

**Friends of Public Radio, Inc.**  
**d/b/a WHQR 91.3 FM**

***Financial Statements***  
*For the Year Ended June 30, 2022*  
*(with Comparative Totals for 2021)*



*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM

### **Opinion**

We have audited the accompanying financial statements of Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM as of June 30, 2022, and the changes in net assets and its 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 Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM's ability to continue as a going concern within one year after the date that the 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 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 financial statements.

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 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 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 Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM'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 Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Eamy & Company, L.L.P.*

Wilmington, North Carolina  
October 17, 2022

**Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM**  
**Statement of Financial Position**  
**As of June 30, 2022**

	2022					2021
	Without Donor Restrictions			With Donor		Comparative
	Operations	Property	Quasi-Endowment	Restrictions	Total	Total
<b>ASSETS</b>						
Current Assets						
Cash & cash equivalents	\$ 578,115	\$ -	\$ -	\$ -	\$ 578,115	\$ 1,232,417
Certificates of deposit	215,911	-	-	-	215,911	214,454
Receivables, net of \$3,600 allowance for uncollectibles	129,550	-	-	-	129,550	94,153
Prepaid expenses	2,720	-	-	-	2,720	69,836
Investments (Note 8)	290,153	-	294,352	-	584,505	-
Total Current Assets	1,216,449	-	294,352	-	1,510,801	1,610,860
Pledges receivable - non-current, net of \$600 allowance for uncollectibles	230	-	-	-	230	8,380
Net property (Note 2)	-	877,645	-	-	877,645	842,063
Other assets (Note 9)	-	70,000	-	-	70,000	70,000
Total Assets	\$ 1,216,679	\$ 947,645	\$ 294,352	\$ -	\$ 2,458,676	\$ 2,531,303
<b>LIABILITIES &amp; NET ASSETS</b>						
Current Liabilities						
Accounts payable	\$ 12,602	\$ -	\$ -	\$ -	\$ 12,602	\$ 67,340
Current maturities of note payable (Note 4)	-	23,540	-	-	23,540	22,464
Total Current Liabilities	12,602	23,540	-	-	36,142	89,804
Long-Term Liabilities						
Long-term note payable (Note 4)	-	287,829	-	-	287,829	311,153
Total Long-Term Liabilities	-	287,829	-	-	287,829	311,153
Total Liabilities	12,602	311,369	-	-	323,971	400,957
Net Assets						
Without donor restrictions	913,924	636,276	-	-	1,550,200	2,020,160
Board-designated without donor restrictions	290,153	-	294,352	-	584,505	-
With donor restrictions	-	-	-	-	-	110,186
Total Net Assets	1,204,077	636,276	294,352	-	2,134,705	2,130,346
Total Liabilities & Net Assets	\$ 1,216,679	\$ 947,645	\$ 294,352	\$ -	\$ 2,458,676	\$ 2,531,303

