



Financial Statements
June 30, 2023 and 2022

Spokane Public Radio, Inc.

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Independent Auditor's Report

To the Board of Directors
Spokane Public Radio, Inc.
Spokane, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spokane Public Radio, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Spokane 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Spokane 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.

Change in Accounting Principle

As discussed in Note 9 to the financial statements, Spokane Public Radio has adopted the provisions of FASB Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022 using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

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 Spokane Public Radio, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of 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 GAAS 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 GAAS, 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 Spokane 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 Spokane 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Spokane, Washington
November 27, 2023

Spokane Public Radio, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 432,743	\$ 730,111
Certificate of deposit	10,297	10,271
Subscription and membership promises to give, net	54,154	52,620
Underwriting receivable	29,063	35,638
Prepaid expenses	7,210	13,000
Beneficial interest in assets held by community foundation	176,187	139,386
Property and equipment, net	4,147,091	3,824,034
Cash surrender value of life insurance policy	26,903	26,110
Operating lease right-of-use asset	212,356	-
	<u>\$ 5,096,004</u>	<u>\$ 4,831,170</u>
Liabilities and Net Assets		
Accounts payable	\$ 1,900	\$ 2,940
Accrued expenses	141,015	91,242
Deferred revenue	34,222	6,115
Operating lease liability	217,483	-
Advance from donor	140,000	140,000
Line of credit	-	100,000
Notes payable	249,263	296,971
Total liabilities	<u>783,883</u>	<u>637,268</u>
Net Assets		
Without donor restrictions	3,584,959	4,071,926
With donor restrictions	727,162	121,976
Total net assets	<u>4,312,121</u>	<u>4,193,902</u>
	<u>\$ 5,096,004</u>	<u>\$ 4,831,170</u>

Spokane Public Radio, Inc.

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Corporation for Public Broadcasting			
Community Service Grant (CSG)	\$ 203,881	\$ -	\$ 203,881
State grants	-	612,960	612,960
Foundation grants	40,900	-	40,900
Total grants	244,781	612,960	857,741
Gross special events revenue	47,688	-	47,688
Less cost of direct benefits to donors	(7,543)	-	(7,543)
Net special events revenue	40,145	-	40,145
Subscriptions and memberships	949,973	17,529	967,502
Underwriting and sponsorships	331,564	-	331,564
Contributions	26,576	-	26,576
In-kind contributions	110,099	-	110,099
Other income	5,260	-	5,260
Change in value from beneficial interest	14,966	-	14,966
Net assets released from restrictions	25,303	(25,303)	-
Total revenue, support, and gains	1,748,667	605,186	2,353,853
Expenses			
Program services expense			
Programming, public relations, and program guide	1,224,095	-	1,224,095
Engineering and equipment	299,288	-	299,288
Total program expenses	1,523,383	-	1,523,383
Supporting services expense			
Management and general	448,712	-	448,712
Fundraising and membership development	263,539	-	263,539
Total supporting services expenses	712,251	-	712,251
Total expenses	2,235,634	-	2,235,634
Change in Net Assets	(486,967)	605,186	118,219
Net Assets, Beginning of Year	4,071,926	121,976	4,193,902
Net Assets, End of Year	\$ 3,584,959	\$ 727,162	\$ 4,312,121

See Notes to Financial Statements

Spokane Public Radio, Inc.

Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Corporation for Public Broadcasting			
Community Service Grant (CSG)	\$ 209,901	\$ -	\$ 209,901
State grants	25,000	24,932	49,932
Foundation grants	20,000	-	20,000
Total grants	254,901	24,932	279,833
Gross special events revenue	34,948	-	34,948
Less cost of direct benefits to donors	(10,849)	-	(10,849)
Net special events revenue	24,099	-	24,099
Subscriptions and memberships	1,023,884	21,060	1,044,944
Underwriting and sponsorships	384,099	-	384,099
Contributions	31,554	-	31,554
In-kind contributions	92,639	-	92,639
Other income	19,287	-	19,287
Change in value from beneficial interest	(27,454)	-	(27,454)
Net assets released from restrictions	19,340	(19,340)	-
Total revenue, support, and gains	1,822,349	26,652	1,849,001
Expenses			
Program services expense			
Programming, public relations, and program guide	1,110,132	-	1,110,132
Engineering and equipment	275,862	-	275,862
Total program expenses	1,385,994	-	1,385,994
Supporting services expense			
Management and general	398,601	-	398,601
Fundraising and membership development	217,294	-	217,294
Total supporting services expenses	615,895	-	615,895
Total expenses	2,001,889	-	2,001,889
Change in Net Assets	(179,540)	26,652	(152,888)
Net Assets, Beginning of Year	4,251,466	95,324	4,346,790
Net Assets, End of Year	\$ 4,071,926	\$ 121,976	\$ 4,193,902

