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Independent Auditors' Report

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

Opinion

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, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cincinnati Public Radio, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cincinnati Public Radio, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 consolidated financial statements.

Independent Auditors' Report
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Cincinnati Public Radio, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cincinnati Public Radio, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance 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.

Report on Summarized Comparative Information

We have previously audited Cincinnati Public Radio, Inc. and Subsidiary's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Barnes, Dennig & Co., Ltd.

October 20, 2022
Cincinnati, Ohio

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position
June 30, 2022 with Summarized Comparative Totals for June 30, 2021

	2022	2021
Assets		
Current:		
Cash and cash equivalents	$ 5,240,847	$ 3,246,093
Accounts receivable (net of allowance for doubtful accounts of $39,000 and $35,000 at June 30, 2022 and 2021, respectively)	285,855	198,295
Pledges and grants receivable, net	3,776,347	5,206,433
Prepaid expenses and deposits	45,135	54,429
Total current assets	9,348,184	8,705,250
Property and equipment, net	1,251,050	2,426,120
Other:		
Investments	8,914,608	9,545,020
Broadcast licenses	22,988,377	22,988,377
Total other assets	31,902,985	32,533,397
Total assets	$ 42,502,219	$ 43,664,767
Liabilities and Net Assets		
Liabilities		
Current:		
Accounts payable	$ 168,770	$ 69,512
Refundable advances and unearned revenue	235,082	174,278
Other accrued liabilities	142,026	228,189
Total liabilities	545,878	471,979
Net Assets		
Without donor restrictions:		
Operating	34,687,607	34,102,094
Board designated for capital campaign (building project)	1,472,071	1,287,191
Board designated endowment funds	66,269	66,269
Total without donor restrictions	36,225,947	35,455,554
With donor restrictions	5,730,394	7,737,234
Total net assets	41,956,341	43,192,788
Total liabilities and net assets	$ 42,502,219	$ 43,664,767

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended June 30, 2022 with Summarized Comparative Totals for June 30, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues				
Public support:				
Corporation for Public Broadcasting	$ 666,485	$ -	$ 666,485	$ 699,755
Contributions	4,069,051	-	4,069,051	4,039,939
Underwriting	1,958,023	-	1,958,023	1,706,814
Underwriting - trade	153,132	-	153,132	159,426
Capital campaign contributions	-	216,165	216,165	543,629
Foundations	158,487	215,000	373,487	448,993
State grants	178,946	-	178,946	68,257
In-kind donations	365,110	-	365,110	320,168
Special events	34,200	-	34,200	17,030
Other	5,299	-	5,299	28,087
Total public support	7,588,733	431,165	8,019,898	8,032,098
Revenues:				
Rentals and sales	27,647	-	27,647	31,408
Net assets released from restrictions	2,438,005	(2,438,005)	-	-
Total revenues	2,465,652	(2,438,005)	27,647	31,408
Total public support and revenues	10,054,385	(2,006,840)	8,047,545	8,063,506
Operating expenses				
Programming, production and promotion	3,589,184	-	3,589,184	3,340,725
Broadcasting	1,020,431	-	1,020,431	1,070,859
Management and general	522,970	-	522,970	392,092
Underwriting	605,767	-	605,767	592,348
Membership development	797,813	-	797,813	882,006
Total operating expenses	6,536,165	-	6,536,165	6,278,030
Change in net assets before other changes	3,518,220	(2,006,840)	1,511,380	1,785,476
Gain (loss) on disposal of property and equipment	(2,119,736)	-	(2,119,736)	27
Investment return, net	(628,091)	-	(628,091)	1,220,881
Total other changes	(2,747,827)	-	(2,747,827)	1,220,908
Change in net assets	770,393	(2,006,840)	(1,236,447)	3,006,384
Net assets, beginning of year	35,455,554	7,737,234	43,192,788	40,186,404
Net assets, end of year	$ 36,225,947	$ 5,730,394	$ 41,956,341	$ 43,192,788

