

Financial Statements

**Northeast Indiana Public
Radio, Inc.**

June 30, 2022 and 2021

NORTHEAST INDIANA PUBLIC RADIO, INC.

Financial Statements
June 30, 2022 and 2021



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Certified Public Accountants • Business Consultants

Independent Auditors' Report

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

Unmodified Opinion on 2022 and Qualified Opinion on 2021

We have audited the accompanying financial statements of Northeast Indiana Public Radio, Inc. which comprise the statements of financial position as of June 30, 2022 and 2021, 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, except for the effects on the 2021 financial statements for the matter discussed in the Basis for Qualified Opinion section of our report, 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, 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 Unmodified Opinion on 2022 and Qualified Opinion on 2021

Generally accepted accounting principles require that the radio station license be tested at least annually for impairment, and if the carrying value of the license exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess. Management did not test the radio station license for impairment during the periods prior to June 30, 2021. Management recognized a loss of \$275,000 during the year ended June 30, 2021 due to the pending sale of the radio station license. An impairment loss could have applied to earlier periods, had the license been tested for impairment annually.

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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion on the 2022 financial statement and our qualified audit opinion on the 2021 financial statements.

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
November 21, 2022

NORTHEAST INDIANA PUBLIC RADIO, INC.

Statements of Financial Position **June 30, 2022 and 2021**



| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash | \$ 347,257 | \$ 510,881 |
| Receivables: | | |
| Membership - net of allowance for uncollectible accounts of \$39,821 and \$23,474 in 2022 and 2021, respectively | 101,846 | 128,414 |
| Underwriting - net of allowance for uncollectible accounts of \$1,145 in 2022 and 2021 | 31,860 | 34,554 |
| Contributions - net of allowance for uncollectible accounts of \$19,850 in 2022 and 2021 | 39,945 | 33,874 |
| Prepaid expenses | <u>3,048</u> | <u>3,586</u> |
| Total Current Assets | 523,956 | 711,309 |
| PROPERTY AND EQUIPMENT | 1,701,460 | 1,474,214 |
| Less: Accumulated depreciation | <u>774,048</u> | <u>740,426</u> |
| Net Property and Equipment | 927,412 | 733,788 |
| OTHER ASSETS | | |
| Beneficial interest in trust | 51,077 | 58,881 |
| Broadcasting licenses | <u>-</u> | <u>350,000</u> |
| Total Other Assets | <u>51,077</u> | <u>408,881</u> |
| TOTAL ASSETS | <u>\$ 1,502,445</u> | <u>\$ 1,853,978</u> |

See Notes to Financial Statements.

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 118,223 | \$ 28,672 |
| Accrued payroll and related taxes | 11,264 | 20,901 |
| Current maturities of collateralized loans payable | 15,716 | 15,108 |
| Deferred revenue | <u>3,000</u> | <u>18,852</u> |
| Total Current Liabilities | 148,203 | 83,533 |
| NONCURRENT LIABILITIES | | |
| Collateralized loans payable, net of current maturities | <u>254,354</u> | <u>269,684</u> |
| Total Liabilities | 402,557 | 353,217 |
| NET ASSETS | | |
| Net assets without donor restrictions | 388,583 | 758,554 |
| Net assets with donor restrictions | <u>711,305</u> | <u>742,207</u> |
| Total Net Assets | <u>1,099,888</u> | <u>1,500,761</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,502,445</u> | <u>\$ 1,853,978</u> |

NORTHEAST INDIANA PUBLIC RADIO, INC.

Statement of Activities Year Ended June 30, 2022



| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|-------------------------------|---------------------|
| SUPPORT AND REVENUE | | | |
| Memberships | \$ 698,015 | \$ - | \$ 698,015 |
| Underwriting revenue | 214,368 | - | 214,368 |
| Grants: | | | |
| 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.