See Notes to Financial Statements

Spokane Public Radio, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services				Fundraising and	
	Programming, Public Relations and Program Guide	Engineering and Equipment	Total	Management and General	Membership Development	Total
Payroll and Employee Benefits	\$ 430,109	\$ 77,672	\$ 507,781	\$ 259,231	\$ 203,889	\$ 970,901
Professional Services	110,981	31,494	142,475	98,674	37,126	278,275
Supplies and Postage	2,984	524	3,508	9,895	270	13,673
Utilities and Telephone	32,339	51,234	83,573	4,617	5,967	94,157
Rental Space	11,781	21,736	33,517	2,456	-	35,973
Repairs and Maintenance	23,436	47,004	70,440	12,751	4,208	87,399
Network Programming Fees	482,268	-	482,268	16	-	482,284
Marketing and Development	24,467	1,451	25,918	15,051	841	41,810
Insurance	22,603	883	23,486	2,940	2,312	28,738
Bank Fees	-	-	-	5,887	-	5,887
Bad Debt	3,383	-	3,383	-	-	3,383
Printing	4,092	-	4,092	-	-	4,092
Direct Fundraising Costs	-	-	-	4,674	2,869	7,543
Tax Items	924	537	1,461	231	231	1,923
Depreciation	74,728	66,753	141,481	13,996	13,369	168,846
Interest	-	-	-	18,293	-	18,293
Total Expenses by Function	1,224,095	299,288	1,523,383	448,712	271,082	2,243,177
Less Expenses Included with Revenues on the Statement of Activities Cost of direct benefits to donors	-	-	-	-	(7,543)	(7,543)
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,224,095</u>	<u>\$ 299,288</u>	<u>\$ 1,523,383</u>	<u>\$ 448,712</u>	<u>\$ 263,539</u>	<u>\$ 2,235,634</u>

See Notes to Financial Statements

Spokane Public Radio, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services				Fundraising and	
	Programming, Public Relations and Program Guide	Engineering and Equipment	Total	Management and General	Membership Development	Total
Payroll and Employee Benefits	\$ 398,882	\$ 71,801	\$ 470,683	\$ 240,368	\$ 188,725	\$ 899,776
Professional Services	77,852	44,573	122,425	82,847	6,566	211,838
Supplies and Postage	3,924	-	3,924	6,074	392	10,390
Utilities and Telephone	30,170	54,611	84,781	5,642	5,642	96,065
Rental Space	5,400	16,364	21,764	1,174	-	22,938
Repairs and Maintenance	17,301	27,646	44,947	12,365	2,465	59,777
Network Programming Fees	468,374	2,606	470,980	16	-	470,996
Marketing and Development	6,054	10	6,064	16,200	466	22,730
Insurance	24,252	5,222	29,474	2,238	2,238	33,950
Bank Fees	-	-	-	6,023	2,934	8,957
Bad Debt	6,914	-	6,914	-	-	6,914
Printing	64	-	64	-	-	64
Direct Fundraising Costs	778	-	778	8,168	1,903	10,849
Tax Items	980	572	1,552	245	245	2,042
Depreciation	63,516	49,149	112,665	15,262	15,149	143,076
Interest	5,671	3,308	8,979	1,626	1,418	12,023
Other	-	-	-	353	-	353
Total Expenses by Function	<u>1,110,132</u>	<u>275,862</u>	<u>1,385,994</u>	<u>398,601</u>	<u>228,143</u>	<u>2,012,738</u>
Less Expenses Included with Revenues on the Statement of Activities Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,849)</u>	<u>(10,849)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,110,132</u>	<u>\$ 275,862</u>	<u>\$ 1,385,994</u>	<u>\$ 398,601</u>	<u>\$ 217,294</u>	<u>\$ 2,001,889</u>

