



**NEWARK PUBLIC RADIO, INC.**  
**Financial Statements**  
**September 30, 2020 and 2019**  
**With Independent Auditor's Reports**

**Newark Public Radio, Inc.**  
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**September 30, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,  
Newark Public Radio, Inc.:

We have audited the accompanying financial statements of Newark Public Radio, Inc. ("WBGO" or the "Organization"), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to WBGO's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WBGO's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newark Public Radio, Inc. as of September 30, 2020 and 2019, 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.

*WithumSmith+Brown, PC*

March 11, 2021

**Newark Public Radio, Inc.**  
**Statements of Financial Position**  
**September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,783,231	\$ 1,218,526
Investments - without donor restrictions	848,547	775,830
Underwriting receivables, net	132,500	223,967
Promises to give		
Pledges receivable, net	83,607	228,834
Grants and contracts receivable, net	155,620	407,561
Prepaid expenses	<u>49,759</u>	<u>103,644</u>
Total current assets	<u>3,053,264</u>	<u>2,958,362</u>
Property and equipment, net	<u>1,065,805</u>	<u>1,170,995</u>
Other assets		
Investments - with donor restrictions	878,999	878,999
Grants and contracts receivable, non-current portion	<u>60,000</u>	<u>-</u>
	<u>938,999</u>	<u>878,999</u>
Total assets	<u>\$ 5,058,068</u>	<u>\$ 5,008,356</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 407,664	\$ 150,686
PPP Loan payable, current portion	62,729	-
Deferred revenue	<u>49,643</u>	<u>119,800</u>
Total current liabilities	520,036	270,486
PPP Loan payable, net of current portion	505,605	-
Deferred rent	<u>33,043</u>	<u>36,319</u>
Total liabilities	<u>1,058,684</u>	<u>306,805</u>
Net assets		
Without donor restrictions		
Board designated education fund	147,763	147,763
Board designated technical innovation fund	205,500	205,500
Available for general operations	<u>886,886</u>	<u>1,228,586</u>
	1,240,149	1,581,849
Investment in property and equipment	<u>1,065,805</u>	<u>1,170,995</u>
Total net assets without donor restrictions	2,305,954	2,752,844
With donor restrictions	<u>1,693,430</u>	<u>1,948,707</u>
Total net assets	<u>3,999,384</u>	<u>4,701,551</u>
Total liabilities and net assets	<u>\$ 5,058,068</u>	<u>\$ 5,008,356</u>

The Notes to Financial Statements are an integral part of these statements.

**Newark Public Radio, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended September 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>						
Contributions						
Contributions	\$ 2,176,265	\$ 591,999	\$ 2,768,264	\$ 2,416,797	\$ 387,781	\$ 2,804,578
Government grants	654,413	20,000	674,413	678,309	10,000	688,309
Investment income (loss), net	38,435	6,444	44,879	41,264	(1,218)	40,046
Exchange revenue						
Underwriting	320,688	-	320,688	603,883	-	603,883
Production, licensing and content	179,480	-	179,480	-	-	-
In-kind contributions	120,521	-	120,521	74,362	-	74,362
Special events	449,353	-	449,353	361,783	-	361,783
Trade revenue	146,066	-	146,066	398,006	-	398,006
Royalties	-	-	-	7,200	-	7,200
Other income	108,864	-	108,864	7,034	-	7,034
	<u>4,194,085</u>	<u>618,443</u>	<u>4,812,528</u>	<u>4,588,638</u>	<u>396,563</u>	<u>4,985,201</u>
Net assets released from restrictions						
Satisfaction of purpose restrictions	873,720	(873,720)	-	704,464	(704,464)	-
	<u>5,067,805</u>	<u>(255,277)</u>	<u>4,812,528</u>	<u>5,293,102</u>	<u>(307,901)</u>	<u>4,985,201</u>
<b>Expenses</b>						
Program services	3,071,917	-	3,071,917	3,140,546	-	3,140,546
Administrative	1,269,416	-	1,269,416	786,915	-	786,915
Fundraising	1,173,362	-	1,173,362	1,324,995	-	1,324,995
	<u>5,514,695</u>	<u>-</u>	<u>5,514,695</u>	<u>5,252,456</u>	<u>-</u>	<u>5,252,456</u>
<b>Changes in net assets</b>	(446,890)	(255,277)	(702,167)	40,646	(307,901)	(267,255)
<b>Net assets</b>						
Beginning of year	<u>2,752,844</u>	<u>1,948,707</u>	<u>4,701,551</u>	<u>2,712,198</u>	<u>2,256,608</u>	<u>4,968,806</u>
End of year	<u>\$ 2,305,954</u>	<u>\$ 1,693,430</u>	<u>\$ 3,999,384</u>	<u>\$ 2,752,844</u>	<u>\$ 1,948,707</u>	<u>\$ 4,701,551</u>

The Notes to Financial Statements are an integral part of these statements.

