

WHITE PINE COMMUNITY BROADCASTING, INC.

Financial Statements

**For the Years Ended
September 30, 2022 and 2021**

WHITE PINE COMMUNITY BROADCASTING, INC.

Audited Financial Statements

For the Years Ended September 30, 2022 and 2021

WHITE PINE COMMUNITY BROADCASTING, INC.

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September 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
White Pine Community Broadcasting, Inc.
Rhinelander, Wisconsin

Opinion

We have audited the accompanying financial statements of White Pine Community Broadcasting, Inc. (Corporation), which comprise the statements of financial position as of September 30, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of White Pine Community Broadcasting, Inc., as of September 30, 2022 and 2021, 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 White Pine Community Broadcasting, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about White Pine Community Broadcasting, 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 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.

To the Board of Directors
White Pine Community Broadcasting, Inc.

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 White Pine Community Broadcasting, 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 White Pine Community Broadcasting, 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.

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
February 22, 2023

FINANCIAL STATEMENTS

WHITE PINE COMMUNITY BROADCASTING, INC.

Statements of Financial Position
As of September 30, 2022 and 2021

	2022	2021
CURRENT ASSETS		
Cash	\$ 708,828	\$ 673,867
Unconditional Promises to Give, Net	1,413	1,640
Underwriting Receivables, Net	2,233	1,154
Prepaid Expenses	300	-
Total Current Assets	712,774	676,661
PROPERTY AND EQUIPMENT		
Land	16,262	16,262
Buildings and Improvements	473,942	407,392
Broadcasting Equipment	847,880	843,309
Furniture and Equipment	52,591	48,915
Total Property and Equipment	1,390,675	1,315,878
Less: Accumulated Depreciation	1,046,593	985,665
Net Property and Equipment	344,082	330,213
OTHER ASSETS		
Investments Held by Morgan Stanley	114,802	117,746
Investments Held by Heck Capital Advisors	59,733	67,686
Wisconsin Unemployment Certificate of Deposit	6,095	6,095
Beneficial Interest in Community Foundation of North Central Wisconsin	207,588	270,499
Total Other Assets	388,218	462,026
TOTAL ASSETS	\$ 1,445,074	\$ 1,468,900
LIABILITIES		
Accounts Payable	\$ 70,916	\$ 4,408
Accrued Payroll and Payroll Taxes	29,000	26,347
Deferred Revenue	10,834	11,825
Total Current Liabilities	110,750	42,580
NET ASSETS		
Without Donor Restrictions:		
Investment in Property and Equipment	344,082	330,213
Undesignated	696,826	536,472
Board Designated	233,683	291,594
Total Net Assets Without Donor Restrictions	1,274,591	1,158,279
With Donor Restrictions	59,733	268,041
Total Net Assets	1,334,324	1,426,320
TOTAL LIABILITIES AND NET ASSETS	\$ 1,445,074	\$ 1,468,900

See Accompanying Notes

WHITE PINE COMMUNITY BROADCASTING, INC.

Statement of Activities

For the Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
REVENUES AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 451,845	\$ 3,500	\$ 455,345
Contributions - In-kind	103,095	-	103,095
Underwriting	67,702	-	67,702
Grants	108,261	40,997	149,258
Rental Revenue	51,188	-	51,188
Net Assets Released from Restrictions	241,352	(241,352)	-
Total Revenues and Other Support	1,023,443	(196,855)	826,588
EXPENSES			
Program and Production	281,246	-	281,246
Broadcasting	51,627	-	51,627
Program Information	47,201	-	47,201
Management and General	306,804	-	306,804
Fundraising	98,396	-	98,396
Grant Solicitation and Underwriting	56,989	-	56,989
Total Expenses	842,263	-	842,263
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	181,180	(196,855)	(15,675)
NONOPERATING ACTIVITIES			
Other Income	987	-	987
Investment Loss	(2,944)	-	(2,944)
Change in Endowment	(62,911)	(11,453)	(74,364)
Total Nonoperating Activities	(64,868)	(11,453)	(76,321)
CHANGE IN NET ASSETS	116,312	(208,308)	(91,996)
NET ASSETS - BEGINNING	1,158,279	268,041	1,426,320
NET ASSETS - ENDING	\$ 1,274,591	\$ 59,733	\$ 1,334,324

See Accompanying Notes

WHITE PINE COMMUNITY BROADCASTING, INC.