See Notes to Financial Statements

Spokane Public Radio, Inc.
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ 118,219	\$ (152,888)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	168,846	143,076
Imputed interest expense	9,308	8,907
Change in beneficial interest in assets held by community foundation	(14,966)	27,454
Cash surrender value of donated life insurance policy	(793)	(793)
Changes in operating assets and liabilities		
Subscription and membership promises to give, net	(1,534)	(10,627)
Underwriting receivable	6,575	4,135
Prepaid expenses	5,764	(13,000)
Accounts payable	(1,040)	(5,768)
Accrued expenses	49,773	(9,731)
Deferred revenue	28,107	6,115
Operating lease assets and liabilities	5,127	-
Net Cash from (used for) Operating Activities	<u>373,386</u>	<u>(3,120)</u>
Investing Activities		
Purchase of property and equipment	(491,903)	(110,089)
Contributions to community foundation	(21,835)	(20,060)
Net Cash used for Investing Activities	<u>(513,738)</u>	<u>(130,149)</u>
Financing Activities		
Net change in line of credit	(100,000)	100,000
Principal payments on notes payable	(57,016)	(56,165)
Net Cash from (used for) Financing Activities	<u>(157,016)</u>	<u>43,835</u>
Net Change in Cash and Cash Equivalents	(297,368)	(89,434)
Cash and Cash Equivalents, Beginning of Year	<u>730,111</u>	<u>819,545</u>
Cash and Cash Equivalents, End of Year	<u>\$ 432,743</u>	<u>\$ 730,111</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 8,985</u>	<u>\$ 3,115</u>

Note 1 - Principal Business Activity and Significant Accounting Policies

Organization

Spokane Public Radio, Inc. (the Organization) is a Washington nonprofit organization operating three noncommercial public radio stations in Spokane, Washington (KPBZ-FM 90.3, KPBX-FM 91.1, and KSFC-FM 91.9). The stations serve parts of eastern Washington, northern Idaho, western Montana, eastern Oregon, and British Columbia, Canada, through ten full power radio repeater stations and three translator stations. Management estimates that the stations reach between sixty and seventy thousand listeners, based upon published radio listener surveys.

Spokane Public Radio, Inc. offers a variety of classical music, jazz, and blues, as well as current news and public affairs programming. Spokane Public Radio, Inc. is supported primarily by listener contributions, local business underwriting, foundation grants, and grants from the Corporation of Public Broadcasting for program activities.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Certificates of Deposit

Certificates of deposit are recorded at cost, which approximates fair market value. The interest rate on the certificate is 0.35% and renews annually.

Underwriting Receivable

Underwriting receivable consists of amounts due under various underwriting contracts. Management determines the allowance for uncollectable accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. No allowance for doubtful accounts was considered necessary at June 30, 2023 and 2022.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Property and Equipment

Property and equipment additions over \$250 are recorded at cost, or if donated, at the fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over their estimated useful lives ranging from two to twenty years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2023 and 2022.

Beneficial Interest in Assets Held by Community Foundation

The Organization established an endowment fund that is perpetual in nature (the Fund) at Innovia Foundation (Innovia) and named itself as beneficiary. The Organization granted variance power to Innovia, which allows Innovia to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of Innovia's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by Innovia for the benefit of the Organization and is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

The Organization recognizes grants and contributions (including contributions referred to as subscriptions and 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 or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Organization recognizes revenue from underwriting and sponsorships during the period in which the related services are provided to customers. The performance obligation of delivering underwriting services is simultaneously received and consumed by the customers, therefore the revenue is recognized over time on the output method based on periods the underwriting was utilized. The underwriting contracts are non-refundable. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position.

In-Kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 11). The Organization does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include supplies and postage, rental space, utilities and telephone, repairs and maintenance, insurance, interest, and depreciation, which are allocated on a usage or specifically identified basis, as well as payroll and employee benefits, marketing and development, and professional services, which are allocated based on estimates of time and effort.

Advertising Costs

Advertising costs are expensed as incurred and were \$24,509 and \$11,715 during the years ended June 30, 2023 and 2022, respectively.

Income Taxes

Spokane Public Radio, Inc. is organized as a Washington nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) of the Internal Revenue Code as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Spokane Public Radio, Inc. is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Spokane Public Radio, Inc. is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Spokane Public Radio, Inc. has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2023 and 2022, the Organization had approximately \$193,000 and \$526,000, respectively, in excess of FDIC-insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Adoption of Accounting Standards Codification Topic 842

Effective July 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Organization elected to apply the guidance as of July 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to retained earnings, an operating lease liability of \$222,014 and an operating right-of-use asset of \$222,014. The adoption of the new standard did not materially impact the Organization's statements of operations or statements of cash flows. See Note 9 for further disclosure of the Organization's lease contracts.