The Accompanying Notes are an Integral Part of these Financial Statements

**Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	2022				2021 Comparative Total
	Operations	Without Donor Restrictions Property	Quasi-Endowment	With Donor Restrictions	
<b>SUPPORT &amp; REVENUE</b>					
Corporation for Public					
Broadcasting - operating	\$ 135,633	\$ -	\$ -	\$ -	\$ 135,633
Contributions	983,589	-	-	3,450	987,039
Program underwriting	519,555	-	-	-	519,555
In-kind contributions	74,004	-	-	-	74,004
Special events, net	(6,433)	-	-	-	(6,433)
Other revenue	8,948	-	-	-	8,948
Gain/(loss) on sale of asset	-	68,892	-	-	68,892
Net assets released from restriction	113,636	-	-	(113,636)	-
Total Support & Revenue	<u>1,828,932</u>	<u>68,892</u>	<u>-</u>	<u>(110,186)</u>	<u>1,787,638</u>
<b>EXPENSES</b>					
Program	1,035,063	104,529	-	-	1,139,592
Administrative	253,247	6,620	-	-	259,867
Fundraising	369,777	5,850	-	-	375,627
Total Expenses	<u>1,658,087</u>	<u>116,999</u>	<u>-</u>	<u>-</u>	<u>1,775,086</u>
<b>Increase in Net Assets From Operating Activities</b>	<u>170,845</u>	<u>(48,107)</u>	<u>-</u>	<u>(110,186)</u>	<u>12,552</u>
<b>INVESTMENT ACTIVITIES</b>					
Unrealized/realized gain (loss)	(6,206)	-	(5,992)	-	(12,198)
Investment income	3,928	-	724	-	4,652
Investment fees	(267)	-	(380)	-	(647)
Net Investment Activities	<u>(2,545)</u>	<u>-</u>	<u>(5,648)</u>	<u>-</u>	<u>(8,193)</u>
<b>Change in Net Assets</b>	<u>168,300</u>	<u>(48,107)</u>	<u>(5,648)</u>	<u>(110,186)</u>	<u>4,359</u>
<b>Net Assets, Beginning</b>	<u>1,441,714</u>	<u>578,446</u>	<u>-</u>	<u>110,186</u>	<u>2,130,346</u>
Transfers	(405,937)	105,937	300,000	-	-
<b>Net Assets, Ending</b>	<u>\$ 1,204,077</u>	<u>\$ 636,276</u>	<u>\$ 294,352</u>	<u>\$ -</u>	<u>\$ 2,134,705</u>
					<u>\$ 2,130,346</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

	2022				2021 Comparative
	Program	Administrative	Fundraising	Total	Total
Operating Expenses					
Salaries	\$ 302,716	\$ 171,998	\$ 213,277	\$ 687,991	\$ 614,362
Employee benefits	42,972	24,416	30,276	97,664	103,708
Payroll taxes	23,366	13,276	16,463	53,105	46,157
Total Salaries & Related Expenses	<u>369,054</u>	<u>209,690</u>	<u>260,016</u>	<u>838,760</u>	<u>764,227</u>
Major gifts expense	-	-	3,618	3,618	2,088
Membership	1,513	-	48,921	50,434	59,951
National Public Radio	239,529	-	-	239,529	220,031
Other radio expenses	131,624	-	-	131,624	149,859
Utilities	31,919	1,773	1,773	35,465	38,036
Other station expenses	168,836	19,863	9,932	198,631	181,300
Contract staffing	24,374	20,311	36,560	81,245	83,978
Underwriting expenses	-	-	752	752	1,906
In-kind expenses	66,604	-	7,400	74,004	74,004
Other expenses	1,610	1,610	805	4,025	-
Bad debt expense	-	-	-	-	165
Total Operating Expenses	<u>1,035,063</u>	<u>253,247</u>	<u>369,777</u>	<u>1,658,087</u>	<u>1,575,545</u>
Property Expenses					
Interest	13,077	1,539	769	15,385	16,416
Depreciation	<u>91,452</u>	<u>5,081</u>	<u>5,081</u>	<u>101,614</u>	<u>92,782</u>
Total Property Expenses	<u>104,529</u>	<u>6,620</u>	<u>5,850</u>	<u>116,999</u>	<u>109,198</u>
Investment fees	259	259	129	647	-
Special events	-	-	7,980	7,980	434
Total Functional Expenses	<u>1,139,851</u>	<u>260,126</u>	<u>383,736</u>	<u>1,783,713</u>	<u>1,685,177</u>
Investment fees in investment activities	(259)	(259)	(129)	(647)	-
Special events net in revenue	-	-	(7,980)	(7,980)	(434)
Total Statement of Activities Expenses	<u>\$ 1,139,592</u>	<u>\$ 259,867</u>	<u>\$ 375,627</u>	<u>\$ 1,775,086</u>	<u>\$ 1,684,743</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2021**

