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UNIVERSITY RADIO FOUNDATION, INC.

Financial Statements for the Years
Ended June 30, 2020 and 2019 and
Independent Auditors' Report



GreerWalker



GreerWalker

INDEPENDENT AUDITORS' REPORT

The Board of Directors of University Radio Foundation, Inc.:

We have audited the accompanying financial statements of University Radio Foundation, Inc. (the "Organization") which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 generally accepted accounting principles 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 audits. We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 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 Organization'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 Organization'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 University Radio Foundation, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

GreerWalker LLP

Certified Public Accountants
October 27, 2020
Charlotte, NC

GreerWalker LLP | GreerWalker Wealth Management LLC | GreerWalker Corporate Finance LLC

Charlotte Office The Carillon | 227 West Trade St., Suite 1100 | Charlotte, NC 28202 | USA | Tel 704.377.0239

Greenville Office Wells Fargo Center | 15 South Main St., Suite 800 | Greenville, SC 29601 | USA | Tel 864.752.0080

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UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,669,109	\$ 647,505
Accounts receivable, net	202,257	390,827
Pledges receivable, net	1,227,923	968,279
Prepaid expenses and other current assets	105,712	183,565
Total current assets	<u>3,205,001</u>	<u>2,190,176</u>
PROPERTY AND EQUIPMENT, NET	<u>458,756</u>	<u>362,398</u>
OTHER ASSETS:		
Note receivable, net	-	202,303
Investments	<u>3,975,116</u>	<u>3,797,491</u>
Total other assets	<u>3,975,116</u>	<u>3,999,794</u>
TOTAL	<u>\$ 7,638,873</u>	<u>\$ 6,552,368</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 97,988	\$ 195,232
Accrued expenses	279,725	224,294
Deferred revenue	<u>321,412</u>	<u>49,194</u>
Total current liabilities	<u>699,125</u>	<u>468,720</u>
PPP NOTE PAYABLE	<u>617,392</u>	<u>-</u>
NET ASSETS:		
Without donor restrictions	4,915,627	4,879,035
With donor restrictions	<u>1,406,729</u>	<u>1,204,613</u>
Total net assets	<u>6,322,356</u>	<u>6,083,648</u>
TOTAL	<u>\$ 7,638,873</u>	<u>\$ 6,552,368</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND RECLASSIFICATIONS:						
Contributions	\$ 3,450,153	\$ 1,471,048	\$ 4,921,201	\$ 3,343,549	\$ 889,694	\$ 4,233,243
Corporation for Public Broadcasting	438,514	-	438,514	343,490	-	343,490
Underwriting fees	2,065,083	-	2,065,083	2,550,551	-	2,550,551
Return on investments, net	177,625	-	177,625	222,993	-	222,993
Other income	33,089	-	33,089	42,969	-	42,969
Reclassifications:						
Contributions and grants released from time or purpose restrictions	1,268,932	(1,268,932)	-	813,895	(813,895)	-
Total revenue, support and reclassifications	<u>7,433,396</u>	<u>202,116</u>	<u>7,635,512</u>	<u>7,317,447</u>	<u>75,799</u>	<u>7,393,246</u>
EXPENSES:						
Program services:						
Programming and production	3,357,265	-	3,357,265	3,144,618	-	3,144,618
Broadcast engineering	442,490	-	442,490	408,647	-	408,647
Program information	467,064	-	467,064	463,468	-	463,468
Total program services	<u>4,266,819</u>	<u>-</u>	<u>4,266,819</u>	<u>4,016,733</u>	<u>-</u>	<u>4,016,733</u>
Supporting services:						
General and administrative	982,289	-	982,289	899,769	-	899,769
Fundraising	1,388,567	-	1,388,567	1,389,808	-	1,389,808
Underwriting and grants	759,129	-	759,129	895,520	-	895,520
Total support services	<u>3,129,985</u>	<u>-</u>	<u>3,129,985</u>	<u>3,185,097</u>	<u>-</u>	<u>3,185,097</u>
Total expenses	<u>7,396,804</u>	<u>-</u>	<u>7,396,804</u>	<u>7,201,830</u>	<u>-</u>	<u>7,201,830</u>
CHANGE IN NET ASSETS	36,592	202,116	238,708	115,617	75,799	191,416
NET ASSETS, BEGINNING OF YEAR	<u>4,879,035</u>	<u>1,204,613</u>	<u>6,083,648</u>	<u>4,763,418</u>	<u>1,128,814</u>	<u>5,892,232</u>
NET ASSETS, END OF YEAR	<u>\$ 4,915,627</u>	<u>\$ 1,406,729</u>	<u>\$ 6,322,356</u>	<u>\$ 4,879,035</u>	<u>\$ 1,204,613</u>	<u>\$ 6,083,648</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020