Subsequent Events

The Organization has evaluated subsequent events through November 27, 2023, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

	2023	2022
Cash and cash equivalents	\$ 427,743	\$ 725,111
Certificate of deposit	10,297	10,271
Promises to give	54,154	52,620
Underwriting receivable	29,063	35,638
	<u>\$ 521,257</u>	<u>\$ 823,640</u>

Cash balances are typically available for general expenditure less amounts restricted by donors for specified purposes. The board of directors has established an operating reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need, determined by their estimate of three months of operating costs.

The Organization may also structure its financial assets to be available as its general expenditures and liabilities become due. The board has the ability to withdraw funds as needed from investments.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset. The fair value of the Organization's beneficial interest in assets held by community foundation is based on the fair value of the investments as reported by the community foundation. These are considered to be Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis at June 30, 2023 and 2022:

		Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total				
Beneficial Interest in Assets Held by Community Foundation				
June 30, 2023	\$ 176,187	\$ -	\$ -	\$ 176,187
June 30, 2022	\$ 139,386	\$ -	\$ -	\$ 139,386

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2023 and 2022:

	2023	2022
Balance, beginning of year	\$ 139,386	\$ 146,780
Contributions	21,835	20,060
Investment return, net	14,966	(27,454)
Balance, end of year	\$ 176,187	\$ 139,386

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2023 and 2022:

	2023	2022
Within one year	\$ 75,816	\$ 74,282
Less allowance for uncollectable promises to give	(21,662)	(21,662)
	<u>\$ 54,154</u>	<u>\$ 52,620</u>

Note 5 - Property and Equipment

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

	2023	2022
Broadcast and production equipment	\$ 2,364,605	\$ 1,802,594
Furniture and fixtures	44,525	40,907
Transmitter buildings and other	29,864	29,864
Vehicles	6,614	6,614
Monroe firehouse	4,159,578	4,159,578
	<u>6,605,186</u>	<u>6,039,557</u>
Less accumulated depreciation	(2,716,072)	(2,547,227)
	3,889,114	3,492,330
Monroe firehouse land	116,653	116,653
Property adjacent to Monroe firehouse	141,324	141,324
Equipment deposit	-	73,727
	<u>\$ 4,147,091</u>	<u>\$ 3,824,034</u>

At June 30, 2023 and 2022, the Monroe firehouse property includes capitalized interest of \$42,544.

Note 6 - Advance from Donor

In November 2014, a donor advanced \$140,000 to the Organization to fund the acquisition of the property adjacent to the Monroe firehouse. There are no defined repayment terms for this advance. For the years ended June 30, 2023 and 2022, no payments were made on the advance.

Note 7 - Line of Credit

The Organization has a \$350,000 revolving line of credit with Washington Trust Bank, secured by substantially all assets. The agreement matures on March 10, 2024. Borrowings under the line bear interest at the bank's prime rate plus 1.00% with a minimum floor of 4.00%. Amount outstanding on the line totaled \$0 and \$100,000 as of June 30, 2023 and 2022, respectively. The agreement requires the Organization to comply with certain non-financial covenants.

Note 8 - Notes Payable

Notes payable consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Note payable to Washington Trust Bank, due in monthly installments of \$1,781, including interest at 4.5%, to February 2025, secured by equipment and guaranteed by a donor and the donor's living trust	\$ 34,297	\$ 53,609
Noninterest bearing note payable, due in quarterly installments of \$9,426, to October 2029, secured by real property ^(A)	245,082	282,786
Less unamortized discount based on imputed interest rate of 4%	<u>(30,116)</u>	<u>(39,424)</u>
	<u><u>\$ 249,263</u></u>	<u><u>\$ 296,971</u></u>

^(A)For the years ended June 30, 2023 and 2022, imputed interest related to the note of \$9,308 and \$8,907, respectively, was expensed. Unamortized discount on the note is included in net assets with donor restrictions at June 30, 2023 and 2022, respectively.

Future maturities of notes payable are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 49,771
2025	44,825
2026	31,998
2027	33,297
2028	34,649
Thereafter	<u>54,723</u>
	<u><u>\$ 249,263</u></u>

Note 9 - Leases

The Organization leases translator and antenna systems under a long-term, noncancelable operating lease agreement. The lease expires in 2041. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The lease provides for increases in future minimum annual rental payments based on a 4% annual increase in base rent. Also, the agreement requires the Organization to pay for repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total lease costs for the year ended June 30, 2023 were as follows:

Operating lease cost	\$ 16,358
Short-term lease costs	<u>19,615</u>
	<u><u>\$ 35,973</u></u>

Total lease expense for the year ended June 30, 2022 was \$22,938.