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	2021			
	Program	Administrative	Fundraising	Total
Operating Expenses				
Salaries	\$ 239,601	\$ 141,303	\$ 233,458	\$ 614,362
Employee benefits	40,446	23,853	39,409	103,708
Payroll taxes	18,001	10,616	17,540	46,157
Total Salaries & Related Expenses	298,048	175,772	290,407	764,227
Major gifts expense	-	-	2,088	2,088
Membership	1,799	-	58,152	59,951
National Public Radio	220,031	-	-	220,031
Other radio expenses	149,859	-	-	149,859
Utilities	34,232	1,902	1,902	38,036
Other station expenses	154,105	18,130	9,065	181,300
Contract staffing	25,193	20,995	37,790	83,978
Underwriting expenses	-	-	1,906	1,906
In-kind expenses	66,604	-	7,400	74,004
Bad debt expense	165	-	-	165
Total Operating Expenses	950,036	216,799	408,710	1,575,545
Property Expenses				
Interest	13,953	1,642	821	16,416
Depreciation	83,504	4,639	4,639	92,782
Total Property Expenses	97,457	6,281	5,460	109,198
Special events	-	-	434	434
Total Functional Expenses	1,047,493	223,080	414,604	1,685,177
Special events net in revenue	-	-	(434)	(434)
Total Statement of Activities Expenses	\$ 1,047,493	\$ 223,080	\$ 414,170	\$ 1,684,743

The Accompanying Notes are an Integral Part of these Financial Statements



**Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2022**

	2022					2021
	Without Donor Restrictions			With Donor		Comparative
	Operations	Property	Quasi-Endowment	Restrictions	Total	Total
<b>Cash Flows From Operating Activities</b>						
Cash Collections for:						
Support & revenue	\$ 1,764,759	\$ -	\$ -	\$ 39,333	\$ 1,804,092	\$ 1,672,525
Less: Cash Payments for:						
Salaries & related expenses	(838,760)	-	-	-	(838,760)	(764,227)
Other expenses	(800,061)	(15,385)	-	(113,636)	(929,082)	(704,613)
Net Cash Provided (Used)						
By Operating Activities	125,938	(15,385)	-	(74,303)	36,250	203,685
<b>Cash Flows From Investing Activities</b>						
Purchase of property & equipment	-	(140,304)	-	-	(140,304)	(14,228)
Sale of property & equipment	-	72,000	-	-	72,000	-
Purchases & proceeds of investments, net	(300,000)	-	(300,000)	-	(600,000)	-
Net Cash Provided (Used)						
By Investing Activities	(300,000)	(68,304)	(300,000)	-	(668,304)	(14,228)
<b>Cash Flows From Financing Activities</b>						
Payments reducing note payable	-	(22,248)	-	-	(22,248)	(21,217)
Transfers to/from operations	(405,937)	105,937	300,000	-	-	-
Net Cash Provided (Used)						
By Financing Activities	(405,937)	83,689	300,000	-	(22,248)	(21,217)
<b>Net Increase (Decrease) in Cash</b>	(579,999)	-	-	(74,303)	(654,302)	168,240
<b>Cash &amp; Cash Equivalents, Beginning</b>	1,158,114	-	-	74,303	1,232,417	1,064,177
<b>Cash &amp; Cash Equivalents, Ending</b>	\$ 578,115	\$ -	\$ -	\$ -	\$ 578,115	\$ 1,232,417
<b>Reconciliation of Change in Net Assets to Cash Provided (Used)</b>						
<b>By Operating Activities:</b>						
Change in net assets	\$ 168,300	\$ (48,107)	\$ (5,648)	\$ (110,186)	\$ 4,359	\$ 222,729
Depreciation	-	101,614	-	-	101,614	92,782
Unrealized/realized (gain) loss	6,206	-	5,992	-	12,198	-
Investment (income) loss	(3,661)	-	(344)	-	(4,005)	-
Bad debt expense	-	-	-	-	-	165
Gain on sale of asset	-	(68,892)	-	-	(68,892)	-
Change in Current Assets & Liabilities (Use) Source:						
Receivables	(45,315)	-	-	18,298	(27,017)	32,558
Prepaid expenses	74,188	-	-	-	74,188	(63,614)
Certificates of deposit	(19,042)	-	-	17,585	(1,457)	(3,452)
Accounts payable	(54,738)	-	-	-	(54,738)	59,517
Extinguishment of debt	-	-	-	-	-	(137,000)
Net Cash Provided (Used)						
By Operating Activities	\$ 125,938	\$ (15,385)	\$ -	\$ (74,303)	\$ 36,250	\$ 203,685
<b>Supplemental Disclosure</b>						
Interest paid					\$ 15,385	\$ 16,416
Income taxes paid					\$ -	\$ -