**Newark Public Radio, Inc.**  
**Statements of Cash Flows**  
**Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Changes in net assets	\$ (702,167)	\$ (267,255)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	105,190	117,926
Net realized/unrealized gains on investments	(10,045)	(7,205)
Donated investments	(17,003)	(16,398)
Bad debt expense	48,415	39,685
Changes in assets and liabilities		
Underwriting receivables	43,052	18,431
Pledges receivable, net	145,227	77,515
Grants and contracts receivable	191,941	16,425
Prepaid expenses	53,885	(48,238)
Accounts payable and accrued expenses	256,978	35,246
Deferred revenue	(70,157)	73,943
Deferred rent	(3,276)	(1,844)
Net cash provided by operating activities	<u>42,040</u>	<u>38,231</u>
<b>Investing activities</b>		
Purchase of investments	(1,080,171)	(1,425,474)
Proceeds from sale of investments	<u>1,034,502</u>	<u>1,422,824</u>
Net cash used in investing activities	<u>(45,669)</u>	<u>(2,650)</u>
<b>Financing activity</b>		
Issuance of PPP Loan payable	<u>568,334</u>	-
Net cash provided by financing activity	<u>568,334</u>	-
Net change in cash and cash equivalents	564,705	35,581
<b>Cash and cash equivalents</b>		
Beginning of year	<u>1,218,526</u>	<u>1,182,945</u>
End of year	<u>\$ 1,783,231</u>	<u>\$ 1,218,526</u>
<b>Supplemental disclosure of cash flow information</b>		
Noncash operating activities		
Trade revenue	<u>\$ 146,066</u>	<u>\$ 398,006</u>
In-kind contributions	<u>\$ 120,521</u>	<u>\$ 74,362</u>

The Notes to Financial Statements are an integral part of these statements.

**Newark Public Radio, Inc.**  
**Statements of Functional Expenses**  
**Years Ended September 30, 2020 and 2019**

	2020				2019			
	Program Services	Supporting Services			Total	Program Services	Supporting Services	
	Station Operations	Administrative	Fundraising	Total		Station Operations	Administrative	Fundraising
Salaries	\$ 1,667,965	\$ 387,926	\$ 367,527	\$ 2,423,418	\$ 2,528,632	\$ 1,609,488	\$ 504,814	\$ 414,330
Payroll taxes and fringe benefits	315,273	104,063	71,857	491,193	457,716	276,225	108,761	72,730
Artist fees	30,277	-	-	30,277	34,483	34,483	-	-
Professional services	281,376	577,495	152,775	1,011,646	457,253	184,142	56,442	216,669
Professional services-trade	-	37,946	-	37,946	-	-	-	-
Audience research	47,725	-	-	47,725	48,825	48,825	-	-
Office expense	26,275	2,844	3,252	32,371	38,563	25,874	8,992	3,697
Broadcast supplies	5,831	-	-	5,831	13,091	13,091	-	-
Program purchases	86,342	-	-	86,342	67,005	67,005	-	-
Internet streaming	47,654	-	-	47,654	39,595	39,595	-	-
Telephone	41,227	3,131	3,287	47,645	44,092	38,068	3,275	2,749
Fundraising supplies	-	-	43,423	43,423	50,184	-	-	50,184
Premiums	-	-	44,464	44,464	56,840	114	-	56,726
Postage and shipping	13,587	3,167	20,887	37,641	49,182	9,196	2,740	37,246
Dues and subscriptions	16,155	1,463	11,260	28,878	18,331	14,481	1,225	2,625
Satellite fee	12,125	-	-	12,125	10,875	10,875	-	-
Newswire	-	-	-	-	1,341	1,341	-	-
Credit and administrative fees	-	3,559	57,341	60,900	79,975	-	2,276	77,699
Travel and entertainment	8,972	6,007	459	15,438	35,164	31,046	3,143	975
Meetings and conferences	384	60	-	444	6,362	421	5,876	65
Advertising and public relations	4,561	-	127,597	132,158	87,052	3,279	361	83,412
Advertising and public relations - trade	108,120	-	-	108,120	389,506	389,506	-	-
Staff development	-	-	4,101	4,101	6,144	-	645	5,499
Utilities	20,806	355	6,168	27,329	41,949	26,569	8,362	7,018
Space and equipment rental	166,439	5,168	5,423	177,030	187,894	164,106	17,076	6,712
Repairs and maintenance	17,892	10,036	-	27,928	39,716	18,707	21,009	-
Insurance	30,533	6,966	7,310	44,809	46,374	28,897	10,382	7,095
Depreciation and amortization	58,934	17,128	29,128	105,190	117,926	65,392	22,218	30,316
Interest expense	-	-	-	-	-	-	-	-
Special events	-	-	214,360	214,360	249,248	-	-	249,248
Bad debt expense	48,415	-	-	48,415	39,685	39,685	-	-
Miscellaneous	15,049	102,102	2,743	119,894	9,453	135	9,318	-
	<u>\$ 3,071,917</u>	<u>\$ 1,269,416</u>	<u>\$ 1,173,362</u>	<u>\$ 5,514,695</u>	<u>\$ 5,252,456</u>	<u>\$ 3,140,546</u>	<u>\$ 786,915</u>	<u>\$ 1,324,995</u>

