

Financial Statements

**Northeast Indiana Public
Radio, Inc.**

June 30, 2023 and 2022

NORTHEAST INDIANA PUBLIC RADIO, INC.

Financial Statements
June 30, 2023 and 2022



INDEX

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3 - 4
Statement of Activities - Year Ended June 30, 2023	5
Statement of Activities - Year Ended June 30, 2022	6
Statements of Cash Flows	7 - 8
Statement of Functional Expenses - Year Ended June 30, 2023	9
Statement of Functional Expenses - Year Ended June 30, 2022	10
Notes to Financial Statements	11 - 23



Certified Public Accountants • Business Consultants

Independent Auditors' Report

Board of Trustees
Northeast Indiana Public Radio, Inc.
Fort Wayne, Indiana

Opinion

We have audited the accompanying financial statements of Northeast Indiana Public Radio, Inc. which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the years 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 Northeast Indiana Public Radio, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northeast Indiana Public Radio, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Northeast Indiana Public Radio, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

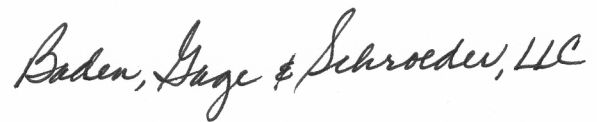
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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, including omissions, 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 Northeast Indiana Public Radio, Inc.'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 Northeast Indiana Public Radio, Inc.'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.



BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
December 7, 2023

NORTHEAST INDIANA PUBLIC RADIO, INC.

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 192,569	\$ 347,257
Receivables:		
Membership - net of allowance for uncollectible accounts of \$31,113 and \$39,821 in 2023 and 2022, respectively	95,570	101,846
Underwriting - net of allowance for uncollectible accounts of \$1,145 in 2023 and 2022	20,019	31,860
Grants and contributions - net of allowance for uncollectible accounts of \$0 and \$19,850 in 2023 and 2022, respectively	46,714	39,945
Prepaid expenses	<u>2,116</u>	<u>3,048</u>
Total Current Assets	356,988	523,956
PROPERTY AND EQUIPMENT	1,706,440	1,701,460
Less: Accumulated depreciation	<u>809,942</u>	<u>774,048</u>
Net Property and Equipment	896,498	927,412
RIGHT OF USE ASSETS - FINANCE LEASES, NET	632,129	-
RIGHT OF USE ASSETS - OPERATING LEASES, NET	4,238	-
BENEFICIAL INTEREST IN TRUST	<u>52,001</u>	<u>51,077</u>
TOTAL ASSETS	<u>\$ 1,941,854</u>	<u>\$ 1,502,445</u>

See Notes to Financial Statements.

<u>LIABILITIES AND NET ASSETS</u>	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable	\$ 14,701	\$ 118,223
Accrued payroll and related taxes	10,806	11,264
Current maturities of collateralized loans payable	16,435	15,716
Current maturities of finance lease liabilities	7,418	-
Current maturities of operating lease liabilities	905	-
Deferred revenue	<u>-</u>	<u>3,000</u>
Total Current Liabilities	50,265	148,203
NONCURRENT LIABILITIES		
Collateralized loans payable, net of current maturities	238,248	254,354
Finance lease liabilities, net of current maturities	642,973	-
Operating lease liabilities, net of current maturities	<u>3,488</u>	<u>-</u>
Total Noncurrent Liabilities	<u>884,709</u>	<u>254,354</u>
Total Liabilities	934,974	402,557
NET ASSETS		
Net assets without donor restrictions	294,651	388,583
Net assets with donor restrictions	<u>712,229</u>	<u>711,305</u>
Total Net Assets	<u>1,006,880</u>	<u>1,099,888</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,941,854</u>	<u>\$ 1,502,445</u>

NORTHEAST INDIANA PUBLIC RADIO, INC.



