

NEWARK PUBLIC RADIO, INC.

Financial Statements
September 30, 2021

NEWARK PUBLIC RADIO, INC.

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September 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Newark Public Radio, Inc.
Newark, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newark Public Radio, Inc., as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Raich Ende Malter & Co LLP

RAICH ENDE MALTER & CO. LLP

New York, New York

July 13, 2022

NEWARK PUBLIC RADIO, INC.

Statement of Financial Position

September 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,677,591
Investments	626,008
Underwriting receivables, net	66,230
Contributions receivables	24,594
Grants and contracts receivable, net	426,919
ERC receivables	529,667
Prepaid expenses	89,964
Security deposit	15,846

3,456,819

Property and Equipment - net

1,230,984

Other Assets

Cash and cash equivalents - with donor restrictions	878,999
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878,999

\$ 5,566,802

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 301,016
PPP loan payable, current portion	62,729

363,745

Long Term Liabilities

PPP loan payable, net of current portion	505,605
Deferred rent	28,306

533,911

Net Assets

Without donor restrictions	3,360,039
With donor restrictions	1,309,107

4,669,146

\$ 5,566,802

NEWARK PUBLIC RADIO, INC.*Statement of Activities**For the Year Ended September 30, 2021*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Revenues</i>			
Contributions	\$ 2,270,887	\$ 320,000	\$ 2,590,887
Government grants	1,052,097	-	1,052,097
Investment income, net	18,886	-	18,886
Underwriting	308,928	-	308,928
Production	238,319	-	238,319
In-kind contributions	145,061	-	145,061
Special events, net of direct event costs of \$12,555	126,909	-	126,909
Trade revenue	124,945	-	124,945
ERC income	529,667	-	529,667
	4,815,699	320,000	5,135,699
Net assets released from restrictions	704,323	(704,323)	-
	5,520,022	(384,323)	5,135,699
<i>Expenses</i>			
<i>Program services:</i>			
Program services	2,985,524	-	2,985,524
<i>Supporting services:</i>			
Management and general	1,184,494	-	1,184,494
Fundraising	864,253	-	864,253
	5,034,271	-	5,034,271
<i>Change in Net Assets before Other Income</i>	485,751	(384,323)	101,428
<i>Other Income</i>			
Forgiveness of SBA PPP loan	568,334	-	568,334
<i>Change in Net Assets</i>	1,054,085	(384,323)	669,762
<i>Net Assets</i> - beginning	2,305,954	1,693,430	3,999,384
<i>Net Assets</i> - end	\$ 3,360,039	\$ 1,309,107	\$ 4,669,146

See notes to financial statements.

NEWARK PUBLIC RADIO, INC.

Statement of Functional Expenses For the Year Ended September 30, 2021

	Program Services	Supporting Services		
	Station Operations	Management and General	Fundraising	Total
Payroll and Related Costs				
Salaries	\$ 1,410,707	\$ 603,102	\$ 411,809	\$ 2,425,618
Payroll taxes and fringe benefits	264,463	109,872	74,211	448,546
	1,675,170	712,974	486,020	2,874,164
Operating Expenses				
Professional services	355,513	329,427	123,129	808,069
Advertising and public relations - trade	264,006	-	-	264,006
Space and equipment rental	140,597	7,863	-	148,460
Insurance	74,217	25,550	21,900	121,667
Depreciation and amortization	64,188	18,339	32,094	114,621
Program supplies	73,987	-	-	73,987
Audience research	62,167	-	-	62,167
Internet streaming	59,061	-	-	59,061
Credit and admin fees	-	263	52,311	52,574
Office expense	32,114	9,434	8,086	49,634
Telephone	40,923	2,822	3,293	47,038
Premiums	-	-	44,340	44,340
Postage and shipping	9,774	1,955	27,368	39,097
Repairs and maintenance	32,972	5,687	-	38,659
Dues and subscriptions	16,717	11,221	10,276	38,214
Fundraising supplies	-	-	32,856	32,856
Artist fees	29,440	-	-	29,440
Staff development	3,110	19,820	6,362	29,292
Utilities	13,143	6,125	5,327	24,595
Bad debt	-	22,680	-	22,680
Broadcast supplies	17,824	-	-	17,824
Advertising and public relations	4,999	1,005	10,000	16,004
Travel and entertainment	3,476	9,329	891	13,696
Satellite fees	12,126	-	-	12,126
	1,310,354	471,520	378,233	2,160,107
	\$ 2,985,524	\$ 1,184,494	\$ 864,253	\$ 5,034,271

See notes to financial statements.