Statement of Activities

For the Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
REVENUES AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 306,585	\$ 12,600	\$ 319,185
Contributions - In-kind	64,465	-	64,465
Underwriting	61,930	-	61,930
Grants	99,985	273,892	373,877
Rental Revenue	49,670	-	49,670
Net Assets Released from Restrictions	73,537	(73,537)	-
Total Revenues and Other Support	656,172	212,955	869,127
EXPENSES			
Program and Production	252,700	-	252,700
Broadcasting	45,742	-	45,742
Program Information	36,788	-	36,788
Management and General	281,320	-	281,320
Fundraising	82,590	-	82,590
Grant Solicitation and Underwriting	54,598	-	54,598
Total Expenses	753,738	-	753,738
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(97,566)	212,955	115,389
NONOPERATING ACTIVITIES			
Other Expenses	(928)	-	(928)
Paycheck Protection Plan Loan Forgiven	72,730	-	72,730
Investment Gain	2,499	-	2,499
Change in Endowment	30,931	7,876	38,807
Total Nonoperating Activities	105,232	7,876	113,108
CHANGE IN NET ASSETS	7,666	220,831	228,497
NET ASSETS - BEGINNING	1,150,613	47,210	1,197,823
NET ASSETS - ENDING	\$ 1,158,279	\$ 268,041	\$ 1,426,320

See Accompanying Notes

WHITE PINE COMMUNITY BROADCASTING, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2022

	Program Services			
	Programming and Production	Broadcasting	Program Information	Total
EXPENSES				
Salaries and Wages	\$ 114,860	\$ -	\$ 39,722	\$ 154,582
Payroll Taxes	8,724	-	3,017	11,741
Employee Benefits	15,051	-	-	15,051
Programming Costs	98,453	-	-	98,453
Repairs and Maintenance	5,137	-	-	5,137
Telephone	1,572	1,020	-	2,592
Utilities	-	27,455	3,926	31,381
Travel and Mileage	2,381	-	-	2,381
Advertising	-	-	-	-
Printing	-	-	-	-
Professional Services	-	-	-	-
Supplies	21	-	-	21
Postage	-	-	-	-
Miscellaneous	8,238	-	536	8,774
Dues and Subscriptions	-	-	-	-
Depreciation	26,809	23,152	-	49,961
TOTAL EXPENSES	<u>\$ 281,246</u>	<u>\$ 51,627</u>	<u>\$ 47,201</u>	<u>\$ 380,074</u>

See Accompanying Notes

Support Services				
Management and General	Fundraising	Grant Solicitation and Underwriting	Total	
\$ 93,959	\$ 48,681	\$ 43,625	\$	340,847
7,136	3,697	3,313		25,887
14,515	6,688	7,530		43,784
25,458	-	-		123,911
8,270	2,722	949		17,078
1,572	1,572	1,572		7,308
18,315	-	-		49,696
480	-	-		2,861
89,734	-	-		89,734
2,776	5,202	-		7,978
18,005	-	-		18,005
619	235	-		875
1,164	7,251	-		8,415
10,495	18,692	-		37,961
6,995	-	-		6,995
7,311	3,656	-		60,928
<u>\$ 306,804</u>	<u>\$ 98,396</u>	<u>\$ 56,989</u>	<u>\$</u>	<u>842,263</u>

WHITE PINE COMMUNITY BROADCASTING, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2021