Statement of Activities Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Memberships	\$ 696,891	\$ -	\$ 696,891
Underwriting revenue	217,942	-	217,942
Grants and contributions:			
Corporation for Public Broadcasting	118,533	-	118,533
Corporations and foundations	46,859	114,544	161,403
Matching grants	738	-	738
In-kind services and materials	29,961	-	29,961
Special events:			
Proceeds	505	-	505
Nonprofit announcements	11,250	-	11,250
Change in beneficial interest in trust	3,579	924	4,503
Other revenue	5,512	-	5,512
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of time and purpose restrictions	<u>114,544</u>	<u>(114,544)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	1,246,314	924	1,247,238
EXPENSES			
Program services			
Production and programming	798,112	-	798,112
Broadcasting	34,396	-	34,396
Program information and promotion	<u>73,418</u>	<u>-</u>	<u>73,418</u>
Total program services	905,926	-	905,926
Supporting activities			
Management and general	186,249	-	186,249
Fundraising	<u>248,071</u>	<u>-</u>	<u>248,071</u>
Total supporting activities	<u>434,320</u>	<u>-</u>	<u>434,320</u>
TOTAL EXPENSES	<u>1,340,246</u>	<u>-</u>	<u>1,340,246</u>
CHANGE IN NET ASSETS	(93,932)	924	(93,008)
NET ASSETS, BEGINNING OF YEAR	<u>388,583</u>	<u>711,305</u>	<u>1,099,888</u>
NET ASSETS, END OF YEAR	<u>\$ 294,651</u>	<u>\$ 712,229</u>	<u>\$ 1,006,880</u>

See Notes to Financial Statements.

NORTHEAST INDIANA PUBLIC RADIO, INC.



Statement of Activities Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Memberships	\$ 698,015	\$ -	\$ 698,015
Underwriting revenue	214,368	-	214,368
Grants and contributions:			
Corporation for Public Broadcasting	101,756	-	101,756
Corporations and foundations	94,168	103,500	197,668
Matching grants	4,503	-	4,503
Bequests and legacies	34,004	-	34,004
In-kind services and materials	50,542	-	50,542
Special events:			
Proceeds	150,096	-	150,096
Less cost of direct benefits to donors	(11,233)	-	(11,233)
Nonprofit announcements	10,750	-	10,750
Change in beneficial interest in trust	4,522	(7,804)	(3,282)
Other revenue	5,609	-	5,609
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of time and purpose restrictions	<u>126,598</u>	<u>(126,598)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	1,483,698	(30,902)	1,452,796
EXPENSES			
Program services			
Production and programming	885,221	-	885,221
Broadcasting	34,028	-	34,028
Program information and promotion	<u>73,127</u>	<u>-</u>	<u>73,127</u>
Total program services	992,376	-	992,376
Supporting activities			
Management and general	222,898	-	222,898
Fundraising	<u>333,179</u>	<u>-</u>	<u>333,179</u>
Total supporting activities	<u>556,077</u>	<u>-</u>	<u>556,077</u>
Total expenses	1,548,453	-	1,548,453
Impairment loss on property	<u>305,216</u>	<u>-</u>	<u>305,216</u>
TOTAL EXPENSES AND IMPAIRMENT LOSS	<u>1,853,669</u>	<u>-</u>	<u>1,853,669</u>
CHANGE IN NET ASSETS	(369,971)	(30,902)	(400,873)
NET ASSETS, BEGINNING OF YEAR	<u>758,554</u>	<u>742,207</u>	<u>1,500,761</u>
NET ASSETS, END OF YEAR	<u>\$ 388,583</u>	<u>\$ 711,305</u>	<u>\$ 1,099,888</u>

See Notes to Financial Statements.

NORTHEAST INDIANA PUBLIC RADIO, INC.



Statements of Cash Flows Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (93,008)	\$ (400,873)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and amortization	58,003	33,622
Amortization of loan fees	391	392
Change in beneficial interest in trust	(924)	7,804
Impairment loss	-	305,216
Bad debt expense	46,280	77,953
Noncash lease expense	155	-
(Increase) Decrease in Assets:		
Membership receivables	(40,004)	(51,385)
Underwriting receivables	11,841	2,694
Grants and contributions receivable	(6,769)	(6,070)
Prepaid expenses	932	538
Increase (Decrease) in Liabilities:		
Accounts payable	(103,522)	89,551
Accrued payroll and related taxes	(458)	(9,637)
Deferred revenue	<u>(3,000)</u>	<u>(15,852)</u>
Net Cash Provided By (Used In) Operating Activities	(130,083)	33,953
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,981)	(532,462)
Proceeds from sale of license held for sale	<u>-</u>	<u>350,000</u>
Net Cash Used In Investing Activities	(4,981)	(182,462)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on collateralized loans payable	(15,777)	(15,115)
Payments on finance lease liabilities	<u>(3,847)</u>	<u>-</u>
Net Cash Used In Financing Activities	<u>(19,624)</u>	<u>(15,115)</u>
NET DECREASE IN CASH	(154,688)	(163,624)
CASH, BEGINNING OF YEAR	<u>347,257</u>	<u>510,881</u>
CASH, END OF YEAR	<u>\$ 192,569</u>	<u>\$ 347,257</u>