The Notes to Financial Statements are an integral part of these statements.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2020 and 2019**

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**1. ORGANIZATION AND PURPOSE**

Newark Public Radio, Inc. ("WBGO" or the "Organization") is a global leader in jazz radio, broadcasting from the jazz capital of the world. Founded in 1979, WBGO is a publicly-supported cultural institution that preserves and elevates America's music: jazz and blues. WBGO reaches a weekly audience of more than 400,000 in the New York/New Jersey metro area via 88.3FM. Through programs such as Jazz Night in America, produced in partnership with NPR and Jazz at Lincoln Center, and WBGO's position as content provider to NPR, its reach extends to millions more across the country. From its home base of Newark, New Jersey, Public Radio station WBGO has long been an anchor institution in community engagement through its partnerships, concerts, education and news programming.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of WBGO have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require WBGO to report information regarding its financial position and activities according to the following net asset classifications:

**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 Organization. These net assets may be used at the discretion of WBGO's management and the board of trustees.

**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 WBGO or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**New Accounting Pronouncements Implemented in the Current Year**

*Revenue Recognition*

In May 2014, the Financial Account Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASC 606"), which outlines a single comprehensive revenue model for entities to use in accounting for revenue arising from contracts with customers. This guidance supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented ASC 606, effective October 1, 2019, and has adjusted the presentation in these financial statements accordingly. The amendments have been applied using the modified retrospective method to all periods presented, with no effect on net assets or changes in net assets. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

*Financial Instruments*

Effective October 1, 2019, the Organization adopted ASU 2016-01, *Financial Instruments* (Topic 825), as issued by the FASB. This ASU required all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under the equity method of accounting or those that result in consolidation of the investee). In addition, the amendments in this ASU eliminated the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. Adoption of this accounting pronouncement had no effect on the Organization's 2020 and 2019 financial statements. This ASU has been adopted using the modified retrospective method to all periods presented, with no effect on net assets or changes in net assets.



**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2020 and 2019**

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*Revenue Recognition - Contributions Received and Made*

Effective October 1, 2019, the Organization adopted Financial Accounting Standards Board Accounting Standards Update 2018-08 - *Not-for-profit Entities - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improve guidance to better distinguish between conditional and unconditional contributions. This ASU has been adopted using the modified prospective method. As a result of adoption of this ASU, WBGO reclassified revenue of \$179,480 from contribution to an exchange transaction.

**Revenue and Support Recognition**

*Contributions*

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right to return, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. Revenue from government and private grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Grant funds received in advance of the expenditures incurred are recorded as grant advances payable. Grant funds expended in advance of reimbursement from the funding source are classified as grants and contracts receivable in the statements of financial position. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributions received not yet paid are recognized as promises to give in the statements of financial position.

