Cincinnati Public Radio, Inc. and Subsidiary

Consolidated Financial Statements
June 30, 2023, with
Summarized Comparative Totals for June 30, 2022, and
Independent Auditors' Report

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

June 30, 2023 with Summarized Comparative Totals for June 30, 2022

Contents

BARNES DENNIG
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, 2023, 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, 2023, 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 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Barnes, Dennig & Co., Ltd.

October 9, 2023
Cincinnati, Ohio

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position
June 30, 2023 with Summarized Comparative Totals for June 30, 2022

	2023	2022
Assets		
Current:		
Cash and cash equivalents	$ 2,051,371	$ 5,240,847
Accounts receivable (net of allowance for doubtful accounts of $27,000 and $39,000 at June 30, 2023 and 2022, respectively)	243,076	285,855
Pledges and grants receivable, net	6,154,363	3,776,347
Prepaid expenses and deposits	101,954	45,135
Total current assets	8,550,764	9,348,184
Property and equipment, net	5,176,379	1,251,050
Other:		
Finance lease right-of-use assets	38,018	-
Investments	14,306,296	8,914,608
Broadcast licenses	22,988,377	22,988,377
Total other assets	37,332,691	31,902,985
Total assets	$ 51,059,834	$ 42,502,219
Liabilities and Net Assets		
Liabilities		
Current:		
Accounts payable	$ 195,970	$ 168,770
Refundable advances and unearned revenue	122,378	235,082
Other accrued liabilities	230,571	142,026
Current portion of finance lease liabilities	6,826	-
Total current liabilities	555,745	545,878
Finance lease liabilities, net of current portion	31,594	-
Total liabilities	587,339	545,878
Net Assets		
Without donor restrictions:		
Operating	38,138,597	34,687,607
Board designated for capital campaign (building project)	2,779,128	1,472,071
Board designated endowment funds	66,269	66,269
Total without donor restrictions	40,983,994	36,225,947
With donor restrictions	9,488,501	5,730,394
Total net assets	50,472,495	41,956,341
Total liabilities and net assets	$ 51,059,834	$ 42,502,219

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended June 30, 2023 with Summarized Comparative Totals for June 30, 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues				
Public support:				
Corporation for Public Broadcasting	$ 517,799	$ -	$ 517,799	$ 666,485
Contributions	5,257,540	-	5,257,540	4,069,051
Underwriting	1,941,658	-	1,941,658	1,958,023
Underwriting - trade	104,716	-	104,716	153,132
Capital campaign contributions	-	3,897,734	3,897,734	216,165
Foundations	207,515	225,000	432,515	373,487
State grants	77,521	-	77,521	178,946
In-kind donations	2,372,924	-	2,372,924	365,110
Special events	68,700	-	68,700	34,200
Other	2,065	-	2,065	5,299
Total public support	10,550,438	4,122,734	14,673,172	8,019,898
Revenues:				
Rentals and sales	38,007	-	38,007	27,647
Net assets released from restrictions	364,627	(364,627)	-	-
Total revenues	402,634	(364,627)	38,007	27,647
Total public support and revenues	10,953,072	3,758,107	14,711,179	8,047,545
Operating expenses				
Programming, production and promotion	3,800,373	-	3,800,373	3,589,184
Broadcasting	1,206,735	-	1,206,735	1,020,431
Management and general	610,592	-	610,592	522,970
Underwriting	588,476	-	588,476	605,767
Membership development	874,730	-	874,730	797,813
Total operating expenses	7,080,906	-	7,080,906	6,536,165
Change in net assets before other changes	3,872,166	3,758,107	7,630,273	1,511,380
Loss on disposal of property and equipment	(3,980)	-	(3,980)	(2,119,736)
Investment return, net	889,861	-	889,861	(628,091)
Total other changes	885,881	-	885,881	(2,747,827)
Change in net assets	4,758,047	3,758,107	8,516,154	(1,236,447)
Net assets, beginning of year	36,225,947	5,730,394	41,956,341	43,192,788
Net assets, end of year	$ 40,983,994	$ 9,488,501	$ 50,472,495	$ 41,956,341

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023 with Summarized Comparative Totals for June 30, 2022