NEWARK PUBLIC RADIO, INC.

Statement of Cash Flows

For the Year Ended September 30, 2021

Cash Flows from Operations

Change in net assets	\$ 669,762
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	114,621
Net realized/unrealized gains on investments	(5,864)
Forgiveness of SBA PPP loan	(568,334)
Bad debt expense	22,680
Deferred revenue	(49,643)
Deferred rent	(4,737)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Underwriting receivables	43,590
Contributions receivables	59,013
Grants and contracts receivable	(211,299)
ERC receivables	(529,667)
Prepaid expenses	(40,205)
Security deposit	(15,846)
(Decrease) in:	
Accounts payable and accrued expenses	(106,648)
Net cash used in operating activities	(622,577)

Cash Flows from Investing Activities

Proceeds from sale of investments	1,107,402
Purchase of property and equipment	(279,800)
Net cash provided by investing activities	827,602

Cash Flows from Financing Activities

Proceeds from PPP loan payable ("second draw")	568,334
Net cash provided by financing activities	568,334

Net Increase in Cash and Cash Equivalents

773,359

Cash, Cash Equivalents and Restricted Cash - beginning of year

1,783,231

Cash, Cash Equivalents and Restricted Cash - end of year

\$ 2,556,590

Supplemental Disclosures of Cash Flow Information

Non-cash operating activities:

Trade revenue	\$ 124,945
In-kind contributions	\$ 145,061

NEWARK PUBLIC RADIO, INC.

Notes to Financial Statements *September 30, 2021*

1 - NATURE OF ACTIVITIES

Newark Public Radio, Inc. (the "Organization") was founded in 1979 and is located in Newark, New Jersey. The Organization is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code on income related to its exempt purpose. The Organization is a publicly supported cultural institution that champions jazz and news through radio and website. The Organization seeks to educate, entertain and inspire the public by providing access and opportunity to engage with the highest quality, curated jazz and blues programming produced in the jazz capital of the world.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. ***Basis of Accounting and Presentation*** - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, as follows:
 - i. *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
 - ii. *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization over the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was stipulated has been fulfilled or both. The Organization had \$1,309,107 of net assets with donor restrictions as of September 30, 2021.
- b. ***Use of Estimates*** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.
- c. ***Revenue Recognition*** - The Organization recognizes revenue in accordance with "Accounting Standards Codification ("ASC") 606 - Revenue from Contracts with Customers" ("ASC 606"). Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied, and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the

consideration to which the Organization expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Organization determines are within the scope of ASC 606, the Organization performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Organization satisfies each performance obligation. The Organization has multiple revenue sources that are accounted for as exchange transactions, including trade, underwriting and production revenues.

The Organization recognizes revenue from grants and contracts in accordance with Accounting Standards Update ("ASU") 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

- d. **Grants and Contributions** - All grants and contributions received are recorded as without donor restrictions or with donor restrictions, if applicable, depending on the existence and/or nature of any donor restrictions. If a restriction is met in the period of receipt, the grant or contribution is recorded as without restrictions.
- e. **In-Kind Revenue** - The Organization records various types of in-kind revenue, including professional services and contributed tangible assets. Contributed professional services are recognized if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed tangible assets are recognized at fair market value when received. In-kind revenue totaled \$145,061 for the year ended September 30, 2021. In-kind revenue is offset by in-kind goods and services in expenses.
- f. **Trade Revenues** - Trade revenues are recognized in the period products or services of equal value are exchanged and are valued based on the marketing services provided by the Organization at standard rates. Trade revenue is recognized in accordance with ASC Topic 606 at a point in time when the performance obligation is satisfied, and service is delivered.
- g. **Underwriting Revenues** - The Organization offers corporate underwriting where customers can sponsor a particular program or multiple programs. Underwriting revenue is recognized in accordance with ASC Topic 606 at a point in time when the performance obligation is satisfied, and service is delivered.