	Program Services			
	Programming and Production	Broadcasting	Program Information	Total
EXPENSES				
Salaries and Wages	\$ 96,632	\$ -	\$ 31,816	\$ 128,448
Payroll Taxes	7,358	-	2,423	9,781
Employee Benefits	12,569	-	-	12,569
Programming Costs	90,742	-	-	90,742
Repairs and Maintenance	8,303	-	-	8,303
Telephone	1,489	805	-	2,294
Utilities	-	22,080	2,549	24,629
Travel and Mileage	3,076	-	-	3,076
Advertising	-	-	-	-
Printing	-	-	-	-
Professional Services	-	-	-	-
Supplies	212	-	-	212
Postage	-	-	-	-
Miscellaneous	7,129	-	-	7,129
Dues and Subscriptions	-	-	-	-
Depreciation	25,190	22,857	-	48,047
TOTAL EXPENSES	<u>\$ 252,700</u>	<u>\$ 45,742</u>	<u>\$ 36,788</u>	<u>\$ 335,230</u>

See Accompanying Notes

Support Services			
Management and General	Fundraising	Grant Solicitation and Underwriting	Total
\$ 116,655	\$ 45,494	\$ 41,296	\$ 331,893
8,882	3,464	3,144	25,271
8,288	7,063	7,532	35,452
24,557	-	-	115,299
9,882	893	1,137	20,215
1,490	1,489	1,489	6,762
11,796	-	-	36,425
1,214	-	-	4,290
55,925	-	-	55,925
2,992	4,963	-	7,955
20,644	-	-	20,644
566	353	-	1,131
1,759	4,831	-	6,590
2,581	10,431	-	20,141
6,871	-	-	6,871
7,218	3,609	-	58,874
<u>\$ 281,320</u>	<u>\$ 82,590</u>	<u>\$ 54,598</u>	<u>\$ 753,738</u>

WHITE PINE COMMUNITY BROADCASTING, INC.

Statements of Cash Flows
For the Years Ended September 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (91,996)	\$ 228,497
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Depreciation	60,928	58,874
Realized and Unrealized Loss (Gain) on Investments - Morgan Stanley	2,944	(2,499)
Realized and Unrealized Loss (Gain) on Investments - Heck Capital Advisors	11,453	(7,876)
Change in Beneficial Interest	51,911	(40,031)
Refundable Advance Liability	-	(72,730)
Change in Operating Assets and Liabilities:		
Unconditional Promises to Give, Net	227	1,955
Underwriting Receivables, Net	(1,079)	3,745
Prepaid Expenses	(300)	-
Accounts Payable	(42)	1,644
Accrued Payroll Taxes and Benefits	2,653	1,686
Deferred Revenue	(991)	(1,171)
Total Adjustments	127,704	(56,403)
Net Cash Flows From Operating Activities	35,708	172,094
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments Held by Heck Advisors	(3,500)	(12,600)
Distributions from Investments at Community Foundation	11,000	9,100
Purchase of Property and Equipment	(8,247)	(24,662)
Net Cash Flows From Investing Activities	(747)	(28,162)
NET CHANGE IN CASH	34,961	143,932
CASH - BEGINNING	673,867	529,935
CASH - ENDING	\$ 708,828	\$ 673,867
ADDITIONAL CASH FLOW INFORMATION		
Capital expenditures financed by accounts payable	\$ 66,550	\$ -

See Accompanying Notes

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements

September 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of White Pine Community Broadcasting, Inc. (Corporation) is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