Statement of Activities Year Ended June 30, 2021



| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|-------------------------------|---------------------|
| SUPPORT AND REVENUE | | | |
| Memberships | \$ 690,236 | \$ - | \$ 690,236 |
| Underwriting revenue | 198,086 | - | 198,086 |
| Contributions | - | 3,866 | 3,866 |
| Grants: | | | |
| Corporation for Public Broadcasting | 277,743 | - | 277,743 |
| Corporations and foundations | 144,031 | 38,370 | 182,401 |
| Matching grants | 1,046 | - | 1,046 |
| In-kind services and materials | 24,098 | - | 24,098 |
| Special events: | | | |
| Proceeds | 10,987 | - | 10,987 |
| Nonprofit announcements | 5,000 | - | 5,000 |
| Change in beneficial interest in trust | 3,935 | 13,682 | 17,617 |
| Paycheck Protection Program proceeds | 84,325 | - | 84,325 |
| Other revenue | 5,125 | - | 5,125 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | |
| Satisfaction of time and purpose restrictions | <u>50,836</u> | <u>(50,836)</u> | <u>-</u> |
| TOTAL SUPPORT AND REVENUE | 1,495,448 | 5,082 | 1,500,530 |
| EXPENSES | | | |
| Program services | | | |
| Production and programming | 859,205 | - | 859,205 |
| Broadcasting | 31,883 | - | 31,883 |
| Program information and promotion | <u>69,369</u> | <u>-</u> | <u>69,369</u> |
| Total program services | 960,457 | - | 960,457 |
| Supporting activities | | | |
| Management and general | 228,653 | - | 228,653 |
| Fundraising | <u>224,796</u> | <u>-</u> | <u>224,796</u> |
| Total supporting activities | <u>453,449</u> | <u>-</u> | <u>453,449</u> |
| Total expenses | 1,413,906 | - | 1,413,906 |
| Impairment loss on license held for sale | <u>275,000</u> | <u>-</u> | <u>275,000</u> |
| TOTAL EXPENSES AND IMPAIRMENT LOSS | <u>1,688,906</u> | <u>-</u> | <u>1,688,906</u> |
| CHANGE IN NET ASSETS | (193,458) | 5,082 | (188,376) |
| NET ASSETS, BEGINNING OF YEAR | <u>952,012</u> | <u>737,125</u> | <u>1,689,137</u> |
| NET ASSETS, END OF YEAR | <u>\$ 758,554</u> | <u>\$ 742,207</u> | <u>\$ 1,500,761</u> |

See Notes to Financial Statements.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Statements of Cash Flows

Years Ended June 30, 2022 and 2021



| | <u>2022</u> | <u>2021</u> |
|--|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (400,873) | \$ (188,376) |
| Adjustments to Reconcile Change in Net Assets to Net Cash | | |
| Provided By Operating Activities: | | |
| Depreciation and amortization | 33,622 | 27,462 |
| Amortization of loan fees | 392 | 702 |
| Change in beneficial interest in trust | 7,804 | (13,682) |
| Contributions received for long-term purposes | - | (3,866) |
| Impairment loss | 305,216 | 275,000 |
| Bad debt expense | 77,953 | 67,499 |
| (Increase) Decrease in Assets: | | |
| Membership receivables | (51,385) | (47,943) |
| Underwriting receivables | 2,694 | 718 |
| Contributions receivable | (6,070) | 1,542 |
| Prepaid expenses | 538 | (2,388) |
| Increase (Decrease) in Liabilities: | | |
| Accounts payable | 89,551 | 18,745 |
| Accrued payroll and related taxes | (9,637) | 9,161 |
| Deferred revenue | <u>(15,852)</u> | <u>4,051</u> |
| Net Cash Provided By Operating Activities | 33,953 | 148,625 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (532,462) | - |
| Proceeds from sale of license held for sale | <u>350,000</u> | - |
| Net Cash Used In Investing Activities | (182,462) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on collateralized loans payable | (15,115) | (51,216) |
| Cash paid for loan fees | - | (3,915) |
| Collection of contributions restricted to long-term purposes | <u>-</u> | <u>31,015</u> |
| Net Cash Used In Financing Activities | <u>(15,115)</u> | <u>(24,116)</u> |
| NET INCREASE (DECREASE) IN CASH | (163,624) | 124,509 |
| CASH, BEGINNING OF YEAR | <u>510,881</u> | <u>386,372</u> |
| CASH, END OF YEAR | <u><u>\$ 347,257</u></u> | <u><u>\$ 510,881</u></u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for interest | \$ 14,348 | \$ 17,541 |

See Notes to Financial Statements.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Statement of Functional Expenses Year Ended June 30, 2022



| | Production and Programming | Broadcasting | Program Information and Promotion | Total Program Services | Management and General | Fundraising | Total Expenses |
|---|----------------------------------|------------------|--|------------------------------|------------------------------|-------------------|---------------------|
| 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 | 24,691 | - | - | 24,691 | 8,000 | - | 32,691 |
| Expenses before depreciation and amortization | 866,650 | 21,294 | 73,127 | 961,071 | 220,581 | 333,179 | 1,514,831 |
| Depreciation and amortization | 18,571 | 12,734 | - | 31,305 | 2,317 | - | 33,622 |
| 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 | 11,233 | - | - | 11,233 | - | - | 11,233 |
| TOTAL FUNCTIONAL EXPENSES | \$ 896,454 | \$ 34,028 | \$ 222,898 | \$ 1,003,609 | \$ 222,898 | \$ 333,179 | \$ 1,559,686 |