The following table summarizes the supplemental cash flow information for the year ended June 30, 2023:

Cash Paid for Amounts included in the Measurement of Lease Liabilities	
Operating cash flows from operating lease	<u><u>\$ 11,232</u></u>

The following summarizes the weighted-average remaining lease term and weighted-average discount rate at June 30, 2023:

Weighted average Remaining Lease Term	
Operating leases	18.01 years
Weighted average Discount Rate	
Operating leases	3.35%

Future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as June 30, 2023:

2024	\$ 11,681
2025	12,149
2026	12,634
2027	13,140
2028	13,665
Thereafter	<u>236,303</u>
Total lease payments	299,572
Less interest	<u>(82,089)</u>
Present value of minimum lease payments	<u><u>\$ 217,483</u></u>

In October 2023, the Organization entered into an operating lease agreement for a communication site facility. The lease term is for ten years with an annual payment of \$5,250.

Note 10 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for Specified Purpose		
Emergency Funds	\$ 5,000	\$ 5,000
Subject to the Passage of Time		
Promises to give, net	54,154	52,620
Broadcast equipment upgrades - deed of trust held by grantor	637,892	24,932
Noninterest bearing note payable discount	<u>30,116</u>	<u>39,424</u>
	<u><u>\$ 727,162</u></u>	<u><u>\$ 121,976</u></u>

Net assets were released from donor restrictions when capital campaign promises to give and subscription and membership promises to give were collected, donor purpose was satisfied, and interest expense was recognized related to noninterest bearing note payable discount as of June 30, 2023 and 2022 in the amounts of \$25,303 and \$19,340, respectively.

Note 11 - In-kind Contributions

For the years ended June 30, 2023 and 2022, in-kind contributions recognized within the consolidated statements of activities included the following:

	2023	2022
Accounting	\$ 14,000	\$ 16,000
Computer services	6,916	6,916
Other professional	1,093	6,310
Legal fees	1,390	2,023
Janitorial	7,038	6,920
Advertising	20,423	9,632
Food and drink	5,320	2,134
Production engineering	53,919	42,704
	<u>\$ 110,099</u>	<u>\$ 92,639</u>

Contributed production engineering services are provided by specialty professionals who assist in the Organization's programming. Contributed product engineering services are used in program services and are recognized at fair value based on current rates for similar services.

Contributed legal, accounting, computer, advertising, janitorial, and other professional services are provided by professionals who advise and service the Organization. Contributed services are recognized at fair value based on current rates for similar professional services.

Contributed food and drink and advertising are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution.

Note 12 - Employee Benefits

The Organization sponsors a tax-deferred pension plan qualified under Section 403(b) of the Internal Revenue Code covering substantially all permanent employees. Employees can defer up to 20% of their annual compensation into their plan accounts. In addition, the Organization sponsors a tax-deferred Simplified Employee Pension Plan (SEP) covering all permanent employees. The plan provides that employees who have attained age 21 may contribute up to 15% of their earnings to the SEP, up to the maximum contribution allowed by the IRS. The Board of Directors approved contributions in the amount of 2% of eligible participant's compensation, with a minimum of \$25 per eligible participant for the years ended June 30, 2023 and 2022. Employer contributions were \$14,511 and \$14,527 for the years ended June 30, 2023 and 2022, respectively.

Note 13 - Fundraising Events

Revenue and direct expenses for fundraising events, consisting of the Record and Video Sale, for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Revenue	\$ 47,688	\$ 34,948
Direct fundraising costs	(7,543)	(10,849)
Fundraising, net	<u>\$ 40,145</u>	<u>\$ 24,099</u>

Note 14 - Conditional Promises to Give

In July 2021, the Organization received conditional promises to give from the Washington State Department of Commerce totaling \$980,000. The promises to give are contingent upon broadcast equipment upgrades and are recognized as qualifying expenditures are incurred. During the years ended June 30, 2023 and 2022, \$612,960 and \$24,932, respectively of revenue was recognized related to these promises to give because the condition on which they depend have been met. In connection with the conditional promises to give, the Department of Commerce maintains a deed of trust on the real property owned by the Organization. The Organization is required to operate the equipment for the purposes stipulated in the agreement for a period of ten years (through 2032), at which point the deed of trust will be transferred to the Organization.