White Pine Community Broadcasting, Inc. (Corporation) is a nonprofit Wisconsin corporation located in Rhinelander, Wisconsin with a translator station in Ironwood, Michigan and a repeater station in Wausau, Wisconsin. The Corporation is a public radio station operating on 100,000 watts of power with a frequency of 91.7 on the FM radio dial. The Corporation's mission is to present program services to the people of northern Wisconsin and the upper peninsula of Michigan, which enrich, entertain, and educate in the broadest sense by informing citizens of significant issues facing society; by exploring cultural diversity through music, arts, public affairs, and community events; and by providing participation in these events.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Corporation considers as cash equivalents all highly liquid investments which have a maturity period of three months or less at time of purchase. The Corporation maintains its bank accounts at three financial institution. Aggregate accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Corporation has not experienced any loss in such accounts. As of September 30, 2022, there was approximately \$383,000 of uninsured cash.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions. When a restriction expires or is fulfilled, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Promises to give consist of promises to give for operations as of September 30, 2022 and 2021. Promises to give at September 30, 2022 and 2021 are presented net of an allowance for potentially uncollectible promises of \$755 and \$864, respectively.

Management individually reviews all past due unconditional promises to give balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of unconditional promises to give are reduced by allowances that reflect management's estimate of uncollectible amounts.

Underwriting Receivables

Underwriting receivables consist of support to be received from the underwriters of its programming as of September 30, 2022 and 2021. Underwriting receivables at September 30, 2022 and 2021 are presented net of an allowance for potentially uncollectible amounts of \$667 and \$608, respectively.

Management individually reviews all past due balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of receivables are reduced by allowances that reflect management's estimate of uncollectible amounts.

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements

September 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments

The Corporation's investments consist of common stock and mutual funds, which are stated at fair value. Fair value represents the quoted market values of the underlying investments on the last business day of the fiscal year. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Realized and unrealized gains and losses on investments are reflected in nonoperating activities on the statement of activities.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Property and Equipment and Depreciation

Property and equipment are stated at cost, or, if donated, at the approximate market value at the date of donation. The Corporation capitalizes property and equipment with a value greater than or equal to \$500. Maintenance and repair costs are charged to expense as incurred. Material purchases of property and equipment with lives expected to exceed one year are capitalized. Gains or losses on disposition of property and equipment are reflected in income. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, as detailed below:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	5 - 25
Broadcasting Equipment	2 - 20
Furniture and Equipment	3 - 10

Accumulated Unpaid Vacation, Sick, and Personal Leave

Regular employees are granted vacation pay in varying amounts based on length of service and hire date. All employees may carryover a maximum of five vacation days into the next fiscal year. These days must be used before January 1st. Upon termination of employment by either the employee or employer, the terminated employee will be entitled to compensation for accumulated vacation leave at the employee's present pay rate.

Each regular employee is credited four hours of sick leave per pay period. Sick leave credits cannot accumulate in excess of 160 hours. Unused sick leave is not paid to the employee upon termination.

Each regular employee is entitled to 24 hours of paid personal leave per year. Personal leave credits do not carry over into subsequent years and unused credits upon termination of employment will not be paid out to the employee.

Deferred Revenues

The Corporation receives support from the underwriters of its programming (underwriting), which are thanked with on-air messages (spots). Underwriting paid in advance of credits aired is reflected as deferred revenue until the credits are aired or delivered. As of September 30, 2022 and 2021, the Corporation had deferred revenue of \$10,834 and \$11,825, respectively.

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements

September 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, 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.

Unconditional promises to give expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge.

Management individually reviews all past due unconditional promises to give balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of unconditional promises to give are reduced by allowances that reflect management's estimate of uncollectible amounts.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Corporation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. 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.

The Corporation reports gifts of goods and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Corporation receives support from the underwriters of its programming (underwriting), which are thanked with on-air messages (spots). Underwriting is recognized as revenue when credits are aired. Underwriting paid in advance of credits aired is reflected as deferred revenue until the credits are aired or delivered.

Grant revenue is recognized as revenue in the period in which it is expended for cost-reimbursed agreements. Rental income is recognized in the period in which the rental activity occurs.