NORTHEAST INDIANA PUBLIC RADIO, INC.



Statements of Cash Flows (Continued) Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 34,268	\$ 14,348
SUPPLEMENTAL DISCLOSURES FOR LEASES:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 535	\$ -
Operating cash flows from finance leases	19,949	-
Lease asset obtained in exchange for lease obligations:		
Operating leases	\$ 4,797	\$ -
Finance leases	654,238	-

See Notes to Financial Statements.

NORTHEAST INDIANA PUBLIC RADIO, INC.



Statement of Functional Expenses Year Ended June 30, 2023

	<u>Production and Programming</u>	<u>Broadcasting</u>	<u>Program Information and Promotion</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Advertising and promotion	\$ 8,495	\$ -	\$ 1,644	\$ 10,139	\$ -	\$ -	\$ 10,139
Audience research	4,845	-	-	4,845	-	-	4,845
Bad debt expense	-	-	-	-	-	46,280	46,280
Dues and subscriptions	14,229	-	-	14,229	2,645	4,585	21,459
In-kind production and broadcasting services	-	21,762	-	21,762	-	-	21,762
Insurance	15,413	-	-	15,413	13,907	-	29,320
Interest	34,268	-	-	34,268	-	-	34,268
Licenses and fees	-	-	-	-	-	24,223	24,223
Meetings and conferences	500	-	759	1,259	1,518	1,021	3,798
Miscellaneous	3,144	-	296	3,440	3,841	3,781	11,062
Postage and shipping	198	-	200	398	951	5,478	6,827
Professional services	12,490	-	-	12,490	30,986	34,496	77,972
Programming expense	275,011	-	-	275,011	-	-	275,011
Rent - equipment	-	-	-	-	4,529	1,000	5,529
Repairs and maintenance	25,336	-	-	25,336	11,364	-	36,700
Salaries and related expense	319,352	-	69,201	388,553	96,791	88,249	573,593
Service agreement	3,564	-	-	3,564	2,271	12,900	18,735
Supplies	1,088	-	61	1,149	3,957	24,273	29,379
Telephone	12,437	-	314	12,751	2,550	1,254	16,555
Travel	3,120	-	943	4,063	1,412	531	6,006
Utilities	21,826	-	-	21,826	6,954	-	28,780
Expenses before depreciation and amortization	755,316	21,762	73,418	850,496	183,676	248,071	1,282,243
Depreciation and amortization	42,796	12,634	-	55,430	2,573	-	58,003
TOTAL FUNCTIONAL EXPENSES	\$ 798,112	\$ 34,396	\$ 73,418	\$ 905,926	\$ 186,249	\$ 248,071	\$ 1,340,246

See Notes to Financial Statements.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Statement of Functional Expenses Year Ended June 30, 2022