	2023							2022
	Programming, Production and Promotion	Broadcasting	Total Program Services	Management and General	Underwriting	Membership Development	Total	Total
Salaries and wages	$ 1,585,605	$ 425,600	$ 2,011,205	$ 330,792	$ 363,667	$ 331,524	$ 3,037,188	$ 2,767,343
Contract services	376,243	351,322	727,565	163,651	107,651	272,182	1,271,049	1,181,202
Program license fees	1,107,179	-	1,107,179	-	-	-	1,107,179	1,085,973
Employee benefits and payroll taxes	314,557	73,870	388,427	50,133	67,345	53,690	559,595	504,484
Building rent	124,187	68,993	193,180	13,799	27,597	41,396	275,972	257,027
Advertising and premiums	111,805	-	111,805	-	-	39,502	151,307	175,087
Depreciation and amortization	18,553	98,015	116,568	2,063	4,123	4,487	127,241	96,827
Bank fees	2	686	688	1,734	15,272	87,011	104,705	98,265
Research	79,025	-	79,025	-	-	-	79,025	92,435
Conference, travel and entertainment	17,936	4,548	22,484	36,848	1,222	5,585	66,139	38,366
Tower rent	-	64,287	64,287	-	-	-	64,287	64,287
Utilities	-	51,258	51,258	-	-	-	51,258	41,835
Office supplies	13,108	23,026	36,134	642	1,056	2,838	40,670	35,937
Telephone	6,360	17,626	23,986	352	587	470	25,395	27,129
Special events	15,125	-	15,125	-	-	8,612	23,737	11,352
Insurance	10,548	5,860	16,408	1,172	2,344	3,516	23,440	22,263
Postage	3	181	184	1,611	154	21,375	23,324	23,857
Repairs and maintenance	-	19,736	19,736	2,444	-	-	22,180	11,850
Dues, memberships and subscriptions	13,575	-	13,575	4,611	21	980	19,187	22,105
Property taxes	5,673	1,727	7,400	740	1,233	987	10,360	-
Interest	889	-	889	-	-	-	889	-
Bad debt expense (recoveries)	-	-	-	-	(3,796)	575	(3,221)	(21,459)
Total expenses	$ 3,800,373	$ 1,206,735	$ 5,007,108	$ 610,592	$ 588,476	$ 874,730	$ 7,080,906	$ 6,536,165
Percentages - 2023	54%	17%	71%	9%	8%	12%	100%	
Percentages - 2022	55%	16%	71%	8%	9%	12%		100%

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows
Year Ended June 30, 2023 with Summarized Comparative Totals for June 30, 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 8,516,154	$ (1,236,447)
Adjustments to reconcile change in net assets to net cash from operating activities:		
In-kind donation of land	(2,000,000)	-
Loss on disposal of property and equipment	3,980	2,119,736
Depreciation and amortization	127,241	96,827
Bad debt recoveries	(3,221)	(21,459)
Net realized and unrealized (gain) loss on investments	(614,082)	745,311
Contributions restricted for capital campaign	(3,897,734)	(216,165)
Changes in:		
Accounts receivable	46,000	(66,101)
Pledges and grants receivable	(804)	185,321
Prepaid expenses and deposits	(56,819)	9,294
Accounts payable	781	50,834
Refundable advances and unearned revenue	(112,704)	60,804
Other accrued liabilities	88,545	(86,163)
Net cash provided by operating activities	2,097,337	1,641,792
Cash flows from investing activities		
Purchase of property and equipment	(2,032,553)	(993,069)
Purchase of investments	(6,771,248)	(1,878,067)
Proceeds from sale of property and equipment	5,000	-
Proceeds from sale of investments	1,993,642	1,763,168
Net cash used in investing activities	(6,805,159)	(1,107,968)
Cash flows from financing activities		
Principal payments on finance lease liability	(2,176)	-
Proceeds from contributions restricted for capital campaign	1,520,522	1,460,930
Net cash provided by financing activities	1,518,346	1,460,930
Net change in cash and cash equivalents	(3,189,476)	1,994,754
Cash and cash equivalents, beginning of year	5,240,847	3,246,093
Cash and cash equivalents, end of year	$ 2,051,371	$ 5,240,847
Supplemental cash flows information		
Noncash investing transactions:		
Construction in progress purchases included in accounts payable	$ 74,843	$ 48,424
Interest paid	$ 889	$ -

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, 2022, 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, 2023 and 2022, 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 $35,000, was $198,295 as of June 30, 2021.