As of September 30, 2021 and 2020, net underwriting receivables were \$66,230 and \$132,500, respectively.

- h. **Production, Licensing and Content** - The Organization has a collaborative contract whereby they produce and write content for the Jazz Night in America program. Production, licensing and content revenues are recognized in accordance with ASC Topic 606 at a point in time when the performance obligations are satisfied, and services are delivered.
- i. **Special Events** - Special event revenues are recognized when the event occurs.
- j. **Cash and Cash Equivalents** - Cash and cash equivalents include funds held in money market accounts and other instruments with an initial maturity of three months or less. Restricted cash includes cash and cash equivalents which are restricted for donor purposes.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows:

	September 30, 2021
Cash and cash equivalents	\$ 1,677,591
Cash and cash equivalents - with donor restrictions	<u>878,999</u>
	<u>\$ 2,556,590</u>

- k. **Investments** - The Organization's investments in equity and debt securities are measured at fair value in the statement of financial position. Donated investments are recorded at fair value at the date of receipt. Realized gains and losses on sales of investments are determined on a specific identification basis. Unrealized gains and losses on investments are included in the statement of activities. Interest and dividend income is recognized on the accrual basis.
- l. **Property and Equipment** - Property and equipment are stated at cost. A portion of the cost is reported each year as depreciation expense. It is the policy of management to depreciate assets using the straight-line method. The organization's policy calls for the capitalization of property and equipment purchases with costs of \$2,500 or greater and a useful life of no less than three years.

The estimated useful lives for computing depreciation on the principal classes of property and equipment are:

Buildings	40 years
Buildings improvements	5 to 40 years
Office equipment	3 to 7 years
Broadcast equipment	3 to 15 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activities for the period.

- m. **Functional Allocation of Expenses** - The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function.

Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that were allocated on the basis of estimates of time and effort devoted include salary, payroll taxes and benefits. Direct program expenses include rents, office expenses, postage and insurance.

- n. **Advertising** - The Organization expenses advertising costs as they are incurred. For the year ended September 30, 2021, the Organization incurred advertising costs of \$280,010.
- o. **Income Taxes** - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application state law.

The Organization may recognize the tax benefit from an uncertain tax position, including its tax-exempt status, only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities as of September 30, 2021. Interest and penalties on unrecognized tax benefits, if any, are recorded in interest expense.

The Organization files its Form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction, Form CRI-300R in the New Jersey Office of the Attorney General, and the CHAR500 in the Office of the State's Attorney General for the State of New York annually.

- p. **Paycheck Protection Program ("PPP") Loan** - The Organization has chosen to account for the loan(s) under FASB ASC 470, Debt. Repayment amounts due within one year are recorded as current liabilities, and the remaining amounts due in more than one year, if any, as long-term liabilities. In accordance with ASC 835, Interest, no imputed interest is recorded as the below market interest rate applied to this loan is governmentally prescribed. If the Organization is successful in receiving forgiveness for those portions of the loan used for qualifying expenses, those amounts will be recorded as a gain upon extinguishment as noted in ASC 405, Liabilities.

3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at September 30, 2021:

Cash, cash equivalents and restricted cash	\$ 2,556,590
Investments	626,008
ERC receivables	529,667
Grants and contracts receivable, net	426,919
Underwriting receivables, net	66,230
Contributions receivables	24,594
	<hr/>
	4,230,008
Less: Amounts not available within one year for general expenditures	
Net assets with donor restrictions	<hr/> (1,309,107)
Financial assets available to meet general expenditures within one year	<hr/> \$ 2,920,901

The Organization regularly monitors liquidity required to meet its operating needs and commitments. The Organization's cash flows fluctuate during the year attributable to the timing of program operations and collection of funds from donors and grantors.