	<u>Production and Programming</u>	<u>Broadcasting</u>	<u>Program Information and Promotion</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Advertising and promotion	\$ 8,247	\$ -	\$ 5,140	\$ 13,387	\$ -	\$ -	\$ 13,387
Audience research	4,760	-	-	4,760	-	-	4,760
Bad debt expense	-	-	-	-	-	77,953	77,953
Dues and subscriptions	17,185	-	-	17,185	1,698	8,129	27,012
In-kind production and broadcasting services	-	21,294	-	21,294	-	-	21,294
Insurance	23,862	-	-	23,862	9,822	651	34,335
Interest	14,348	-	-	14,348	-	-	14,348
Licenses and fees	-	-	-	-	-	23,572	23,572
Meetings and conferences	495	-	-	495	-	-	495
Miscellaneous	868	-	-	868	1,891	3,079	5,838
Postage and shipping	146	-	146	292	1,172	6,188	7,652
Professional services	2,613	-	-	2,613	33,591	64,524	100,728
Programming expense	309,612	-	-	309,612	-	-	309,612
Rent - equipment	21,841	-	-	21,841	6,246	6,837	34,924
Repairs and maintenance	32,563	-	-	32,563	8,283	-	40,846
Salaries and related expense	388,379	-	66,481	454,860	141,424	69,217	665,501
Service agreement	4,114	-	-	4,114	663	57	4,834
Supplies	1,396	-	927	2,323	4,646	71,701	78,670
Telephone	11,432	-	317	11,749	2,589	1,271	15,609
Travel	98	-	116	214	556	-	770
Utilities	<u>24,691</u>	<u>-</u>	<u>-</u>	<u>24,691</u>	<u>8,000</u>	<u>-</u>	<u>32,691</u>
Expenses before depreciation and amortization	866,650	21,294	73,127	961,071	220,581	333,179	1,514,831
Depreciation and amortization	<u>18,571</u>	<u>12,734</u>	<u>-</u>	<u>31,305</u>	<u>2,317</u>	<u>-</u>	<u>33,622</u>
Statement of Activities Functional Expenses	885,221	34,028	73,127	992,376	222,898	333,179	1,548,453
Expenses netted with support: Cost of direct benefits to donors	<u>11,233</u>	<u>-</u>	<u>-</u>	<u>11,233</u>	<u>-</u>	<u>-</u>	<u>11,233</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 896,454</u>	<u>\$ 34,028</u>	<u>\$ 73,127</u>	<u>\$ 1,003,609</u>	<u>\$ 222,898</u>	<u>\$ 333,179</u>	<u>\$ 1,559,686</u>

See Notes to Financial Statements.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements
June 30, 2023 and 2022



Note 1. Organization and Summary of Significant Accounting Policies

Nature of Activities:

Northeast Indiana Public Radio, Inc. (the Organization) is a not-for-profit corporation, which operates a noncommercial public radio station whose primary listening area is Northeast Indiana. The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Broadcasting License:

The Organization is licensed to broadcast by the Federal Communications Commission (FCC). This license is subject to periodic review and renewal by the Commission.

Basis of Preparation:

The financial statements are prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of assets, net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions: Includes general assets and liabilities of the Organization. The net assets without donor restrictions of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Net Assets with Donor Restrictions: Includes assets of the Organization related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Unconditional promises to give that are restricted to use in future periods are classified as net assets with donor restrictions. Also included are assets that the donor stipulates must be maintained by the Organization in perpetuity.

Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash:

The Organization maintains its cash in deposit accounts which, at times, may exceed federally insured limits.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Receivables, Support and Revenue:

Underwriting revenue is recognized under Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, when performance obligations under the terms of a contract with the customer have been satisfied and control has transferred to the customer. Revenue is measured based on the consideration specified in each contract. Performance obligations are considered complete at a point in time, generally after the spot airs or the event has taken place. Generally, contracts require payment within 30 to 60 days. The Organization does not have any significant financing components as payment is received at or shortly after the sale. There is no variable consideration. The underwriting receivable balance was \$20,019, \$31,860 and \$34,554 at June 30, 2023, 2022 and 2021, respectively.

The Organization follows ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* in determining whether transactions should be recorded as a contribution or as an exchange transaction. The Organization recognizes contributions and grants, including memberships, when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional contributions as of June 30, 2023 and 2022.

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All grants, contributions and other support, which are expected to be received beyond one year, are discounted to their net present value. Receivables from both contributions and exchange transactions are reduced for any estimated uncollectible amounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, contract terms, and other circumstances which may affect the ability of donors or customers to meet their obligations. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Deferred Revenue:

The Organization holds special events, of which, tickets are purchased before the event. As the Organization receives ticket purchases, it records the payment as deferred revenue and is recognized as revenue when the event takes place. The deferred revenue balance was \$0, \$3,000 and \$18,852 at June 30, 2023, 2022 and 2021, respectively.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Property and Equipment:

Property and equipment is recorded at cost or, if received by donation, at fair value at the date of the gift. Items with a cost or value of \$1,000 or more and a useful life of one year or more are capitalized. Additions and improvements that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method for financial reporting purposes based on estimated useful lives of the related assets. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Leases

The Organization leases certain equipment. The determination of whether an arrangement is a lease is made at the inception of each contract. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Management has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since most of the Organization's leases do not provide an implicit rate, the Organization has elected the practical expedient to use the risk free rate at lease commencement for its leases.