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022 with Summarized Comparative Totals for June 30, 2021

	2022							2021
	Programming, Production and Promotion	Broadcasting	Total Program Services	Management and General	Underwriting	Membership Development	Total	Total
Salaries and wages	$ 1,508,351	$ 361,510	$ 1,869,861	$ 223,125	$ 373,366	$ 300,991	$ 2,767,343	$ 2,699,639
Contract services	282,389	316,679	599,068	228,367	107,754	246,013	1,181,202	1,010,180
Program license fees	1,085,973	-	1,085,973	-	-	-	1,085,973	1,068,040
Employee benefits and payroll taxes	284,533	68,085	352,618	32,603	69,485	49,778	504,484	435,586
Building rent	115,662	64,257	179,919	12,851	25,703	38,554	257,027	246,988
Advertising and premiums	144,532	-	144,532	-	131	30,424	175,087	205,998
Bank fees	1	290	291	436	15,195	82,343	98,265	95,669
Depreciation	12,288	77,258	89,546	1,365	2,731	3,185	96,827	115,525
Research	92,435	-	92,435	-	-	-	92,435	67,616
Tower rent	-	64,287	64,287	-	-	-	64,287	64,287
Utilities	-	41,835	41,835	-	-	-	41,835	42,624
Travel and training	13,863	2,176	16,039	15,210	2,160	4,957	38,366	16,698
Supplies	10,061	21,356	31,417	642	1,348	2,530	35,937	35,108
Telephone	8,676	15,527	24,203	334	1,547	1,045	27,129	31,068
Postage	40	25	65	1,284	-	22,508	23,857	23,437
Insurance	10,018	5,566	15,584	1,114	2,226	3,339	22,263	21,292
Dues and memberships	15,816	-	15,816	5,354	-	935	22,105	22,112
Repairs and maintenance	-	11,565	11,565	285	-	-	11,850	9,867
Special events	4,546	-	4,546	-	-	6,806	11,352	6,475
Bad debt expense (recoveries)	-	(29,985)	(29,985)	-	4,121	4,405	(21,459)	39,549
Interest	-	-	-	-	-	-	-	20,272
Total expenses	$ 3,589,184	$ 1,020,431	$ 4,609,615	$ 522,970	$ 605,767	$ 797,813	$ 6,536,165	$ 6,278,030
Percentages - 2022	55%	16%	71%	8%	9%	12%	100%	
Percentages - 2021	53%	17%	70%	6%	9%	15%		100%

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows
Year Ended June 30, 2022 with Summarized Comparative Totals for June 30, 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (1,236,447)	$ 3,006,384
Adjustments to reconcile change in net assets to net cash from operating activities:		
(Gain) loss on disposal of property and equipment	2,119,736	(27)
Depreciation	96,827	115,525
Amortization of bond issuance costs included in interest	-	3,362
Bad debt expense (recoveries)	(21,459)	39,549
Net realized and unrealized (gain) loss on investments	745,311	(1,129,885)
Contributions restricted for capital campaign	(216,165)	(543,629)
Changes in:		
Accounts receivable	(66,101)	106,281
Pledges and grants receivable	185,321	(166,890)
Prepaid expenses and deposits	9,294	9,531
Accounts payable	50,834	(19,647)
Refundable advances and unearned revenue	60,804	25,874
Other accrued liabilities	(86,163)	3,824
Net cash provided by operating activities	1,641,792	1,450,252
Cash flows from investing activities		
Purchase of property and equipment	(993,069)	(113,252)
Purchase of investments	(1,878,067)	(1,260,969)
Proceeds from sale of investments	1,763,168	3,733,976
Net cash provided by (used in) investing activities	(1,107,968)	2,359,755
Cash flows from financing activities		
Payments on bonds payable	-	(3,161,791)
Proceeds from contributions restricted for capital campaign	1,460,930	1,950,438
Net cash provided by (used in) financing activities	1,460,930	(1,211,353)
Net change in cash and cash equivalents	1,994,754	2,598,654
Cash and cash equivalents, beginning of year	3,246,093	647,439
Cash and cash equivalents, end of year	$ 5,240,847	$ 3,246,093
Supplemental cash flows information		
Noncash investing transactions:		
Construction in progress purchases included in accounts payable	$ 48,424	$ -
Interest paid	$ -	$ 37,942