The Accompanying Notes are an Integral Part of these Financial Statements

**Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM**  
**Notes to Financial Statements**  
**June 30, 2022**

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**1. DESCRIPTION OF ORGANIZATION**

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM (the "Station"), a non-profit corporation organized under the laws of North Carolina, was established for the purpose of operating WHQR 91.3 FM, a public radio broadcasting station transmitting from Wilmington, North Carolina. The Station's support comes primarily from individual donors' contributions and various government and art agency grants.

The majority of the Station's contributions and grants are received from corporations, foundations, and individuals located in the southeastern North Carolina area. As such, the Station's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of North Carolina. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Station's services.

**2. SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The Station prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations using the accrual basis of accounting. Accordingly, support and revenue are recognized when earned and expenses are recorded when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Station's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Station's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

# Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM

## Notes to Financial Statements

June 30, 2022

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### Net Assets

The financial statements report net assets and changes in net assets in classes that are based upon the existence or absence of restrictions on use that are placed by its donors as follows:

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated net assets for a board-designated reserve from net assets without donor restrictions.

**Net Assets With Donor Restrictions** – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, which is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The following represents the balance of net assets with donor restrictions as of June 30:

	<u>2022</u>	<u>2021</u>
Purpose Restrictions, Available for Spending:		
Capital improvements & facility reserves	\$ -	\$ 110,186

### Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts and certificates of deposit with maturities of less than three months. From time to time during the periods presented, the Station has had cash balances in financial institutions that have exceeded federal depository insurance limits. The Station deposits its cash with high quality institutions, and management believes the Station is not exposed to significant credit risk on those amounts.

Cash and cash equivalents are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Operations Checking	\$ 207,550	\$ 679,436
Live Oak Bank Business Savings	370,565	-
Capital Campaign Checking	-	74,303
Truist Money Market	-	478,678
Total Cash & Cash Equivalents	<u>\$ 578,115</u>	<u>\$ 1,232,417</u>

**Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM**  
**Notes to Financial Statements**  
**June 30, 2022**

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Investments

Investments in marketable securities with readily determinable fair values are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Fair Value Measurements

The Station reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by U.S. GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Station has access at the measurement date.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

The primary use for fair value measures in the Station's financial statements is for recurring measurement of investments (Note 8).

**Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM**  
**Notes to Financial Statements**  
**June 30, 2022**

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Property and Equipment

Buildings and equipment are reported in the statement of financial position at cost if purchased and at fair value at the date of donation if donated. All buildings are capitalized. Equipment is capitalized if it has a cost of \$2,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings & leasehold improvements	5-39 years
Office furniture	7-20 years
Equipment	3-10 years
Technology	3-5 years

Buildings and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period. The following is a summary of property accounts as of June 30:

	2022	2021
Broadcast equipment	\$ 814,181	\$ 690,197
Leasehold improvements	334,567	334,567
Station renovation	327,970	327,970
Warwick Building	615,133	615,133
Office furniture	57,058	57,058
Technology	21,091	21,091
Vehicles	2,500	2,500
	<u>2,172,500</u>	<u>2,048,516</u>
Less: Accumulated depreciation	<u>(1,294,855)</u>	<u>(1,206,453)</u>
Net Property	<u>\$ 877,645</u>	<u>\$ 842,063</u>

Support and Revenue Recognition

Support and revenue are recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM**  
**Notes to Financial Statements**  
**June 30, 2022**

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In-Kind Contributions

The Station periodically receives contributions in a form other than cash or investments. If the Station receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Station's capitalization policy. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The Station benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Station's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. U.S. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

During fiscal years 2022 and 2021, in-kind services provided by UNCW interns were valued at \$74,004 and recorded. No other amounts for donated services were recognized in the financial statements as the criteria for recognition have not been met.