Lease ROU assets include any upfront lease payments made and exclude any lease incentives. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Lease expense for finance lease payments is recognized on a straight-line basis over the useful life of the asset and is included in depreciation expense. The interest associated with finance lease obligations is included in interest expense. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

Certain equipment lease agreements include variable payments based on a percentage of use over contractual levels, which are not determinable at lease commencement and are not included in the measurement of the lease asset and liabilities. Variable payments are expensed during the period incurred.

One lease includes an option to renew, with renewal terms that can extend the lease term from five to 35 years or more. The exercise of lease renewal options is at the Organization's sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain to be exercised.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Loan Fees:

Loan fees are amortized using the effective interest method, over the term of the related debt, and are netted from collateralized loans payable. Loan fee amortization is reflected as a component of interest expense.

In-Kind Services and Materials:

In-kind contributions are donations of materials, supplies, equipment, and services, and are recognized as support and expenses in the statements of activities. In-kind contributions are recorded at their estimated fair market value at the date of receipt. Contributions of services are recognized in the financial statements only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In-kind trade results from an exchange of underwriting for services, advertising and promotion, materials, etc. In-kind trade revenue is recorded when the spot airs. In-kind trade expense is recorded when the traded item is received or the traded service is performed.

Advertising and Promotion:

Advertising and promotion costs are charged to operations when incurred, and totaled \$10,139 and \$13,387 for the years ended June 30, 2023 and 2022, respectively.

Recently Issued Accounting Standards:

Adopted Pronouncements:

In 2022, the Organization adopted Accounting Standard Update (ASU) 2016-02, *Leases* (Topic 842), using the modified retrospective approach, which permits organizations to recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption without adjusting the comparative periods prior to adoption. The new lease guidance requires all leases to be recognized on the statement of financial position as right-of-use assets and lease liabilities for the rights and obligations created by lease arrangements with terms greater than 12 months. Expenses are recognized in the statements of activities in a manner similar to previous accounting guidance.

In addition, the Organization elected the package of practical expedients permitted under the transition guidance, which among other things, allowed it to carry forward the historical lease classification and not reassess initial direct costs for any existing leases.

The adoption of the new standard resulted in the recognition of operating lease right-of-use assets and operating lease obligations on July 1, 2022 of \$639,861. This standard did not materially impact the Organization's net assets, net change in net assets, and cash flows.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Standards (Continued):

Pronouncements Currently Under Evaluation:

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13 *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The standard changes from an incurred loss approach of recognizing estimated credit losses (which delays recognition until a loss is probable or has been incurred) to an expected loss approach (requiring immediate recognition of estimated credit losses that are expected to occur over the life of the financial asset). The Organization would be expected to measure all expected credit losses for financial assets, including trade receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The anticipated result of implementation of this standard is earlier recognition of credit losses. The standard will take effect for nonpublic organizations for annual reporting periods beginning after December 15, 2022, and interim and annual reporting periods thereafter. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Income Taxes:

The accounting standard related to accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position 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. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of income subject to unrelated business income tax (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities as of June 30, 2023 and 2022.

The Organization files form 990 in the U.S. federal jurisdiction and form NP-20 for the State of Indiana. The Organization is generally no longer subject to examination for years before 2020.

