

Cincinnati Public Radio, Inc. and Subsidiary

**Consolidated Financial Statements
June 30, 2024, with
Summarized Comparative Totals for June 30, 2023, and
Independent Auditors' Report**

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

June 30, 2024 with Summarized Comparative Totals for June 30, 2023

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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, 2024, 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, 2024, 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 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Barnes, Dennig & Co., Ltd.

December 11, 2024
Cincinnati, Ohio

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Consolidated Statement of Financial Position
June 30, 2024 with Summarized Comparative Totals for June 30, 2023**

	2024	2023
Assets		
Current:		
Cash and cash equivalents	\$ 1,706,479	\$ 2,051,371
Accounts receivable (net of allowance for credit losses of \$24,000 and \$27,000 at June 30, 2024 and 2023, respectively)	243,101	243,076
Employee retention credit receivable	582,281	-
Pledges and grants receivable due within one year	2,459,740	1,723,910
Prepaid expenses and deposits	40,221	101,954
Total current assets	5,031,822	4,120,311
Pledges and grants receivable, net	3,312,298	4,430,453
Property and equipment, net	21,432,241	5,176,379
Other:		
Finance lease right-of-use assets	30,286	38,018
Debt issuance costs, net	87,067	-
Investments	6,977,408	14,306,296
Broadcast licenses	22,988,377	22,988,377
Total other assets	30,083,138	37,332,691
Total assets	\$ 59,859,499	\$ 51,059,834
Liabilities and Net Assets		
Liabilities		
Current:		
Accounts payable	\$ 3,816,503	\$ 195,970
Refundable advances and unearned revenue	111,515	122,378
Other accrued liabilities	1,650,441	230,571
Current portion of finance lease liabilities	7,698	6,826
Total current liabilities	5,586,157	555,745
Finance lease liabilities, net of current portion	23,800	31,594
Total liabilities	5,609,957	587,339
Net Assets		
Without donor restrictions:		
Operating	39,922,197	38,138,597
Board designated for capital campaign (building project)	3,315,197	2,779,128
Board designated endowment funds	66,269	66,269
Total without donor restrictions	43,303,663	40,983,994
With donor restrictions	10,945,879	9,488,501
Total net assets	54,249,542	50,472,495
Total liabilities and net assets	\$ 59,859,499	\$ 51,059,834

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Consolidated Statement of Activities
Year Ended June 30, 2024 with Summarized Comparative Totals for June 30, 2023**

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues				
Public support:				
Corporation for Public Broadcasting	\$ 444,975	\$ -	\$ 444,975	\$ 517,799
Contributions	4,412,983	-	4,412,983	5,257,540
Underwriting	1,749,177	-	1,749,177	1,941,658
Underwriting - trade	122,751	-	122,751	104,716
Capital campaign contributions	-	1,574,705	1,574,705	3,897,734
Foundations	31,562	340,000	371,562	432,515
State grants	84,089	-	84,089	77,521
Employee retention credits	582,281	-	582,281	-
In-kind donations	455,291	-	455,291	2,372,924
Special events	67,906	-	67,906	68,700
Other	20,818	-	20,818	2,065
Total public support	<u>7,971,833</u>	<u>1,914,705</u>	<u>9,886,538</u>	<u>14,673,172</u>
Revenues:				
Rentals and sales	42,407	-	42,407	38,007
Net assets released from restrictions	457,327	(457,327)	-	-
Total revenues	<u>499,734</u>	<u>(457,327)</u>	<u>42,407</u>	<u>38,007</u>
Total public support and revenues	<u>8,471,567</u>	<u>1,457,378</u>	<u>9,928,945</u>	<u>14,711,179</u>
Operating expenses				
Programming, production and promotion	3,952,409	-	3,952,409	3,800,373
Broadcasting	1,343,181	-	1,343,181	1,206,735
Management and general	624,636	-	624,636	610,592
Underwriting	622,765	-	622,765	588,476
Membership development	871,517	-	871,517	874,730
Total operating expenses	<u>7,414,508</u>	<u>-</u>	<u>7,414,508</u>	<u>7,080,906</u>
Change in net assets before other changes				
	<u>1,057,059</u>	<u>1,457,378</u>	<u>2,514,437</u>	<u>7,630,273</u>
Gain (loss) on disposal of property and equipment	26,131	-	26,131	(3,980)
Investment return, net	1,236,479	-	1,236,479	889,861
Total other changes	<u>1,262,610</u>	<u>-</u>	<u>1,262,610</u>	<u>885,881</u>
Change in net assets	<u>2,319,669</u>	<u>1,457,378</u>	<u>3,777,047</u>	<u>8,516,154</u>
Net assets, beginning of year	<u>40,983,994</u>	<u>9,488,501</u>	<u>50,472,495</u>	<u>41,956,341</u>
Net assets, end of year	<u>\$ 43,303,663</u>	<u>\$ 10,945,879</u>	<u>\$ 54,249,542</u>	<u>\$ 50,472,495</u>