	Year Ended June 30, 2020						
	Program			Supporting			Total
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	
Salaries and wages	\$ 1,674,391	\$ 122,597	\$ 199,222	\$ 621,608	\$ 458,630	\$ 2,310	\$ 3,078,758
Payroll taxes	117,897	8,118	10,073	49,519	28,674	-	214,281
Employee benefits	134,326	6,820	11,768	42,392	24,657	80	220,043
Retirement plan contributions	78,320	6,960	11,114	32,731	20,211	124	149,460
Professional fees	87,456	25,247	34,557	68,312	23,400	672,120	911,092
Program fees	897,045	-	-	-	-	-	897,045
Outreach and promotion	8,135	-	56,427	-	106,827	-	171,389
Office expenses	6,870	272	234	8,694	4,023	867	20,960
Computer and IT	70,380	22,798	2,933	8,426	38,482	6,172	149,191
Occupancy	158,950	109,650	7,794	47,915	29,949	41,568	395,826
Postage and printing	3,697	358	3,855	1,533	260,447	1,186	271,076
Travel and entertainment	14,126	773	2,600	27,152	22,549	119	67,319
Conferences and meetings	1,622	309	350	14,939	4,798	189	22,207
Depreciation and amortization	12,380	76,230	3,220	2,890	1,155	1,032	96,907
Insurance	18,812	6,595	1,129	14,127	4,179	3,565	48,407
Dues and subscriptions	68,287	360	315	20,969	733	8,840	99,504
Bad debt expense	-	-	-	-	214,666	-	214,666
Transaction fees	-	-	819	3,452	89,056	15,798	109,125
Miscellaneous	4,571	55,403	120,654	17,630	56,131	5,159	259,548
Total expenses	\$ 3,357,265	\$ 442,490	\$ 467,064	\$ 982,289	\$ 1,388,567	\$ 759,129	\$ 7,396,804

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019

	Year Ended June 30, 2019						
	Program			Supporting			Total
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	
Salaries and wages	\$ 1,579,470	\$ 109,162	\$ 200,557	\$ 584,479	\$ 472,053	\$ 11,447	\$ 2,957,168
Payroll taxes	109,796	7,868	9,753	48,883	28,458	443	205,201
Employee benefits	117,750	5,774	10,516	35,378	23,225	626	193,269
Retirement plan contributions	71,461	6,452	10,927	29,109	15,264	713	133,926
Professional fees	10,509	31,094	33,495	32,810	24,699	846,496	979,103
Program fees	877,021	-	-	-	-	-	877,021
Outreach and promotion	8,466	-	113,445	4,108	106,537	586	233,142
Office expenses	2,441	130	301	12,303	6,207	1,082	22,464
Computer and IT	65,582	13,761	725	7,000	69,109	5,996	162,173
Occupancy	160,488	127,915	7,780	47,035	35,083	-	378,301
Postage and printing	2,658	164	4,817	1,396	257,834	582	267,451
Travel and entertainment	23,853	1,264	1,821	29,871	24,179	176	81,164
Conferences and meetings	12,411	808	975	13,390	4,028	-	31,612
Depreciation and amortization	13,464	51,053	3,502	3,143	1,256	1,123	73,541
Insurance	18,778	7,086	1,119	13,357	4,849	-	45,189
Dues and subscriptions	67,177	475	315	13,677	92	8,745	90,481
Bad debt expense	-	-	-	-	201,230	-	201,230
Transaction fees	-	-	1,710	6,903	79,390	10,525	98,528
Miscellaneous	3,293	45,641	61,710	16,927	36,315	6,980	170,866
Total expenses	\$ 3,144,618	\$ 408,647	\$ 463,468	\$ 899,769	\$ 1,389,808	\$ 895,520	\$ 7,201,830