Expense Recognition and Allocation

The cost of providing the Station's programs and other activities is summarized on a functional basis in the statement of activities and statements of functional expenses. Total expenses for the year ended June 30, 2022 were \$1,775,086. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using objective bases, such as time spent, salaries, square feet, and other bases.

Administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Station. Administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising costs are expensed as incurred even though they may result in contributions received in future years. The Station generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

**Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM**  
**Notes to Financial Statements**  
**June 30, 2022**

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Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Station's audited financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Income Taxes

The Station is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is exempt from income taxes on related income pursuant to Section 501(a) of the Code and contributions may be deductible to donors. The Station files Form 990 with the Internal Revenue Service (IRS) annually; those forms are generally subject to examination by the IRS for a period of up to three years after they are filed.

Subsequent Events

Subsequent events have been evaluated through October 17, 2022, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

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**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available to meet general expenditures over the next 12 months are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Operating Assets at Year End:		
Cash & cash equivalents	\$ 578,115	\$ 1,158,114
Certificates of deposit	215,911	196,869
Pledges & other receivables	<u>129,780</u>	<u>84,235</u>
Total Operating Assets at Year End	<u>923,806</u>	<u>1,439,218</u>
 Plus: Net assets with purpose or time restrictions to be met in less than a year	 <u>-</u>	 <u>101,806</u>
 Financial Assets Available to Meet General Expenditures Over the Next 12 Months	 <u>\$ 923,806</u>	 <u>\$ 1,541,024</u>

The Station operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The accompanying statement of cash flows on page 8 identifies the sources and uses of cash and shows positive cash generated by operations. The Station regularly monitors liquidity required to meet its operating needs and other contractual commitments.



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**4. NOTE PAYABLE**

The Station had a note payable from Truist Bank that was dated August 22, 2014, and the original face amount was \$510,000. The proceeds were used to purchase the Station's facility at 254 N. Front Street, Unit 301, Wilmington, North Carolina (3<sup>rd</sup> floor of the Warwick Building).

In April 2018, the Station refinanced the above note. The new note with Truist Bank requires principal and interest payments of \$3,136 per month until April 2033, with all remaining principal and accrued interest due at that time. The interest rate is fixed at 4.69%. The note payable is collateralized by the Station's facility.

The balance outstanding as of June 30, 2022 was \$311,369. Future maturities are summarized as follows for the years ending June 30:

	<u>Amount Due</u>
2023	\$ 23,540
2024	24,669
2025	25,851
2026	27,090
2027	28,388
Thereafter	<u>181,831</u>
Total	311,369
Less: Current maturities	<u>(23,540)</u>
Long-Term Note Payable	<u>\$ 287,829</u>

## **5. PAYCHECK PROTECTION PROGRAM**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Station expected to be materially and adversely affected by the risks related to the COVID-19 pandemic. Management proactively responded by conserving cash, continuing to operate with a balanced budget, and seeking available government funding.

In April 2020, the Station applied for the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loan, which was established under the CARES Act. The Station received loan proceeds totaling \$130,000. The PPP loan was designed to keep workers on the payroll for 24 weeks and the proceeds were used for payroll, rent, mortgage interest, and utilities. In May 2021, the Station received notification from the SBA that the loan had been forgiven.

## **6. OPERATING LEASES**

The Station leases tower space in three different counties within the Station's listening area. Leased space on these towers is used to place certain pieces of transmitting equipment. The leases specify terms spanning multiple years and monthly rates ranging from \$200 to \$650 with increases over time. The Station made tower lease payments of \$16,061 for the year ended June 30, 2022 and \$20,383 for the year ended June 30, 2021.

## **7. CORPORATION FOR PUBLIC BROADCASTING**

The Corporation for Public Broadcasting (CPB) is a private, non-profit, grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. The Station uses these funds for purposes relating primarily to production and acquisition of programming.

The CSGs received and expended by the Station were \$135,633 for the year ended June 30, 2022 and \$122,126 for the year ended June 30, 2021. The total received is approximately 7.6% for the year ended June 30, 2022 and 6.4% for the year ended June 30, 2021 of the Station's total support and revenue. A significant reduction in the level of this support, if this were to occur, could have a significant effect on the Station's programs and activities.