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2024 with Summarized Comparative Totals for June 30, 2023**

	2024						2023	
	Programming, Production and Promotion	Broadcasting	Total Program Services	Management and General	Underwriting	Membership Development	Total	
Salaries and wages	\$ 1,657,224	\$ 498,633	\$ 2,155,857	\$ 320,929	\$ 361,561	\$ 362,485	\$ 3,200,832	\$ 3,037,188
Program license fees	1,102,639	-	1,102,639	-	-	-	1,102,639	1,107,179
Contract services	225,212	394,924	620,136	185,366	99,194	156,188	1,060,884	1,145,920
Employee benefits and payroll taxes	321,147	81,064	402,211	55,615	72,150	61,074	591,050	559,595
Building and tower rent	128,897	135,897	264,794	14,322	28,644	42,966	350,726	340,259
Advertising and premiums	224,599	-	224,599	-	297	11,622	236,518	151,307
Software and technology subscriptions	94,472	33,523	127,995	2,431	22,970	47,907	201,303	152,583
Depreciation and amortization	28,275	99,036	127,311	3,142	6,283	6,564	143,300	127,241
Bank service charges	-	799	799	4,757	17,778	99,391	122,725	104,705
Research	81,925	-	81,925	-	-	-	81,925	79,025
Telephone and utilities	6,422	67,797	74,219	345	689	459	75,712	76,653
Conference, travel and entertainment	15,883	2,623	18,506	27,313	1,113	10,306	57,238	66,139
Special events	7,210	-	7,210	-	-	30,747	37,957	23,737
Postage and supplies	5,455	1,871	7,326	604	1,536	25,690	35,156	36,540
Dues, memberships and subscriptions	21,293	350	21,643	6,064	-	265	27,972	19,187
Insurance	11,519	6,399	17,918	1,280	2,560	3,840	25,598	23,440
Property taxes	11,336	3,450	14,786	1,479	2,957	1,972	21,194	10,360
Interest	8,901	5,934	14,835	989	1,978	1,978	19,780	889
Bad debt expense (recoveries)	-	-	-	-	3,055	8,063	11,118	(3,221)
Repairs and maintenance	-	10,881	10,881	-	-	-	10,881	22,180
Total expenses	\$ 3,952,409	\$ 1,343,181	\$ 5,295,590	\$ 624,636	\$ 622,765	\$ 871,517	\$ 7,414,508	\$ 7,080,906
Percentages - 2024	53%	18%	71%	9%	8%	12%	100%	
Percentages - 2023	54%	17%	71%	9%	8%	12%		100%

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows
Year Ended June 30, 2024 with Summarized Comparative Totals for June 30, 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 3,777,047	\$ 8,516,154
Adjustments to reconcile change in net assets to net cash from operating activities:		
In-kind donation of land	-	(2,000,000)
(Gain) loss on disposal of property and equipment	(26,131)	3,980
Depreciation and amortization	143,300	127,241
Amortization of debt issuance costs included in interest	17,413	-
Bad debt expense (recoveries)	11,118	(3,221)
Net realized and unrealized gain on investments	(865,025)	(614,082)
Contributions restricted for capital campaign	(1,574,705)	(3,897,734)
Changes in:		
Accounts receivable, net	(11,143)	46,000
Employee retention tax credit receivable	(582,281)	-
Pledges and grants receivable, net	8,364	(804)
Prepaid expenses and deposits	61,733	(56,819)
Accounts payable	27,559	781
Refundable advances and unearned revenue	(10,863)	(112,704)
Other accrued liabilities	34,481	88,545
Net cash provided by operating activities	<u>1,010,867</u>	<u>2,097,337</u>
Cash flows from investing activities		
Purchase of property and equipment	(11,433,376)	(2,032,553)
Purchase of investments	(422,811)	(6,771,248)
Proceeds from sale of property and equipment	46,440	5,000
Proceeds from sale of investments	8,616,724	1,993,642
Net cash used in investing activities	<u>(3,193,023)</u>	<u>(6,805,159)</u>
Cash flows from financing activities		
Principal payments on finance lease liability	(6,922)	(2,176)
Payment of debt issuance costs	(104,480)	-
Proceeds from contributions restricted for capital campaign	1,948,666	1,520,522
Net cash provided by financing activities	<u>1,837,264</u>	<u>1,518,346</u>
Net change in cash and cash equivalents	<u>(344,892)</u>	<u>(3,189,476)</u>
Cash and cash equivalents, beginning of year	<u>2,051,371</u>	<u>5,240,847</u>
Cash and cash equivalents, end of year	<u>\$ 1,706,479</u>	<u>\$ 2,051,371</u>
Supplemental cash flows information		
Noncash investing transactions:		
Construction in progress purchases included in accounts payable and other accrued liabilities	<u>\$ 5,053,206</u>	<u>\$ 74,843</u>
Interest paid	<u>\$ 2,367</u>	<u>\$ 889</u>