Subsequent Events:

Management of the Organization has evaluated events and transactions for possible recognition or disclosure through December 7, 2023, the date the financial statements were available to be issued.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 2. Grants and Contributions Receivable

At June 30, 2023 and 2022, the Organization has grants and contributions receivable that are related to the following:

	<u>2023</u>	<u>2022</u>
Grants and contributions receivable for capital campaign	\$ -	\$ 19,850
Grants and contributions receivable for general operations	<u>46,714</u>	<u>39,945</u>
	46,714	59,795
Less: Allowance for uncollectible accounts	<u>-</u>	<u>19,850</u>
Net grants and contributions receivable due in one year	<u>\$ 46,714</u>	<u>\$ 39,945</u>

Note 3. Property and Equipment

Property and equipment consisted of the following at June 30, 2023 and 2022:

	<u>Estimated Useful Life</u>	<u>2023</u>	<u>2022</u>
Land		\$ 129,000	\$ 129,000
Building and improvements	3 - 39 years	496,369	496,369
Office equipment	3 - 7 years	129,886	129,886
Technical equipment	5 - 15 years	412,145	407,820
Construction in progress		<u>539,040</u>	<u>538,385</u>
		1,706,440	1,701,460
Less: Accumulated depreciation		<u>809,942</u>	<u>774,048</u>
		<u>\$ 896,498</u>	<u>\$ 927,412</u>

Depreciation expense was \$35,894 and \$33,622 for the years ended June 30, 2023 and 2022, respectively.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

The Organization was in the process of renovating a building, which is included in construction in progress. An impairment evaluation was conducted due to increased construction costs and other economic factors. Management concluded that the asset cost may not be recoverable and an impairment expense of \$305,216 was recognized during the year ended June 30, 2022. An impairment evaluation was conducted at June 30, 2023 due to impairment in the prior year. No impairment charge was recognized during the year ended June 30, 2023.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 4. Leases

The following is a summary of the lease expense:

Operating lease costs (included in operating expenses):	
Operating lease expense	\$ 690
Short-term lease cost	<u>321</u>
	<u>\$ 1,011</u>
Finance lease costs:	
Amortization of lease assets included in depreciation and amortization	\$ 22,109
Interest on lease liabilities included in interest expense	<u>19,899</u>
	<u>\$ 42,008</u>

Total lease expense was \$34,924 for the year ended June 30, 2022.

The following is a summary of the maturities of lease liabilities:

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2024	\$ 1,071	\$ 27,658	\$ 28,729
2025	1,071	27,658	28,729
2026	1,071	27,658	28,729
2027	1,071	27,658	28,729
2028	535	29,420	29,955
Thereafter	<u>-</u>	<u>902,933</u>	<u>902,933</u>
Total lease payments	4,819	1,042,985	1,047,804
Less: interest	<u>(426)</u>	<u>(392,594)</u>	<u>(393,020)</u>
Present value of lease liabilities	<u>\$ 4,393</u>	<u>\$ 650,391</u>	<u>\$ 654,784</u>

The following summarizes the weighted average remaining lease term and discount rate:

Weighted Average Remaining Lease Term	
Operating leases	5 years
Finance leases	29 years
Weighted Average Discount Rate	
Operating leases	4.26 %
Finance leases	3.13 %

The Organization adopted ASU 2016-02, *Leases*, using the modified retrospective approach. Under this approach, the Organization must also present the minimum required lease payments under operating leases that were in effect as of the prior year end (June 30, 2022) as follows:

2023	\$ 11,870
2024	<u>377</u>
	<u>\$ 12,247</u>

Note 5. Beneficial Interest in Trust

The beneficial interest consists of funds held by the Community Foundation of Greater Fort Wayne, Inc. (Foundation), which are the result of an agreement whereby the Organization transferred assets to the Foundation and specified itself as the beneficiary of the assets. The Organization may draw up to a certain percent of the value of the assets each year, but may only obtain a return of the full value of the assets upon consent of the Foundation.

Additionally, the Foundation holds investment assets, with a value of \$29,122 and \$28,527 as of June 30, 2023 and 2022, respectively, for the benefit of the Organization for which the Foundation has retained variance power. These assets are not recorded as assets of the Organization.

Note 6. Fair Value Measurements

Fair value measurements are based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, and are determined by either the principal market or the most advantageous market.

Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below with Level 1 measurements having the highest priority and Level 3 measurements having the lowest priority.

- Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market that the organization has the ability to access at the measurement date.
- Level 2: Fair value is based on quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Fair value is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

The asset's or liability's 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Beneficial interest in trust: Valued based on the underlying investments held by and reported to the Organization by the Community Foundation of Greater Fort Wayne, Inc.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 6. Fair Value Measurements (Continued)

The following tables set forth, by level within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of June 30, 2023 and 2022.