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 238,708	\$ 191,416
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in allowance for pledges and accounts receivable	36,015	6,918
Depreciation and amortization	96,907	73,541
Loss on disposal of assets	-	342
Realized gain on investments	(14,539)	(231,645)
Unrealized (gain) loss on investments	(66,014)	121,607
Changes in operating assets and liabilities:		
Pledges receivable	(297,436)	(77,188)
Accounts receivable	190,347	(110,635)
Note receivable	202,303	-
Prepaid expenses and other current assets	77,853	(33,243)
Accounts payable	(97,244)	1,658
Accrued expenses	55,431	(17,636)
Deferred revenue	272,218	(17,459)
Net cash provided by (applied to) operating activities	<u>694,549</u>	<u>(92,324)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in investments	(97,072)	(105,900)
Purchases of property and equipment	(193,265)	(45,790)
Proceeds from sale of investments	-	400,000
Net cash provided by (applied to) investing activities	<u>(290,337)</u>	<u>248,310</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP note payable	<u>617,392</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,021,604	155,986
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>647,505</u>	<u>491,519</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,669,109</u>	<u>\$ 647,505</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - University Radio Foundation, Inc. (“WFAE” or the “Organization”) operates independent public radio stations located in Charlotte (WFAE-FM) and Hickory (WFHE-FM), North Carolina.

Financial Statement Presentation - 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.

Net assets without donor restrictions - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

Net assets with donor restrictions - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met and restrictions stipulating that the amounts be maintained by the Organization in perpetuity. For net assets held in perpetuity, the Organization may expend part or all of the income earned according to donor stipulations.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

New Accounting Standards - In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers. The ASU and all subsequently issued clarifying ASUs (collectively, “ASC 606”) replaced most existing revenue recognition guidance in GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization has elected to adopt the new standard effective July 1, 2020 in accordance with ASU No. 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash deposits with financial institutions that, at times, may exceed federally insured limits.

Pledges Receivable - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if restrictions expire in the same fiscal year. All other donor-restricted net assets are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions receivable are recorded at their net realizable value. An allowance for uncollectible pledges receivable is provided based on management’s review of outstanding receivables and prior collection history.

Accounts Receivable - The Organization extends credit to its underwriters. By their nature, accounts receivable involve risk, including the credit risk of nonpayment by the underwriter. Accounts receivable are considered past due based on contractual and invoice terms. The Organization maintains allowances (\$12,615 and \$14,392 as of June 30, 2020 and 2019, respectively) which management believes are adequate to absorb estimated losses to be incurred in realizing the recorded amounts of its accounts receivable. These allowances are determined by management through review of outstanding receivables and prior collection history. Accounts deemed uncollectible are charged against the allowance for doubtful accounts.

Note Receivable - The Organization was assigned a promissory note by a donor with a principal amount of \$400,000 during the year ended June 30, 2018. The Organization recorded the note at a net realizable value of \$202,302. The note bore interest at 7% and was repaid in full during the year ended June 30, 2020.

Property and Equipment - Property and equipment that is purchased is recorded at cost. Property and equipment that is contributed is recorded at approximate fair value at the time of donation. Depreciation and amortization are computed using straight-line methods based on the estimated useful lives of the respective assets. The Organization has determined that items purchased with a value exceeding \$1,000 are to be treated as capitalized assets.

Investments - Investments are recorded at fair value with realized and unrealized gains and losses included in the statement of activities as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulations. The fair value of investment securities is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities.

Deferred Revenue - Underwriting and marketing fees received for the next fiscal year are deferred and will be recognized when earned in that year. Consideration received for conditional contributions is recognized as deferred revenue until such time as the conditions are substantially met.

Accrued Rent - The Organization recognizes lease expense on a straight-line basis over the term of the respective lease. Accrued rent arises from leases that provide for lease payments that differ from a straight-line basis.

Revenue Recognition - The Organization recognizes contributions that are given unconditionally in the period the contributions are received or promised, whichever is earlier. Pledges receivable are recorded net of estimated uncollectible amounts and discounted to net present value when applicable. Conditional promises to give are not included in support until such time as the conditions are substantially met.

The Organization may receive contributions of cash or other assets which it reports as restricted support if such contributions are received with donor restrictions that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Underwriting revenue is recognized as services are performed.

Donated Services and Goods - The Organization receives donated services and goods and engages in trade transactions, in the ordinary course of business. Such transactions involve donation of goods or services or the exchange of underwriting time for certain goods or services. These goods and services are recorded at the estimated market value of the related goods or services received on the date that they are received. These goods and services are recorded as support in the accompanying statements of activities and in the corresponding functional expense category on the accompanying statement of functional expenses and totaled approximately \$206,000 and \$175,000 for the years ended June 30, 2020 and 2019, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services, management and general, and fundraising efforts. The value of this contributed time does not meet the criteria for recognition of donated services and, accordingly, is not reflected as support in the accompanying financial statements.