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 consolidated 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 consolidated 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 consolidated financial statements for the year ended June 30, 2021, 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, 2022 and 2021, 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. Accounts receivable, net of allowance of doubtful accounts of $43,000, was $344,125 as of June 30, 2020.

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 12.

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.

	2022	2021
Program	$ 4,609,615	$ 4,411,584
Management and general	1,128,737	984,440
Fundraising (membership development)	797,813	882,006
	$ 6,536,165	$ 6,278,030

Management and general expenses include $605,767 and $592,348 of underwriting expense at June 30, 2022 and 2021, respectively.

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

Reclassifications

Certain 2021 figures have been reclassified to conform to the 2022 presentation.

Effect of Adopting New Accounting Standard

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The Organization adopted the standard on July 1, 2021. The standard did not have a material impact on the consolidated financial statements. The Organization has updated disclosures as necessary (see Note 12).

Subsequent Events

The Organization has evaluated subsequent events through October 20, 2022, 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:

	2022	2021
Cash and cash equivalents	$ 5,240,847	$ 3,246,093
Accounts receivable, net	285,855	198,295
Pledges and grants receivable, net	3,776,347	5,206,433
Investments	8,914,608	9,545,020
Total financial assets	18,217,657	18,195,841
Less those unavailable for general expenditure within one year:		
Board designated for capital campaign	(1,472,071)	(1,287,191)
Board designated endowment funds	(66,269)	(66,269)
Donor restricted for capital campaign	(5,165,743)	(7,157,583)
Charitable gift annuity	(13,702)	(13,702)
Donor restricted endowment funds	(335,949)	(335,949)
Financial assets available for general expenditures within one year	$ 11,163,923	$ 9,335,147

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 both June 30, 2022 and 2021 consist of $66,269 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:

	2022	2021
Due within one year	$ 1,325,301	$ 1,514,958
Due in one to five years	2,530,022	3,770,709
	3,855,323	5,285,667
Less allowance for uncollectible contributions	(53,621)	(45,850)
Less unamortized discount	(25,355)	(33,384)
	$ 3,776,347	$ 5,206,433

The discount ranged from 0.16% to 0.49% for 2022 and 2021.

NOTE 4 INVESTMENTS AND ENDOWMENTS

Investments as of June 30 consisted of the following:

	2022	2021
Money market funds	$ 3,088,877	$ 3,076,966
Equity securities	2,966,306	3,551,305
Bond mutual funds	-	3,956
Corporate bonds	2,032,529	1,866,276
Other traded securities	826,896	1,046,517
	$ 8,914,608	$ 9,545,020

NOTE 4 INVESTMENTS AND ENDOWMENTS (CONTINUED)

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.

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.

NOTE 4 INVESTMENTS AND ENDOWMENTS (CONTINUED)

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

	2022	2021
Board designated endowment funds:		
Charles Harper Fund for CCM scholarships	$ 66,269	$ 66,269
Donor restricted endowment funds	335,949	335,949
	$ 402,218	$ 402,218

The changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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
Investment return	3,985	20,202	24,187
Appropriated for expenditure	(3,985)	(20,202)	(24,187)
Total change in endowment net assets	-	-	-
Balance at June 30, 2022	$ 66,269	$ 335,949	$ 402,218