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.

	2023	2022
Program	$ 5,007,108	$ 4,609,615
Management and general	1,199,068	1,128,737
Fundraising (membership development)	874,730	797,813
	$ 7,080,906	$ 6,536,165

Management and general expenses include $588,476 and $605,767 of underwriting expense at June 30, 2023 and 2022, respectively.

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

Leases

The Organization has a short-term office space lease and a finance lease for copier equipment. The organization determines if an arrangement is a lease at inception. Finance leases are included in finance lease right-of-use (ROU) assets and finance lease liabilities on the consolidated statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has lease agreements with lease and non-lease components. The Organization accounts for the lease and non-lease components as a single lease component. There may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of copier charges for excess usage are recognized in operating expenses in the period in which the obligation for those payments was incurred. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected to apply the short-term lease exemption to all classes of underlying assets. The short-term lease cost recognized and disclosed for the office space lease in 2023 is $275,971.

Effect of Adopting New Accounting Standard

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840. There were no material leases as of July 1, 2022 that required initial recognition under FASB ASC 842.

The organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

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

Subsequent Events

The Organization has evaluated subsequent events through October 9, 2023, 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:

	2023	2022
Cash and cash equivalents	$ 2,051,371	$ 5,240,847
Accounts receivable, net	243,076	285,855
Pledges and grants receivable, net	6,154,363	3,776,347
Investments	14,306,296	8,914,608
Total financial assets	22,755,106	18,217,657
Less those unavailable for general expenditure within one year:		
Board designated for capital campaign	(2,779,128)	(1,472,071)
Board designated endowment funds	(66,269)	(66,269)
Donor restricted for capital campaign	(8,972,183)	(5,165,743)
Charitable gift annuity	(13,702)	(13,702)
Donor restricted endowment funds	(335,949)	(335,949)
Financial assets available for general expenditures within one year	$ 10,587,875	$ 11,163,923

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.

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

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, 2023 and 2022 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:

	2023	2022
Due within one year	$ 1,723,910	$ 1,325,301
Due in one to five years	2,698,630	2,530,022
Due in more than five years	3,250,000	-
	7,672,540	3,855,323
Less allowance for uncollectible contributions	(52,221)	(53,621)
Less unamortized discount	(1,465,956)	(25,355)
	$ 6,154,363	$ 3,776,347

The discount ranged from 0.29% to 4.895% for 2023 and 2022.

Included within pledges receivable due in more than five years as of June 30, 2023 is a $1.5 million promise to give as a testamentary gift. The expected due date is the life expectancy of the donor.

NOTE 4 INVESTMENTS AND ENDOWMENTS

Investments as of June 30 consisted of the following:

	2023	2022
Money market funds	$ 8,085,854	$ 3,088,877
Equity securities	3,479,995	2,966,306
Corporate bonds	1,819,341	2,032,529
Other traded securities	921,106	826,896
	$ 14,306,296	$ 8,914,608

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.

NOTE 4 INVESTMENTS AND ENDOWMENTS (CONTINUED)

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.

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

	2023	2022
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

NOTE 4 INVESTMENTS AND ENDOWMENTS (CONTINUED)

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

	Without Donor Restrictions	With Donor Restrictions	Total
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
Investment return	1,661	8,484	10,145
Appropriated for expenditure	(1,661)	(8,484)	(10,145)
Total change in endowment net assets	-	-	-
Balance at June 30, 2023	$ 66,269	$ 335,949	$ 402,218

NOTE 5 PROPERTY AND EQUIPMENT

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

	2023	2022
Leasehold improvements	$ 891,123	$ 891,123
Transmitter	730,636	726,910
Studio and broadcast equipment	328,213	453,759
Furniture, fixtures and office equipment	201,266	207,324
Computer hardware and software	181,600	182,130
Land	2,605,833	-
	4,938,671	2,461,246
Less accumulated depreciation	(1,753,169)	(1,842,334)
	3,185,502	618,912
Construction in progress	1,990,877	632,138
	$ 5,176,379	$ 1,251,050

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:

	2023	2022
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:

	2023	2022
Restricted as to purpose:		
Capital campaign (building project)	$ 2,821,774	$ 1,392,546
Programming	166,667	215,000
	2,988,441	1,607,546
Restricted as to time:		
Capital campaign (building project) pledges receivable	6,150,409	3,773,197
Charitable gift annuity	13,702	13,702
	6,164,111	3,786,899
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
	$ 9,488,501	$ 5,730,394

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:

	2023	2022
Purpose restriction accomplished:		
Capital campaign (building project)	$ 91,294	$ 2,208,005
Programming	273,333	230,000
	$ 364,627	$ 2,438,005

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, 2023 and 2022 fiscal years, $517,799 and $666,485, respectively, were earned. Amounts received in excess of amounts earned are recorded as refundable advances on the consolidated statement of financial position.