Income Taxes - The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes has been recognized in the accompanying financial statements.

The Organization records liabilities for income tax positions taken or expected to be taken when those positions are deemed uncertain to be upheld in an examination by taxing authorities. No liabilities for uncertain income tax positions were recorded as of June 30, 2020 and 2019.

Advertising Expense - The Organization expenses the cost of advertising as incurred. The accompanying statements of activities include advertising expense in the amount of approximately \$13,000 and \$33,000 for the years ended June 30, 2020 and 2019, respectively.

Functional Expense Classification - The Organization's functional expense classification and allocation policy is based on a review of the current organizational structure, and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas. The compensation of certain members of management is allocated based on time and effort spent on program and supporting services. Occupancy, insurance and supply expenses are allocated based on employee headcount. All remaining expenses are categorized according to natural classification.

Reclassifications - Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. Such reclassifications had no effect on the previously reported change in net assets.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through October 27, 2020, which is the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at June 30, 2020:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,669,109
Accounts and pledges receivable, net	1,430,180
Investments	<u>3,975,116</u>
Total financial assets	<u>7,074,405</u>
Less amounts not available to be used for general expenditures within one year:	
Restricted by donors with purpose restrictions	178,806
Restricted by donors with time restrictions greater than one year	<u>-</u>
Financial assets not available to be used within one year	<u>178,806</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,895,599</u>

As part of the Organization's liquidity management, the Organization maintains at least three months of monthly expenses in cash and cash equivalents and appropriate short-term liquid investments, which may include unused availability on a line of credit issued by a commercial bank. As detailed in Note 6, the Organization has a line of credit for an amount up to \$750,000. There were no outstanding borrowings under this agreement as of June 30, 2020.

3. PLEDGES RECEIVABLE

Pledges outstanding consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Pledges receivable	\$ 1,364,359	\$ 1,075,866
Less allowance for uncollectible pledges	<u>136,436</u>	<u>107,587</u>
Pledges receivable, net	1,227,923	968,279
Current portion, net	<u>1,227,923</u>	<u>968,279</u>
Long-term, net	<u>\$ -</u>	<u>\$ -</u>

4. INVESTMENTS

Investments consisted of the following funds as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Money Market Funds	\$ 47,556	\$ 39,289
Certificates of Deposit	-	500,000
Fixed-Income Funds	2,185,015	1,585,164
Equity Funds	1,335,744	1,396,862
Exchange-Traded Products	<u>406,801</u>	<u>276,176</u>
Total	<u>\$ 3,975,116</u>	<u>\$ 3,797,491</u>

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

The inputs used for valuing investments are summarized in the three broad levels listed below:

- Level 1 - quoted prices in active markets for identical assets
- Level 2 - other significant observable inputs either directly or indirectly (including quoted prices for similar securities, interest rates, yield curves, credit risk, etc.)
- Level 3 - significant unobservable inputs

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

- Money Market Funds and Certificates of Deposit: Valued at the net asset value (“NAV”) per share which is \$1 per share.
- Mutual Funds (Fixed-Income and Equity Funds): Valued at the NAV of the shares held by the Organization at year end, as listed on publicly traded exchanges.
- Exchange-Traded Products: Valued at an index, a commodity or a basket of assets like an index fund that is listed on publicly traded exchanges.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. The following is a summary of the valuations as of June 30, 2020 and 2019 for the Organization’s investments based upon the three levels defined above.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 47,556	\$ -	\$ -	\$ 47,556
Fixed-Income Funds	2,185,015	-	-	2,185,015
Equity Funds	1,335,744	-	-	1,335,744
Exchange-Traded Products	<u>406,801</u>	<u>-</u>	<u>-</u>	<u>406,801</u>
Total	<u>\$ 3,975,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,975,116</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 39,289	\$ -	\$ -	\$ 39,289
Certificates of Deposit	500,000	-	-	500,000
Fixed-Income Funds	1,585,164	-	-	1,585,164
Equity Funds	1,396,862	-	-	1,396,862
Exchange-Traded Products	<u>276,176</u>	<u>-</u>	<u>-</u>	<u>276,176</u>
Total	<u>\$ 3,797,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,797,491</u>

Return on investments in the accompanying statement of activities is comprised of the following for the years ended June 30, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Realized gains	\$ 14,539	\$ 231,645
Unrealized (losses) gains	66,014	(121,607)
Dividends and interest	<u>97,072</u>	<u>112,955</u>
Total	<u>\$ 177,625</u>	<u>\$ 222,993</u>

Dividends and interest income is presented net of investment fees of \$12,502 and \$11,952 for the years ended June 30, 2020 and 2019.