4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2021 are as follows:

Prudential	\$ 104,382
Children Jazz Series	11,782
Kids Jazz Play	17,754
Cephas Bowles Scholarship	44,440
Wyncote Jazz Archive	23,000
Time restricted	<u>228,750</u>
<i>Total restricted by donor for programmatic use</i>	<u>\$ 430,108</u>
National Endowment for the Arts	\$ 240,000
Jazznet Endowment	300,000
Prudential Financial	250,000
NJ Cultural Trust	<u>88,999</u>
<i>Total restricted endowed principal</i>	<u>\$ 878,999</u>
<i>Total net assets with donor restrictions</i>	<u>\$ 1,309,107</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the year ended September 30, 2021:

Jazz Night in America	\$ 214,105
Prudential	11,831
Children Jazz Series	5,000
WBGO/NPR Journalism	223,174
Investigative Reporting	1,537
NFF System Replacement	71,500
Newark 350	6,960
Hyde & Watson FD Security System	35,354
Live Jazz	16,612
Wyncote Jazz Archive	2,000
Time restricted	<u>116,250</u>
<i>Total net assets released from restrictions</i>	<u>\$ 704,323</u>

5 - INVESTMENTS

Investments as of September 30, 2021 consisted of the following:

	<u>Cost</u>	<u>Market</u>
Equities	\$ 2,705	\$ 8,087
Certificates of deposit	600,000	617,921
	<u>\$ 602,705</u>	<u>\$ 626,008</u>

Investment income consisted of the following at September 30, 2021:

Interest and dividend income	\$ 13,022
Realized gains	26,983
Unrealized losses	<u>(21,119)</u>
	<u>\$ 18,886</u>

6 - FAIR VALUE MEASUREMENTS

Management utilizes the fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 - Pricing inputs are quoted prices available in active markets for identical assets or liabilities as of the reporting date. Management does not adjust the quoted price for these assets or liabilities, even in situations where the Organization holds a large position, and a sale could reasonably impact the quoted price.

Level 2 - Pricing inputs are quoted prices for similar investments, or inputs that are observable for the assets or liabilities, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes assets or liabilities valued at quoted prices adjusted for legal or contractual restrictions specific to these assets or liabilities.

Level 3 - Pricing inputs are unobservable for the asset or liability and are therefore based on management's own determinations about the assumptions that market participants would use in pricing the asset or liability. Level 3 includes private portfolio investments that are supported by little or no market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021.

Common Stock - Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of Deposit - Valued at amortized cost, which approximates fair value.

The following table presents information about the Organization's investments at fair value as of September 30, 2021:

<i>Investments at Fair Value</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Investments Measured at NAV</i>
				<i>Total</i>
Common Stock	\$ 8,087	\$ -	\$ -	\$ -
Certificates of deposit	-	617,921	-	-
	<u>\$ 8,087</u>	<u>\$ 617,921</u>	<u>\$ -</u>	<u>\$ -</u>
				<u>\$ 626,008</u>

Certificates of deposit are held on a short-term basis with maturity dates through April 2022.

7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30, 2021:

Land	\$ 47,855
Buildings	82,684
Building improvements	2,711,397
Broadcasting equipment	1,620,542
Office equipment	<u>487,929</u>
	4,950,407
Less: Accumulated depreciation and amortization	<u>3,719,423</u>
Total	<u>\$ 1,230,984</u>

Depreciation and amortization expense was \$114,621 for the year ended September 30, 2021.

8 - PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization obtained funding through the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") in the amount of \$568,334. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities, with at least 60% being used for payroll. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. The loan has an interest rate of 1% and a maturity of 2 years, which can be extended to up to 5 years if the Organization and the lender agree. In April 2021, the Organization obtained full forgiveness from the SBA in the amount of \$568,334 and has recorded the loan as forgiveness of SBA PPP loan payable for the year ended September 31, 2021.