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements

September 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (Continued)

The following table provides information about accounts receivable and deferred revenue balances at September 30, 2022, 2021 and 2020:

	2022	2021	2020
Underwriting Receivables, Net	\$ 2,233	\$ 1,154	\$ 4,900
Deferred Revenue	10,834	11,825	12,996

Donated Services

The Corporation received the following contributions of nonfinancial assets for the years ended September 30:

	2022	2021
Carpet cleaning services	\$ 1,200	\$ 1,200
Accounting services	-	4,200
Auction items	12,427	-
Concert series	5,540	5,540
Advertising services	83,928	53,525
Total Contributed Nonfinancial Assets	\$ 103,095	\$ 64,465

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Corporation received contributed carpet cleaning, accounting and advertising services that are reported using current rates for similar services. The Corporation also receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities for these fundraising and special projects services because the criteria for recognition have not been satisfied.

The Corporation receives items to be sold at its annual auction. Contributed auction items are valued at the gross selling price received.

All donated services and items were utilized by the Corporation's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and items.

Financial Statements Presentation

The Corporation presents its financial position and activities according to two classes of net assets:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.
- **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements

September 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to White Pine Community Broadcasting, Inc.'s ongoing services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature, including COVID related revenue.

Expense Allocation

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. Expenses are allocated based on time and effort.

Tax Status

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable State law, except on net income derived from unrelated business activities. Contributions are tax deductible within the limitations prescribed by the Code. The Corporation has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

The Corporation assesses whether it is more-likely-than-not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of the tax position is not recognized in the financial statements.

The Corporation recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. The Corporation leases rental space on their broadcasting tower that creates unrelated business income tax liability. The Corporation has made provisions for federal and state income taxes in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates and such differences may be material.

Subsequent Events

The Corporation evaluated subsequent events through February 22, 2023, the date the financial statements were available for issuance.

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements
September 30, 2022 and 2021

Note 2 - Availability and Liquidity

The following are White Pine Community Broadcasting, Inc.'s financial assets at September 30, 2022 and 2021:

Financial assets at year end:	2022	2021
Cash	\$ 708,828	\$ 673,867
Unconditional Promises to Give, Net	1,413	1,640
Underwriting Receivables, Net	2,233	1,154
Investments Held by Morgan Stanley	114,802	117,746
Investments Held by Heck Advisors	59,733	67,686
Beneficial Interest in Community Foundation	207,588	270,499
Total Financial Assets	<u>1,094,597</u>	<u>1,132,592</u>
Less amounts not available to be used within one year:		
Net Assets with Donor Restrictions	<u>59,733</u>	<u>268,041</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,034,864</u>	<u>\$ 864,551</u>

White Pine Community Broadcasting, Inc.'s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$204,000).

Note 3 - Reserve for Unemployment Compensation

The Corporation has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Unemployment claims are paid to the state of Wisconsin as incurred. The Corporation has obtained a certificate of deposit of \$6,095 to meet state funding requirements.

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements

September 30, 2022 and 2021

Note 4 - Investments

The investments are stated at fair market value, as detailed and described below at September 30, 2022 and 2021:

	2022	2021
Investments held by Morgan Stanley:		
Fixed income mutual funds	\$ 100,781	\$ 101,330
Equity mutual funds	14,021	16,416
Total Investments held by Morgan Stanley	<u>114,802</u>	<u>117,746</u>
Investments held by Heck Capital Advisors:		
Endowment Fund		
Cash and equivalents	954	9,389
Fixed income mutual funds	24,975	22,864
Equity mutual funds	33,804	35,433
Total Investments held by Heck Capital Advisors	<u>59,733</u>	<u>67,686</u>
	<u><u>\$ 174,535</u></u>	<u><u>\$ 185,432</u></u>

The following schedule summarizes the changes in investments for the years ended September 30, 2022 and 2021:

	2022	2021
Balance October 1	\$ 185,432	\$ 162,458
Interest and Dividends	1,259	938
Net Unrealized/Realized Gains (Losses)	(15,313)	9,726
Purchases	3,500	12,600
Management Fees	(343)	(290)
Balance September 30	<u><u>\$ 174,535</u></u>	<u><u>\$ 185,432</u></u>