5. PROPERTY

Property consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 28,432	\$ 28,432
Transmitters, antenna, and tower	1,360,729	1,354,869
Equipment - studio and broadcast	916,933	739,358
Furniture and fixtures	319,504	318,044
Leasehold improvements	<u>104,097</u>	<u>104,097</u>
Subtotal	2,729,695	2,544,800
Less accumulated depreciation and amortization	<u>2,270,939</u>	<u>2,182,402</u>
Total, net	<u>\$ 458,756</u>	<u>\$ 362,398</u>

6. LINE OF CREDIT

The Organization has a line of credit agreement with a bank for an amount up to \$750,000. The line of credit is payable in full on demand and may be terminated without notice to WFAE by the bank. Interest is payable monthly at LIBOR (0.08% as of June 30, 2020) plus 2.25%, subject to a floor of 3.25%. There were no outstanding borrowings under this agreement at June 30, 2020. At June 30, 2019, the Organization had a line of credit agreement with a different bank for an amount up to \$750,000. There were no outstanding borrowings under this agreement at June 30, 2019, and the agreement was terminated by the Organization prior to entering into its current line of credit agreement.

7. PAYROLL PROTECTION PROGRAM

FASB Accounting Standards Codification 470 permits Not-for-Profit Entities to recognize Payroll Protection Program ("PPP") loans as debt. Seeking relief from the financial effects of COVID-19, the Organization received a PPP loan under the CARES Act for \$617,392 on April 22, 2020. The Organization may apply for forgiveness of the loan at the end of the 24-week period following the date of the loan. If forgiveness is confirmed by the bank, the Organization will be relieved of the obligation to pay the outstanding balance of and any interest accrued (1.00% annual rate) on the loan. Management expects to meet the requirements for forgiveness under the loan agreement. When notification of forgiveness is received, the Organization will remove the debt and record income in the amount of the forgiven loan.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Restricted by donors with time restrictions	\$ <u>1,227,923</u>	\$ <u>1,170,581</u>
Restricted by donors with purpose restrictions:		
Healthcare Reporting	115,600	-
ReEmprise (Podcast and Community)	41,446	-
Other	<u>21,760</u>	<u>34,032</u>
Total	<u>178,806</u>	<u>34,032</u>
Net assets with donor restrictions	<u>\$ 1,406,729</u>	<u>\$ 1,204,613</u>

Net assets with donor restrictions are released from restriction by satisfaction of time and purpose. Restrictions released during the years ended June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Released from time restrictions	\$ 1,099,650	\$ 796,375
Released from purpose restrictions	<u>169,282</u>	<u>17,520</u>
Total	<u>\$ 1,268,932</u>	<u>\$ 813,895</u>

9. LEASE COMMITMENTS

The Organization leases building space and a transmitter from unrelated third parties under agreements classified as operating leases. Rent expense under these agreements totaled approximately \$278,000 and \$239,000 for the years ended June 30, 2020 and 2019, respectively.

Approximate future minimum lease payments under the operating leases as of June 30, 2020 are as follows:

Year ending June 30:	
2021	\$ 266,000
2022	266,000
2023	274,000
2024	281,000
2025	<u>43,000</u>
Total minimum lease payments	<u>\$ 1,130,000</u>

10. RETIREMENT PLAN

The Organization maintains a 403(b) retirement plan (the "Plan"), which covers full time employees of the Organization that have been employed for at least one year. The Plan requires employees to contribute 6% of salary following the completion of one year of service. The Organization makes discretionary contributions. Discretionary contributions were made by the Organization for the years ended June 30, 2020 and 2019 totaling approximately \$149,000 and \$134,000, respectively.

11. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2020 and 2019, the Organization received contributions from the Board of Directors and employees totaling approximately \$328,000 and \$132,000, respectively.

12. CONTINGENCY

On March 10, 2020, the World Health Organization declared the coronavirus outbreak (“COVID-19”) to be a pandemic. The outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its donors, employees and vendors, all of which are uncertain and cannot be predicted. Therefore, the extent to which COVID-19 may impact the Organization’s financial condition or results of operations is uncertain.