	Fair Value Measurements Using			Total Fair Value
	Level 1	Level 2	Level 3	
As of June 30, 2023:				
Beneficial interest in trust	\$ -	\$ -	\$ 52,001	\$ 52,001
As of June 30, 2022:				
Beneficial interest in trust	\$ -	\$ -	\$ 51,077	\$ 51,077

A reconciliation of the beginning and ending balance of the beneficial interest in trust, measured at fair value using significant unobservable inputs (Level 3) is as follows:

	2023	2022
Beginning balance	\$ 51,077	\$ 58,881
Realized and unrealized gains (losses)	2,945	(5,593)
Interest and dividends	1,520	1,986
Grants	(3,126)	(3,755)
Fees	(415)	(442)
Ending balance	<u>\$ 52,001</u>	<u>\$ 51,077</u>

Realized and unrealized gains (losses), interest and dividends, grants and fees are included in change in beneficial interest in trust in the statements of activities.

Note 7. Line of Credit

The Organization has a line of credit with a bank that is due on demand. The agreement provides for a maximum borrowing of \$50,000, with a variable interest rate of 1.25% over the index (9.50% at June 30, 2023). The line of credit is secured by all of the Organization's business assets. As of June 30, 2023 and 2022, there was no outstanding balance on the line of credit.

Note 8. Collateralized Loans Payable

Collateralized loans payable consist of the following:

	2023	2022
Note payable, bank, due in monthly installments of \$2,270 for the first 5 years with interest payable at a rate of 4.25%. In September 2025, payments decrease to \$2,216 and the interest rate is the weekly average yield of the U.S. Treasury plus 3.25%, due September 2030, with a balloon payment of the outstanding principal and interest, secured by a building.	\$ 257,488	\$ 273,266

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 8. Collateralized Loans Payable (Continued)

	<u>2023</u>	<u>2022</u>
Less: Unamortized loan costs	\$ 2,805	\$ 3,196
Less: Current maturities	<u>16,435</u>	<u>15,716</u>
	<u>\$ 238,248</u>	<u>\$ 254,354</u>

Maturities of the collateralized loans payable for the years ending after June 30, 2023, and in the aggregate, are as follows:

2024	\$ 16,435
2025	17,187
2026	18,316
2027	19,113
2028	19,834
Thereafter	<u>166,603</u>
	<u>\$ 257,488</u>

Note 9. Net Assets

The Board of Trustees has designated \$70,000 of current net assets without donor restrictions at June 30, 2023 and 2022, for the Building a Sound Future Campaign.

Net assets with donor restrictions as of June 30, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Operations (time restriction)	\$ 38,500	\$ 38,500
Building a Sound Future (time and purpose restriction)	621,728	621,728
Beneficial interest held in trust in perpetuity	<u>52,001</u>	<u>51,077</u>
	<u>\$ 712,229</u>	<u>\$ 711,305</u>

Net assets with donor restrictions in perpetuity consist of contributions made to the Organization that have been designated by the donor, and are held by the Community Foundation of Greater Fort Wayne, Inc. Income from net assets with donor restrictions is available for unrestricted purposes.

Net assets were released by satisfying donors' restrictions as follows:

	<u>2023</u>	<u>2022</u>
Internship program and news personnel payroll	\$ -	\$ 1,598
Operations	38,500	75,000
Asset improvement - equipment	-	25,000
Programming	<u>76,044</u>	<u>25,000</u>
	<u>\$ 114,544</u>	<u>\$ 126,598</u>

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 10. Liquidity and Availability of Resources

The Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting use, within one year of the statements of financial position date, are comprised of the following:

	<u>2023</u>	<u>2022</u>
Financial assets at June 30:		
Cash	\$ 192,569	\$ 347,257
Membership receivables	95,570	101,846
Underwriting receivables	20,019	31,860
Grants and contributions receivable	46,714	39,945
Beneficial interest in assets held by third party	<u>52,001</u>	<u>51,077</u>
Total financial assets	406,873	571,985
Less: Financial assets not available to be used within one year:		
Board designated net assets	70,000	70,000
Net assets with donor restrictions for time and purpose	660,228	660,228
Net assets with donor restrictions in perpetuity	<u>52,001</u>	<u>51,077</u>
Total financial assets not available for general expenditures within one year	<u>782,229</u>	<u>781,305</u>
Total financial assets available for general expenditures within one year	<u>\$ (375,356)</u>	<u>\$ (209,320)</u>