See Notes to Financial Statements.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Statement of Functional Expenses

Year Ended June 30, 2021



| | Production and Programming | Broadcasting | Program Information and Promotion | Total Program Services | Management and General | Fundraising | Total Expenses |
|--|----------------------------------|------------------|--|------------------------------|------------------------------|-------------------|---------------------|
| Advertising and promotion | \$ 3,504 | \$ - | \$ 1,164 | \$ 4,668 | \$ - | \$ - | \$ 4,668 |
| Audience research | 5,780 | - | - | 5,780 | - | - | 5,780 |
| Bad debt expense | - | - | - | - | - | 67,499 | 67,499 |
| Dues and subscriptions | 16,428 | - | - | 16,428 | 1,963 | 7,603 | 25,994 |
| In-kind production and broadcasting services | - | 20,022 | - | 20,022 | - | - | 20,022 |
| Insurance | 19,709 | - | - | 19,709 | 6,570 | - | 26,279 |
| Interest | 17,541 | - | - | 17,541 | - | - | 17,541 |
| Licenses and fees | - | - | - | - | - | 26,345 | 26,345 |
| Meetings and conferences | - | - | - | - | - | 1,749 | 1,749 |
| Miscellaneous | 182 | - | - | 182 | 945 | 1,723 | 2,850 |
| Postage and shipping | 136 | - | 136 | 272 | 1,230 | 2,991 | 4,493 |
| Professional services | 14,101 | - | - | 14,101 | 28,374 | 27,628 | 70,103 |
| Programming expense | 300,204 | - | - | 300,204 | - | - | 300,204 |
| Rent - equipment | 37,934 | - | - | 37,934 | 6,295 | - | 44,229 |
| Repairs and maintenance | 23,838 | - | - | 23,838 | 5,457 | - | 29,295 |
| Salaries and related expense | 361,833 | - | 67,935 | 429,768 | 155,288 | 66,991 | 652,047 |
| Service agreement | 3,660 | - | - | 3,660 | 4,348 | - | 8,008 |
| Supplies | 1,665 | - | - | 1,665 | 4,526 | 21,733 | 27,924 |
| Telephone | 9,820 | - | 134 | 9,954 | 2,361 | 534 | 12,849 |
| Travel | - | - | - | - | 40 | - | 40 |
| Utilities | 29,576 | - | - | 29,576 | 8,949 | - | 38,525 |
| Expenses before depreciation and amortization | 845,911 | 20,022 | 69,369 | 935,302 | 226,346 | 224,796 | 1,386,444 |
| Depreciation and amortization | 13,294 | 11,861 | - | 25,155 | 2,307 | - | 27,462 |
| TOTAL FUNCTIONAL EXPENSES | \$ 859,205 | \$ 31,883 | \$ 69,369 | \$ 960,457 | \$ 228,653 | \$ 224,796 | \$ 1,413,906 |

See Notes to Financial Statements.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements
June 30, 2022 and 2021



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, 2022 and 2021



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 \$31,860, \$34,554 and \$35,272 at June 30, 2022, 2021 and 2020, 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, 2022 and 2021.

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 \$3,000, \$18,852 and \$14,801 at June 30, 2022, 2021 and 2020, respectively.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2022 and 2021



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.

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 \$13,387 and \$4,668 for the years ended June 30, 2022 and 2021, respectively.

Recently Issued Accounting Standards:

Pronouncements Currently Under Evaluation:

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with initial terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will affect the pattern of expense recognition in the statement of activities. This standard is effective for the year ending June 30, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued) June 30, 2022 and 2021



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

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, 2022 and 2021.

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 2019.

Reclassification:

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

Subsequent Events:

Management of the Organization has evaluated events and transactions for possible recognition or disclosure through November 21, 2022, the date the financial statements were available to be issued.