Note 5 - Beneficial Interest in Assets at Community Foundation

In 1997, the Corporation established the WXPB Public Radio Endowment Fund (Fund), a Board- designated endowment fund, which is administered by the Community Foundation of North Central Wisconsin (the "Foundation"). Under terms of the agreement, income of the Fund may be distributed annually. The Corporation can withdraw all or a portion of the original amount transferred, any appreciation on those transferred assets, or both, provided that a majority of the governing boards of the Corporation and Foundation approve of the withdrawal. At the time of the transfer, the Corporation granted variance power to the Foundation. That power gives the Foundation the right to distribute the investment income to another not-for-profit organization of its choice if the Corporation ceases to exist or if the governing board of the Foundation votes that support of the Corporation (a) is no longer necessary or (b) is inconsistent with the needs of the North Central Wisconsin community.

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements

September 30, 2022 and 2021

Note 6 - Fair Value Measurements

Financial Accounting Standards Board Codification of Accounting Pronouncements, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Corporation has the ability to access as of the measurement date.
- Level 2 Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement 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.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at September 30, 2022, are as follows:

	Fair Value	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Investments held by Morgan Stanley:				
Fixed income mutual funds	\$ 100,781	\$ 100,781	\$ -	\$ -
Equity mutual funds	14,021	14,021	-	-
Investments held by Heck Capital Advisors:				
Cash and equivalents	954	954	-	-
Fixed income mutual funds	24,975	24,975	-	-
Equity mutual funds	33,804	33,804	-	-
Beneficial Interest in Community Foundation	207,588	-	-	207,588
	<u>\$ 382,123</u>	<u>\$ 174,535</u>	<u>\$ -</u>	<u>\$ 207,588</u>

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at September 30, 2021, are as follows:

	Fair Value	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Investments held by Morgan Stanley:				
Fixed income mutual funds	\$ 101,330	\$ 101,330	\$ -	\$ -
Equity mutual funds	16,416	16,416	-	-
Investments held by Heck Capital Advisors:				
Cash and equivalents	9,389	9,389	-	-
Fixed income mutual funds	22,864	22,864	-	-
Equity mutual funds	35,433	35,433	-	-
Beneficial Interest in Community Foundation	270,499	-	-	270,499
	<u>\$ 455,931</u>	<u>\$ 185,432</u>	<u>\$ -</u>	<u>\$ 270,499</u>

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements

September 30, 2022 and 2021

Note 6 - Fair Value Measurements (Continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Beneficial Interest
October 1, 2020	\$ 239,568
Total Gains (Realized/Unrealized)	43,952
Distributions	(9,100)
Administration Fees	(3,921)
September 30, 2021	270,499
Contributions	100
Total Losses (Realized/Unrealized)	(49,109)
Distributions	(11,000)
Administration Fees	(2,902)
September 30, 2022	\$ 207,588

Note 7 - Endowments

The Corporation's endowment consists of two individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has determined that they are to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as perpetually restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation. The Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Corporation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Corporation
- 7) The investment policies of the Corporation.

Return Objectives and Risk Parameters

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce returns of 4% - 6% above inflation (CPI) while assuming the lowest possible investment risk.

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements

September 30, 2022 and 2021

Note 7 - Endowments (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Corporation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Corporation has a policy of appropriating distributions each year for general operating expenses. In establishing this policy, the Corporation considered the long-term expected return on its endowment. Accordingly, over the long term, the Corporation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition by Type of Fund as of September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Endowment Principal	
Donor-Restricted Endowment Funds	\$ -	\$ 5,706	\$ 54,027	\$ 59,733
Board-Designated Endowment Funds	207,588	-	-	207,588
Total funds	<u>\$ 207,588</u>	<u>\$ 5,706</u>	<u>\$ 54,027</u>	<u>\$ 267,321</u>