In March 2021, in response to the Economic Aid Act, the Organization applied for and received additional funding ("second draw") of \$568,334 through the SBA, which was subject to the same terms and conditions as the initial funding and is recorded as PPP loan payable in the statement of financial position at September 30, 2021.

9 - EMPLOYEE RETENTION CREDIT

The Organization applied for aggregate Employee Retention Credits ("ERC") of \$529,667 under the CARES Act related to quarters ended March 31, 2021 and June 30, 2021 of Form 941 Employer Quarterly Federal Tax Return, of which none was received. Accordingly, the \$529,667 is reflected as ERC receivable. The Group has recorded the ERC credit as income in the statement of activities.

10 - OPERATING LEASES

The Organization leases antenna and other space under month to month and non-cancelable operating lease arrangements with expirations through April 2025. Future minimum rental payments to be paid under non-cancellable lease agreements are approximately as follows:

<i>Years Ending September 30,</i>	
2022	\$ 94,970
2023	96,870
2024	98,807
2025	49,893
Total	<u>\$ 340,540</u>

Rent expense for the year ended September 30, 2021 was \$148,460.

11 - CONCENTRATION OF CREDIT RISK

The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash and investments in marketable securities. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC") insurance limits. At September 30, 2021, the Organization had cash of approximately \$1,700,000 in excess of federally insured limits. At September 30, 2021, the Organization's investment balances did not exceed SIPC limits.

12 - EMPLOYEE RETIREMENT PLAN

The Organization has a defined contribution plan covering all eligible employees as defined by the plan. The plan provides for participant contributions up to the maximum allowed by the IRS. The Organization makes discretionary contributions to each participant of up to 4% of the participant's compensation. The Organization's discretionary contribution was approximately \$63,000 for the year ended September 30, 2021.

13 - ENDOWMENT

The Organization's endowment consists of individual funds established to support operations. The funds are donor-restricted endowment funds. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law - The Organization's Board of Trustees has interpreted state law as requiring the preservation of the value of the original gift as of the gift date of the donor restricted endowment funds. The Organization classifies as net assets with donor restrictions the original value of the gifts donated to the endowment and the original value of subsequent gifts donated to the endowment. Income earned on the endowment funds is without donor restrictions.

Return Objectives and Risk Parameters - The Organization follows investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period.

Strategies Employed for Achieving Objectives - To satisfy its long term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends).

Changes in donor restricted endowment net assets for the year ended September 30, 2021 are as follows:

	<i>National Endowment for the Arts</i>	<i>Jazznet Endowment</i>	<i>Prudential Endowment</i>	<i>NJ Cultural Trust</i>	<i>Total</i>
Balance - October 1, 2020	\$ 240,000	\$ 300,000	\$ 250,000	\$ 88,999	\$ 878,999
Investment income	5,157	6,446	5,371	1,912	18,886
Appropriated for expenditure	<u>(5,157)</u>	<u>(6,446)</u>	<u>(5,371)</u>	<u>(1,912)</u>	<u>(18,886)</u>
Balance - September 30, 2021	<u>\$ 240,000</u>	<u>\$ 300,000</u>	<u>\$ 250,000</u>	<u>\$ 88,999</u>	<u>\$ 878,999</u>

14 - RELATED PARTY TRANSACTIONS

The Organization received contributions from board members amounting to approximately \$32,000 for the year ended September 30, 2021.

15 - RISKS AND UNCERTAINTIES

The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. Currently, management is unable to quantify the pandemic's potential effects on the operations and financial performance of the Organization.

16 - SUBSEQUENT EVENTS

In May 2022, the Organization obtained full forgiveness of its second draw PPP loan from the SBA in the amount of \$568,334, which will be recorded as forgiveness of debt as a component of other income for the year ending September 30, 2022.

Subsequent events were evaluated through July 13, 2022, which is the date that the financial statements were available to be issued.