The Organization's goal is generally to maintain financial assets to meet current operating needs. During the year ended June 30, 2023, the Organization's board of directors and management elected to terminate the Building a Sound Future campaign, due to increased construction costs and other economic factors. With this decision, the board of directors intends to undesignate the \$70,000 in net assets that has been designated for the campaign. Management is working with donors to potentially repurpose the donations that were made to the campaign. As of June 30, 2023, these are reflected as net assets with donor restrictions for purpose. The building purchased as part of the campaign will be sold. Management will use the proceeds to satisfy remaining donor purpose restrictions and fund current and future operational needs, including repairs to its Clairmont Court headquarters. Subsequent to year end, management received approval to re-purpose approximately \$56,000 of the restricted funds and a donor requested that \$125,000 be returned upon the sale of the building. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of \$50,000 upon which the Organization can draw.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 11. Underwriting Revenue

The components of underwriting revenue for the year ended June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Total revenue	\$ 225,889	\$ 225,616
Less: in-kind trade	<u>7,947</u>	<u>11,248</u>
	<u>\$ 217,942</u>	<u>\$ 214,368</u>

Note 12. In-Kind Contributions and Donated Services

Contributed revenue for services was measured based on fair value of those items and the amounts recognized were as follows:

	<u>2023</u>	<u>2022</u>
Production and broadcast volunteer services	\$ 21,762	\$ 21,294
Broadcast material	252	-
Goods and services for special events	<u>-</u>	<u>18,000</u>
Total in-kind contributions	<u>\$ 22,014</u>	<u>\$ 39,294</u>

The Organization traded underwriting spots for the following:

	<u>2023</u>	<u>2022</u>
Advertising and promotion	\$ 8,495	\$ 8,247
Special events	495	19,796
Professional service	<u>-</u>	<u>525</u>
Total in-kind trade	<u>\$ 8,990</u>	<u>\$ 28,568</u>

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2023 and 2022



Note 13. Functional Allocation of Expense

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The expenses that are allocated include rent, utilities, telephone, repairs and maintenance, and miscellaneous expenses which are allocated on a square footage basis. Salaries and related expenses are allocated on the basis of estimates of time and effort. Depreciation and amortization is allocated based on the percentage of total cost of the fixed assets that related to production and programming. The following programs and supporting activities are included in the accompanying financial statements:

Production and Programming - Includes program acquisition costs and the expenses related to the production of non-commercial, educational radio programming.

Broadcasting - Includes radio tower rental, broadcasting equipment costs and other expenses related to the dissemination of non-commercial, educational radio programming.

Program Information and Promotion - Includes expenses related to the dissemination of information about non-commercial, educational radio programming.

Management and General - Includes accounting and production of financial reports, development of the annual budget, supervision of all departments and maintenance of personnel records.

Fundraising - Includes the cultivation of new donor-members, fundraising events, mailings, and the costs associated with grant writing and solicitation of underwriters.

Note 14. Employee Benefit Plan

The Organization sponsors a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code. Under the plan, full-time employees, who are 21 years of age and have six months of service, are eligible to participate in the plan. The Organization incurred no expenses for the for the years ended June 30, 2023 and 2022, as the Organization did not make discretionary matching contributions.

Note 15. Small Business Administration – Paycheck Protection Program

In April 2020, the Organization obtained \$119,500 under the Small Business Administration (SBA) Paycheck Protection Program (PPP) Round 1. In February 2021, the Organization obtained \$84,325 under the SBA PPP Round 2. The Organization has received forgiveness for both of these rounds prior to the year ended June 30, 2023. Under the PPP program, the SBA has six years to audit borrowers for program eligibility and compliance from the date forgiveness is granted.

Note 16. Subsequent Events

Subsequent to year end, the Organization received a bequest of approximately \$700,000.