NOTE 10 LEASES

As discussed in Note 1, the Organization adopted ASC 842 effective July 1, 2022. Lease disclosures for fiscal year 2023 are in accordance with ASC 842, while lease disclosures for the fiscal year 2022 are in accordance with ASC 840.

Leases for the Year Ended June 30, 2023

The Organization has a finance lease for copier equipment. The lease has a remaining term of five years. As of June 30, 2023, assets recorded under finance leases were $40,596 and accumulated amortization associated with finance leases was $2,578.

In addition, the organization has a month-to-month office space lease with a 180-day notice for renewal or cancellation, which qualifies as a short-term lease. As of June 30, 2023, it is not reasonably certain that the lease will continue to be renewed. Future minimum lease payments under non-cancellable short-term leases as of June 30, 2023, are $141,114 for 2024.

NOTE 10 LEASES (CONTINUED)

Leases for the Year Ended June 30, 2023 (Continued)

The components of lease expenses were as follows:

Short-term lease expense	$	275,971
Variable lease expense	$	418
Finance lease expense		
Amortization of ROU assets	$	2,578
Interest on lease liabilities		889
Total finance lease expense	$	3,467

Other information related to leases was as follows:

Operating cash flows	$	889
Financing cash flows	$	2,176
ROU assets obtained in exchange for lease obligations	$	40,596
Weighted average remaining lease term		4.92
Weighted average discount rate		6.70%

Future minimum lease payments under non-cancellable finance leases as of June 30, 2023, were as follows:

2024	$	9,193
2025		9,193
2026		9,193
2027		9,193
2028		8,429
	$	45,201
Less imputed interest		(6,781)
	$	38,420

Leases for the Year Ended June 30, 2022

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 expire on October 31, 2022, but with the right to cancelation on a month-to-month basis after October 31, 2021 with 180-day notice of renewal or cancelation. The Organization currently rents on a month-to-month basis. Base rent is adjusted annually for inflation. Rent expense for this lease included in the consolidated statements of activities for the year ended June 30, 2022 was $257,027.

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. During the June 30, 2023 and 2022 fiscal years, the Organization contributed 2% for the first 4% of contributions made by eligible employees. Employer contributions for the years ended June 30, 2023 and 2022 were $40,103 and $38,880, 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:

	2023	2022
Advertising and premiums	$ 74,562	$ 96,328
Contract services	266,556	309,032
Tower rent	64,287	64,287
Land	2,000,000	-
Programming	72,235	48,595
	$ 2,477,640	$ 518,242

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.

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2023	Total	Level 1	Level 2
Investments			
Money market funds	$ 8,085,854	$ -	$ 8,085,854
Equity securities	3,479,995	3,479,995	-
Corporate bonds	1,819,341	-	1,819,341
Other traded securities	921,106	921,106	-
Total investments	$ 14,306,296	$ 4,401,101	$ 9,905,195

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

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.

In May 2023, the Organization entered into an agreement with a contractor for construction of the new headquarters facility. The total project cost in the agreement is approximately $22,600,000 and will be incurred in a non-linear fashion between the date of the agreement and June 2025. As of June 30, 2023, $15,000 has been paid under this contract.

NOTE 14 SUBSEQUENT EVENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

On September 14, 2023, the Organization entered into loan agreements with a bank for financing of the construction of the new headquarters facility. The first is a $10,560,000 convertible line of credit note and the second is a $4,000,000 convertible line of credit note. Both loans mature five years from closing date with interest rates of Daily SOFR plus 2.15%. There were no draws made at closing.

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:

Two donors and one donor, respectively, made up approximately 91% and 79% of gross pledges and grants receivable as of June 30, 2023 and 2022, respectively.