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**8. QUASI-ENDOWMENT & BOARD-DESIGNATED FUNDS**

The Board of Directors has set aside certain investment resources designated as a quasi-endowment and a board-designated fund. The Station's investment objective is to maintain the purchasing power of the assets, as well as to provide additional real growth through investment return with an acceptable level of risk. The endowment invests in cash and cash equivalents and mutual funds. These assets are recorded at their fair market value.

Changes in investments are as follows as of June 30:

	2022		
	Board-Designated Fund	Quasi-Endowment	Total
Investments, beginning	\$ -	\$ -	\$ -
Contributions	300,000	300,000	600,000
Investment income	651	724	1,375
Net appreciation (depreciation)	(6,206)	(5,992)	(12,198)
Advisory fees	(267)	(380)	(647)
Released to be used	(4,025)	-	(4,025)
Investments, ending	<u>\$ 290,153</u>	<u>\$ 294,352</u>	<u>\$ 584,505</u>

Investment composition is as follows as of June 30:

	2022	2021
Cash	\$ 49,325	\$ -
Stocks	-	-
Mutual funds	535,180	-
Total Investments	<u>\$ 584,505</u>	<u>\$ -</u>

As of June 30, 2022, all investments were considered Level 1 investments.

**9. OTHER ASSETS**

On September 11, 2014, the Station executed an agreement with Conner Media Corporation to purchase licenses and other intangible assets of FM Translator Station W243CX at a cost of \$45,000. On May 15, 2016, another FM translator was purchased for \$25,000, which enables the Station to offer its listeners an additional, all classical radio station. The assets have indefinite lives and, therefore, have not been amortized. These assets are reviewed for impairment when a significant change in the asset's use or other indicators of possible impairment are present. Management believes there are no indicators of possible impairment for the year ended June 30, 2022.

## **10. RETIREMENT PLAN**

The Station has adopted a defined contribution retirement plan (tax deferred annuity). For full-time employees, the Station matches a participant's salary reduction contribution (minimum of 2% of employee salary) up to 5% of the participant's salary. The Station's total matching contributions were \$17,272 in fiscal year 2022 and \$17,010 in fiscal year 2021.

## **11. PLEDGES RECEIVABLE**

In fiscal year 2012, the Station initiated a major fundraising campaign, the purpose of which is to strengthen program services, engage the community, build a sustainable organization, and unleash the power of technology to benefit the audience and community. The Station has a \$1,500,000 capital campaign goal, which was achieved during fiscal year 2017. As of June 30, 2022, \$830 in capital campaign pledges receivable remain outstanding less a \$600 allowance for uncollectible receivables. Thus, the net amount of capital campaign pledges receivable is \$230.

## **12. RISK MANAGEMENT**

From time to time, the Station may be aware of various asserted and unasserted claims. Management feels that these claims can be successfully defended and intends to resist the allegations of these matters in every way and does not plan to seek out-of-court settlements. In the event that judgments adverse to their interest were to be rendered, management feels any liability will be fully covered by existing insurance or not be material to the financial statements.

The Station is exposed to various risks of loss in the ordinary course of business as a result of torts, theft of, damage to, or destruction of assets, business interruption, allegations of liability, natural disasters, employee and officer errors and omissions, and employee workers' compensation and medical claims.

The Station purchases commercial insurance coverage against risk of loss due to property damage, theft, and various other insurable risks. The Station carries property insurance in the amount of \$1,004,934 for personal property in fiscal year 2022 with a deductible of \$5,000 for all perils except flood, earthquake, windstorm, or hail. The Station carries inland marine insurance for all peril on outside equipment in the amount of \$408,250 in fiscal year 2022 with a deductible of \$500. The Station carries wind insurance in the amount of \$957,100 in fiscal year 2022 with a deductible of 1% of the coverage limit. The Station carries commercial general liability insurance with \$2,000,000 aggregate and a per occurrence limit of \$1,000,000.

No claim payment has exceeded insurance coverage in the past three fiscal years where insurance coverage applies, subject to the deductibles and retentions noted above.