Changes in Endowment Net Assets for the Year Ended September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Endowment Principal	
Endowment assets, beginning of year	\$ 270,499	\$ 17,159	\$ 50,527	\$ 338,185
Contribution	100	-	3,500	3,600
Investment return:				
Investment income	-	1,259	-	1,259
Net depreciation - realized and unrealized	(49,109)	(12,369)	-	(61,478)
Investment fees	(2,902)	(343)	-	(3,245)
Total investment return	(52,011)	(11,453)	-	(63,464)
Release of endowment assets for expenditure	(11,000)	-	-	(11,000)
Endowment assets, end of year	<u>\$ 207,588</u>	<u>\$ 5,706</u>	<u>\$ 54,027</u>	<u>\$ 267,321</u>

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements
September 30, 2022 and 2021

Note 7 - Endowments (Continued)Endowment Net Asset Composition by Type of Fund as of September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Endowment Principal	
Donor-Restricted Endowment Funds	\$ -	\$ 17,159	\$ 50,527	\$ 67,686
Board-Designated Endowment Funds	270,499	-	-	270,499
Total funds	<u>\$ 270,499</u>	<u>\$ 17,159</u>	<u>\$ 50,527</u>	<u>\$ 338,185</u>

Changes in Endowment Net Assets for the Year Ended September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Endowment Principal	
Endowment assets, beginning of year	\$ 239,568	\$ 9,283	\$ 37,927	\$ 286,778
Contribution	-	-	12,600	12,600
Investment return:				
Investment income	-	938	-	938
Net appreciation -				
realized and unrealized	43,952	7,232	-	51,184
Investment fees	(3,921)	(294)	-	(4,215)
Total investment return	40,031	7,876	-	47,907
Release of endowment assets for expenditure	(9,100)	-	-	(9,100)
Endowment assets, end of year	<u>\$ 270,499</u>	<u>\$ 17,159</u>	<u>\$ 50,527</u>	<u>\$ 338,185</u>

WHITE PINE COMMUNITY BROADCASTING, INC.

Notes to Financial Statements

September 30, 2022 and 2021

Note 8 - Net Assets

Net assets consist of the following at September 30, 2022 and 2021:

	2022	2021
Without Donor Restricted Net Assets:		
Investment in Property and Equipment	\$ 344,082	\$ 330,213
Undesignated	696,826	536,472
Board Designated		
Equipment and Computer Acquisition	20,000	15,000
Wisconsin Unemployment Certificate of Deposit	6,095	6,095
Beneficial Interest in Community Foundation of North Central Wisconsin	207,588	270,499
Total Board Designated	233,683	291,594
Total Without Donor Restricted Net Assets	1,274,591	1,158,279
With Donor Restricted Net Assets:		
American Rescue Grant Funds	-	200,355
Endowment Fund Earnings	5,706	17,159
Total Purpose Restricted Net Assets	5,706	217,514
Perpetual Restricted Net Assets		
Endowment Fund	54,027	50,527
Total With Donor Restricted Net Assets	59,733	268,041
Total Net Assets	\$ 1,334,324	\$ 1,426,320

Note 9 - Paycheck Protection Program

In April 2020, the Corporation qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (Investors Community Bank) for an aggregate principal amount of \$72,730. The principal amount of the PPP loan was subject to forgiveness under the Paycheck Protection Program upon the Corporation's request to the extent that the PPP loan proceeds were used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Corporation. The Corporation applied for and received forgiveness of the PPP loan with respect to these covered expenses. This was recognized within the nonoperating activities for the year ended September 30, 2021.

Note 10 - Defined Contribution Pension Plan

The Corporation sponsors a Simplified Employee Pension Plan (SEP) covering eligible employees. The employer is required to match contributions up to 3% of the employee's annual salary. For 2022 and 2021, the amount of pension expense was \$8,188 and \$6,217, respectively.

Note 11 - Advertising Costs

The Corporation expenses advertising costs as incurred. Total advertising costs charged to expense for 2022 and 2021 was \$89,734 and \$55,925, respectively.

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