Note 2. Contributions Receivable

At June 30, 2022 and 2021, the Organization has contributions receivable that are related to the following:

| | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| Contributions receivable for capital campaign | \$ 19,850 | \$ 19,850 |
| Contributions receivable for general operations | <u>39,945</u> | <u>33,874</u> |
| | 59,795 | 53,724 |
| Less: Allowance for uncollectible accounts | <u>19,850</u> | <u>19,850</u> |
| Net contributions receivable due in one year | <u>\$ 39,945</u> | <u>\$ 33,874</u> |

Note 3. 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.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued) June 30, 2022 and 2021



Note 3. Beneficial Interest in Trust (Continued)

Additionally, the Foundation holds investment assets, with a value of \$28,527 and \$32,693 as of June 30, 2022 and 2021, 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 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2022 and 2021:

| | Estimated Useful Life | 2022 | 2021 |
|--------------------------------|--------------------------|-------------------|-------------------|
| Land | | \$ 129,000 | \$ 129,000 |
| Building and improvements | 3 - 39 years | 496,369 | 463,043 |
| Office Equipment | 3 - 7 years | 129,886 | 68,381 |
| Technical equipment | 5 - 15 years | 407,820 | 404,072 |
| Construction in progress | | <u>538,385</u> | <u>409,718</u> |
| | | 1,701,460 | 1,474,214 |
| Less: Accumulated depreciation | | <u>774,048</u> | <u>740,426</u> |
| | | <u>\$ 927,412</u> | <u>\$ 733,788</u> |

Depreciation expense was \$33,622 and \$27,462 for the years ended June 30, 2022 and 2021, 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.

Note 5. Broadcasting Licenses

The Organization owned two Federal Communications Commission broadcasting licenses for radio stations, WBOI-FM and WBNI-FM. In September 2021, the Organization sold WBNI-FM for \$350,000.

WBNI-FM had a carrying value of \$0 and \$350,000 in 2022 and 2021, respectively. The license had an indefinite useful life and was not amortized. The Organization received WBOI-FM through a donation in January 1982. The license has a carrying value of \$0 as of June 30, 2022 and 2021.

During the years prior to June 30, 2021, due to the cost of a qualified assessment, management did not obtain a valuation of the radio station license WBNI-FM.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2022 and 2021



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, 2022 and 2021.

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.

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, 2022 and 2021.

| Fair Value Measurements Using | | | | Total | |
|-------------------------------|---------|---------|-----------|------------|--------|
| | Level 1 | Level 2 | Level 3 | Fair Value | |
| As of June 30, 2022: | | | | | |
| Beneficial interest in trust | \$ - | \$ - | \$ 51,077 | \$ | 51,077 |
| As of June 30, 2021: | | | | | |
| Beneficial interest in trust | \$ - | \$ - | \$ 58,881 | \$ | 58,881 |

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued) June 30, 2022 and 2021



Note 6. Fair Value Measurements (Continued)

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:

| | <u>2022</u> | <u>2021</u> |
|--|------------------|------------------|
| Beginning balance | \$ 58,881 | \$ 45,199 |
| Realized and unrealized gains (losses) | (5,593) | 15,964 |
| Interest and dividends | 1,986 | 1,258 |
| Grants | (3,755) | (3,275) |
| Fees | <u>(442)</u> | <u>(265)</u> |
| Ending balance | <u>\$ 51,077</u> | <u>\$ 58,881</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

In October 2021, the Organization obtained a line of credit agreement 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 (6.00% at June 30, 2022). The line of credit is secured by all of the Organization's business assets. As of June 30, 2022 and 2021, there was no outstanding balance on the line of credit.

Note 8. Collateralized Loans Payable

Collateralized loans payable consist of the following:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| 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. | \$ 273,266 | \$ 288,381 |
| Less: Unamortized loan costs | 3,196 | 3,589 |
| Less: Current maturities | <u>15,716</u> | <u>15,108</u> |
| | <u>\$ 254,354</u> | <u>\$ 269,684</u> |

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued) June 30, 2022 and 2021



Note 8. Collateralized Loans Payable (Continued)

Maturities of the collateralized loans payable for the years ending after June 30, 2022, and in the aggregate, are as follows:

| | |
|------------|-------------------|
| 2023 | \$ 15,716 |
| 2024 | 16,377 |
| 2025 | 16,435 |
| 2026 | 17,126 |
| 2027 | 16,768 |
| Thereafter | <u>190,844</u> |
| | <u>\$ 273,266</u> |

Note 9. Net Assets

The Board of Trustees has designated \$70,000 of current net assets without donor restrictions at June 30, 2022 and 2021, for the Building a Sound Future Campaign.