See accompanying notes to consolidated financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

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.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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, 2023, 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, 2024 and 2023, 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 credit losses, which is based upon management's review of outstanding receivables, historical collection information, existing economic conditions and individual credit evaluation and specific circumstances of the customer. Accounts receivable, net of allowance of doubtful accounts of \$39,000, was \$285,855 as of June 30, 2022.

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.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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.

	<u>2024</u>	<u>2023</u>
Program	\$ 5,295,590	\$ 5,007,108
Management and general	1,247,401	1,199,068
Fundraising (membership development)	<u>871,517</u>	<u>874,730</u>
	<u>\$ 7,414,508</u>	<u>\$ 7,080,906</u>

Management and general expenses include \$622,765 and \$588,476 of underwriting expense at June 30, 2024 and 2023, respectively.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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 2024 and 2023 is \$286,439 and \$275,971, respectively.

Reclassifications

Certain 2023 figures have been reclassified to conform to the 2024 presentation.

Effect of Adopting New Accounting Standard

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable from contracts with customers. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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

Subsequent Events

The Organization has evaluated subsequent events through December 11, 2024, 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:

	2024	2023
Cash and cash equivalents	\$ 1,706,479	\$ 2,051,371
Accounts receivable, net	243,101	243,076
Employee retention tax credit receivable	582,281	-
Pledges and grants receivable, net	5,772,038	1,723,910
Investments	6,977,408	14,306,296
Total financial assets	15,281,307	18,324,653
Less those unavailable for general expenditure within one year:		
Board designated for capital campaign	(3,315,197)	(2,779,128)
Board designated endowment funds	(66,269)	(66,269)
Donor restricted for capital campaign	(10,479,561)	(8,972,183)
Charitable gift annuity	(13,702)	(13,702)
Donor restricted endowment funds	(335,949)	(335,949)
Financial assets available for general expenditures within one year	\$ 1,070,629	\$ 6,157,422

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. During 2023, the Organization broke ground on the new facility and began to use these funds for the construction and development of the property.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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, 2024 and 2023 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:

	2024	2023
Due within one year	\$ 2,459,740	\$ 1,723,910
Due in one to five years	2,185,667	2,698,630
Due in more than five years	2,460,000	3,250,000
	7,105,407	7,672,540
Less allowance for uncollectible contributions	(42,133)	(52,221)
Less unamortized discount	(1,291,236)	(1,465,956)
	\$ 5,772,038	\$ 6,154,363

The discount ranged from 0.49% to 5.12% for 2024 and 2023.

Included within pledges receivable due in more than five years as of June 30, 2024 and 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:

	2024	2023
Money market funds	\$ 358,667	\$ 8,085,854
Equity securities	2,980,187	3,479,995
Corporate bonds	2,646,476	1,819,341
Other traded securities	992,078	921,106
	\$ 6,977,408	\$ 14,306,296

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.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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:

	<u>2024</u>	<u>2023</u>
Board designated endowment funds:		
Charles Harper Fund for CCM scholarships	\$ 66,269	\$ 66,269
Donor restricted endowment funds	<u>335,949</u>	<u>335,949</u>
	<u>\$ 402,218</u>	<u>\$ 402,218</u>

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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, 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
Investment return	6,959	36,231	43,190
Appropriated for expenditure	(6,959)	(36,231)	(43,190)
Total change in endowment net assets	-	-	-
Balance at June 30, 2024	<u>\$ 66,269</u>	<u>\$ 335,949</u>	<u>\$ 402,218</u>

NOTE 5 PROPERTY AND EQUIPMENT

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

	2024	2023
Leasehold improvements	\$ 891,123	\$ 891,123
Transmitter	710,582	730,636
Studio and broadcast equipment	337,842	328,213
Furniture, fixtures and office equipment	201,266	201,266
Computer hardware and software	244,159	181,600
Land	2,605,833	2,605,833
	4,990,805	4,938,671
Less accumulated depreciation	(1,809,014)	(1,753,169)
	3,181,791	3,185,502
Construction in progress	18,250,450	1,990,877
	<u>\$ 21,432,241</u>	<u>\$ 5,176,379</u>

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 6 BROADCAST LICENSES

The broadcast licenses consisted of the following at June 30:

	2024	2023
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 RESTRICTIONS

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

	2024	2023
Restricted as to purpose:		
Capital campaign (building project)	\$ 4,709,933	\$ 2,821,774
Programming	116,667	166,667
	4,826,600	2,988,441
Restricted as to time:		
Capital campaign (building project)		
pledges receivable	5,769,628	6,150,409
Charitable gift annuity	13,702	13,702
	5,783,330	6,164,111
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
	\$ 10,945,879	\$ 9,488,501

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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:

	2024	2023
Purpose restriction accomplished:		
Capital campaign (building project)	\$ 67,327	\$ 91,294
Programming	390,000	273,333
	\$ 457,327	\$ 364,627

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, 2024 and 2023 fiscal years, \$444,975 and \$517,799, 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

The Organization has a finance lease for copier equipment. The lease has a remaining term of four years. As of June 30, 2024 and 2023, assets recorded under finance leases were \$40,596. Accumulated amortization associated with finance leases as of June 30, 2024 and 2023 was \$10,310 and \$2,578, respectively.

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, 2024, 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, 2024, are \$145,325 for 2025.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 10 LEASES (CONTINUED)

The components of lease expenses were as follows as of June 30:

	2024	2023
Short-term lease expense	\$ 286,439	\$ 275,971
Variable lease expense	\$ 314	\$ 418
Finance lease expense		
Amortization of ROU assets	\$ 7,732	\$ 2,578
Interest on lease liabilities	2,367	889
Total finance lease expense	\$ 10,099	\$ 3,467

Other information related to leases was as follows as of June 30:

	2024	2023
Operating cash flows	\$ 2,367	\$ 889
Financing cash flows	\$ 6,922	\$ 2,176
ROU assets obtained in exchange for lease obligations	\$ -	\$ 40,596
Weighted average remaining lease term	3.92	4.92
Weighted average discount rate	6.70%	6.70%

Future minimum lease payments under non-cancellable finance leases as of June 30, 2024, were as follows:

2025	\$ 9,193
2026	9,193
2027	9,193
2028	8,429
	\$ 36,008
Less imputed interest	(4,510)
	\$ 31,498

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, 2024 and 2023 fiscal years, the Organization contributed 2% for the first 4% of contributions made by eligible employees. Employer contributions for the years ended June 30, 2024 and 2023 were \$49,514 and \$40,103, respectively.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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:

	<u>2024</u>	<u>2023</u>
Advertising and premiums	\$ 171,621	\$ 74,562
Contract services	291,594	266,556
Tower rent	64,287	64,287
Land	-	2,000,000
Programming	<u>50,540</u>	<u>72,235</u>
	<u>\$ 578,042</u>	<u>\$ 2,477,640</u>

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.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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:

<u>June 30, 2024</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments			
Money market funds	\$ 358,667	\$ -	\$ 358,667
Equity securities	2,980,187	2,980,187	-
Corporate bonds	2,646,476	-	2,646,476
Other traded securities	992,078	992,078	-
Total investments	<u>\$ 6,977,408</u>	<u>\$ 3,972,265</u>	<u>\$ 3,005,143</u>
<u>June 30, 2023</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
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	<u>\$ 14,306,296</u>	<u>\$ 4,401,101</u>	<u>\$ 9,905,195</u>

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 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 \$23,835,000 and will be incurred in a non-linear fashion between the date of the agreement and June 2025. As of June 30, 2024 and 2023, \$14,431,000 and \$15,000, respectively, has been incurred under this contract.

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

**Notes to Consolidated Financial Statements
(Continued)**

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:

Three donors and two donors, respectively, made up approximately 93% and 91% of gross pledges and grants receivable as of June 30, 2024 and 2023, respectively.

NOTE 16 DEBT AND DEBT ISSUANCE COSTS

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%. As of June 30, 2024, there were no draws made on the line of credit notes. Subsequent to yearend, the Organization had draws totaling \$4,086,306 on the first note and \$2,538,754 on the second note.

Debt issuance costs consist of closing and financing costs totaling \$104,480 as of June 30, 2024. These costs are amortized using the straight-line method over the term of the notes. For the year ended June 30, 2024, amortization of the debt issuance costs in the amount of \$17,413, respectively, of debt issuance costs has been recognized as interest expense. Accumulated amortization as of June 30, 2024 totaled \$17,413.

NOTE 17 EMPLOYEE RETENTION CREDITS

During 2024, the Organization determined it was eligible for the Employee Retention Credit ("ERC") program under the CARES Act for qualified wages paid to employees. For the year ended June 30, 2024, \$582,281 was recognized as revenue on the consolidated statement of activities, which represents refunds due for the quarters ended June 30, 2021 and September 30, 2021. The Organization elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the timing of recognition for ERC. At June 30, 2024, the credits are still outstanding and included as employee retention credit receivable on the consolidated statement of financial position.