NOTE 5 PROPERTY AND EQUIPMENT

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

	2022	2021
Leasehold improvements	$ 891,123	$ 891,123
Transmitter	726,910	783,705
Studio and broadcast equipment	453,759	440,961
Furniture, fixtures and office equipment	207,324	207,324
Computer hardware and software	182,130	140,273
	2,461,246	2,463,386
Less accumulated depreciation	(1,842,334)	(2,155,270)
	618,912	308,116
Construction in progress	632,138	2,118,004
	$ 1,251,050	$ 2,426,120

During 2022, there was a write-off of $2,118,004 of construction in progress related to the design of the original building site at 9th and Plum in downtown Cincinnati, Ohio, prior to the Organization changing the location and purchasing land in Evanston, Ohio. This is reported as loss on disposal of property and equipment in the consolidated financial statements.

NOTE 6 BROADCAST LICENSES

The broadcast licenses consisted of the following at June 30:

	2022	2021
WGUC	$ 9,900,000	$ 9,900,000
WVXU	13,088,377	13,088,377
	$ 22,988,377	$ 22,988,377

NOTE 7 NET ASSETS WITH DONOR RESTICTIONS

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

	2022	2021
Restricted as to purpose:		
Capital campaign (building project)	$ 1,392,546	$ 2,139,621
Programming	215,000	230,000
	1,607,546	2,369,621
Restricted as to time:		
Capital campaign (building project) pledges receivable	3,773,197	5,017,962
Charitable gift annuity	13,702	13,702
	3,786,899	5,031,664
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
	$ 5,730,394	$ 7,737,234

NOTE 8 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:

	2022	2021
Purpose restriction accomplished:		
Capital campaign (building project)	$ 2,208,005	$ 190,000
Programming	230,000	50,000
	$ 2,438,005	$ 240,000

NOTE 9 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 June 30, 2022 and 2021 fiscal years, $666,485 and $699,755, respectively, were earned. Amounts received in excess of amounts earned are recorded as refundable advances on the consolidated statement of financial position.

NOTE 10 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, 2022 and 2021 was $257,027 and $246,989, respectively.

In addition, the Organization leases office equipment under a non-cancelable lease that expires on May 30, 2023. Rent expense for the office equipment lease included in the consolidated statements of activities was $8,111 and $7,748 for the years ended June 30, 2022 and 2021, respectively.

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

2023	$ 95,162

NOTE 11 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 June 30, 2022 and 2021 fiscal years, the Organization contributed 2% for the first 4% of contributions made by eligible employees. Employer contributions for the years ended June 30, 2022 and 2021 were $38,880 and $39,759, respectively.

NOTE 12 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:

	2022	2021
Advertising and premiums	$ 96,328	$ 110,806
Contract services	309,032	255,884
Tower rent	64,287	64,284
Programming	48,595	48,620
	$ 518,242	$ 479,594

Underwriting trade and in-kind donations are valued and recorded based on fair market value of comparable items. These do not have donor restrictions. Advertising and premiums, contract services, and programming are utilized for programming, production, and promotion program services. Tower rent is utilized for broadcasting program services.

NOTE 13 FAIR VALUE MEASUREMENTS

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.

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2022	Total	Level 1	Level 2
Investments			
Money market funds	$ 3,088,877	$ -	$ 3,088,877
Equity securities	2,966,306	2,966,306	-
Corporate bonds	2,032,529	-	2,032,529
Other traded securities	826,896	826,896	-
Total investments	$ 8,914,608	$ 3,793,202	$ 5,121,406

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	-
U.S. Treasuries	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

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

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 14 SUBSEQUENT EVENTS, 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.

On July 12, 2022, the Organization purchased land in Evanston for $600,000. The Organization will construct its new headquarters on this site. As part of this project, the Organization has also entered into contractual agreements with an architect, developer, and construction manager.

NOTE 15 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 79% and 77% of pledges and grants receivable as of June 30, 2022 and 2021, respectively.

NOTE 16 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 17 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 consolidated financial statements.