Net assets with donor restrictions as of June 30, 2022 and 2021, consisted of the following:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Operations (time restriction) | \$ 38,500 | \$ 35,000 |
| Asset improvement - equipment (purpose restriction) | - | 25,000 |
| Building a Sound Future (time and purpose restriction) | 621,728 | 621,728 |
| Internship program and news personnel payroll | - | 1,598 |
| Beneficial interest held in trust in perpetuity | <u>51,077</u> | <u>58,881</u> |
| | <u>\$ 711,305</u> | <u>\$ 742,207</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>2022</u> | <u>2021</u> |
|---|-------------------|------------------|
| Internship program and news personnel payroll | \$ 1,598 | \$ 20,836 |
| Operations | 75,000 | 30,000 |
| Asset improvement - equipment | 25,000 | - |
| Programming | <u>25,000</u> | <u>-</u> |
| | <u>\$ 126,598</u> | <u>\$ 50,836</u> |

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued) June 30, 2022 and 2021



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>2022</u> | <u>2021</u> |
|---|---------------------|--------------------|
| Financial assets at June 30: | | |
| Cash | \$ 347,257 | \$ 510,881 |
| Membership receivables | 101,846 | 128,414 |
| Underwriting receivables | 31,860 | 34,554 |
| Contributions receivable | 39,945 | 33,874 |
| Beneficial interest in assets held by third party | <u>51,077</u> | <u>58,881</u> |
| Total financial assets | 571,985 | 766,604 |
| 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 | 683,326 |
| Net assets with donor restrictions in perpetuity | <u>51,077</u> | <u>58,881</u> |
| Total financial assets not available for general expenditures within one year | <u>781,305</u> | <u>812,207</u> |
| Total financial assets available for general expenditures within one year | \$ <u>(209,320)</u> | \$ <u>(45,603)</u> |

The Organization's goal is generally to maintain financial assets to meet current operating needs. Subsequent to year end, 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 also undesignated \$70,000 in net assets that had 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, 2022, 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.

Note 11. Underwriting Revenue

The components of underwriting revenue for the year ended June 30, 2022 and 2021, are as follows:

| | <u>2022</u> | <u>2021</u> |
|---------------------|-------------------|-------------------|
| Total revenue | \$ 242,936 | \$ 202,065 |
| Less: in-kind trade | <u>28,568</u> | <u>3,979</u> |
| | <u>\$ 214,368</u> | <u>\$ 198,086</u> |

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2022 and 2021



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>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| Production and broadcast volunteer services | \$ 21,294 | \$ 20,022 |
| Goods and services for special events | <u>18,000</u> | <u>-</u> |
| Total in-kind contributions | <u>\$ 39,294</u> | <u>\$ 20,022</u> |

The Organization traded underwriting spots for the following:

| | <u>2022</u> | <u>2021</u> |
|---------------------------|------------------|-----------------|
| Advertising and promotion | \$ 8,247 | \$ 3,504 |
| Special events | 19,796 | - |
| Professional service | <u>525</u> | <u>475</u> |
| Total in-kind trade | <u>\$ 28,568</u> | <u>\$ 3,979</u> |

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.

NORTHEAST INDIANA PUBLIC RADIO, INC.

Notes to Financial Statements (Continued)
June 30, 2022 and 2021



Note 14. Operating Leases

The Organization leases office equipment and broadcast tower space under various operating leases which expire through September 2023. The Roanoke broadcast tower space lease ended in September of 2021 due to the sale of WBNI-FM. These leases are subject to various renewal terms. The Organization also incurred rent expense under various month-to-month operating leases for certain facilities and equipment. Total lease expense was \$34,924 and \$44,229, respectively, for the years ended June 30, 2022 and 2021, respectively.

Minimum future rental payments under existing noncancellable operating leases, having initial or remaining terms in excess of one year as of June 30, 2022, are as follows:

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

Note 15. 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, 2022 and 2021, as the Organization did not make discretionary matching contributions.

Note 16. 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, 2022. Under the PPP program, the SBA has six years to audit borrowers for program eligibility and compliance from the date forgiveness is granted.

Note 17. Risk and Uncertainties

The COVID-19 outbreak and other current local, national and global events have disrupted supply chains and affected production, sales, and margins across a range of industries. The extent of the impact of these events on the Organizations's operational and financial performance will depend on certain developments, including the duration of the events and impact on customers, employees and vendors all of which are uncertain and cannot be predicted. It is uncertain the extent to which these events may impact the Organizations's financial position and results of activities.