*In-Kind Donations*

Donated professional services and supplies are recorded as revenue without donor restrictions at the estimated fair market value in the period when received and included in in-kind revenue in the statements of activities and changes in net assets.

*Trade*

Trade revenue is recorded in the period products or services of equal value are exchanged and are valued based on the services provided by WBGO at standard rates.

*Underwriting*

WBGO offers corporate underwriting which provides a wide array of sponsorship opportunities designed for financial, marketing and philanthropic goals. Customers can be a sponsor of a particular program or sponsor multiple programs over a period of time. WBGO accounts for underwriting revenues in accordance with ASC Topic 606. WBGO bills its customers on a monthly basis and records the revenue as the service is delivered, therefore, it is recorded at a point in time.

*Production, Licensing and Content*

WBGO has a collaborative contract whereby they produce and write content for the Jazz Night in America program. Revenue is recognized at a point in time for production and content when the service and/or content is delivered. Revenue is recognized over time for distributions of WBGO's allocable share of sponsorship and net carriage revenue.

*Special Events*

Special event revenue is recorded in the period the event is held.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2020 and 2019**

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*Other Income*

Other income is recorded in the period earned. During fiscal year 2020, other income includes an insurance claim of \$100,000.

**Investments**

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the statements of financial position. Donated investments are recorded at the fair value at the date of receipt. Investment income or loss (including realized and unrealized gains and losses on investments and interest and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

**Income Taxes**

WBGO is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and state income taxes under similar provisions. Accordingly, the accompanying financial statements do not reflect provisions for federal or state income taxes. WBGO had no unrecognized benefits at September 30, 2020 and 2019, and has incurred no interest or penalties related to income taxes for the periods presented in these financial statements.

**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 of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

**Property and Equipment and Depreciation**

Property and equipment purchases are recorded at cost, except for donated items which are recorded at the fair value on the date of donation. WBGO's policy calls for the capitalization of property and equipment purchases with costs of \$2,500 or greater and a useful life of no less than three years. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The principal rates for computing depreciation by major asset categories are as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Buildings	40
Building improvements	5-40
Office equipment	3-7
Broadcast equipment	3-15

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

**Functional Allocation of Expenses**

The costs of providing program and supporting services have been summarized on a functional basis based either on a direct costing method for charging expenses to each program or function, or on an allocation formula applied to certain costs that is consistent with the benefit derived by each program or function and is performed on an equitable basis.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
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The expenses that are allocated and the method of allocation is as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Occupancy	Direct program expenses
Office expense, telephone, postage and shipping	Direct program expenses
Insurance	Direct program expenses

**Advertising**

Advertising is expensed in the period incurred. Advertising amounted to \$132,158 and \$87,052 in 2020 and 2019, respectively, which included approximately \$121,000 and \$74,000 of in-kind advertising expense, respectively. Additionally, during the years ended September 30, 2020 and 2019, WBGO had \$108,120 and \$389,506, respectively, of advertising trade, which represented a reciprocal arrangement between WBGO and other cultural organizations for promoting each other, based on the fair market value of the services provided and received.

**Valuation of Long-Lived Assets**

WBGO reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment for impairment was required for the periods presented in these financial statements.

**Cash and Cash Equivalents**

Cash and cash equivalents include funds held in money market accounts and other instruments with an initial maturity of three months or less.

**Promises to Give**

Pledges receivable amounted to \$83,607 and \$228,834 for the years ended September 30, 2020 and 2019, respectively. Pledges which are due and payable in greater than one year are recorded at fair value using a discounted cash flow methodology. As of September 30, 2020 and 2019, WBGO's allowance for doubtful account was approximately \$9,000 and \$12,000, respectively.

**Underwriting Receivables**

Underwriting receivables represent unsecured, non-interest bearing obligations due on services rendered. Management closely monitors outstanding receivables and establishes an allowance for doubtful accounts based on historical write offs and specific identification of customers at risk of non-payment. For the years ended September 30, 2020 and 2019, WBGO's allowance for doubtful accounts was \$22,071 and \$25,865, respectively.

**Reclassifications**

Certain prior year amounts have been classified to conform to the current year presentation.

**New Accounting Pronouncements Not Yet in Effect**

*Leases*

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
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*Fair Value Measurements*

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* (Topic 820). This ASU amends ASC Topic 820, *Fair Value Measurement*, by removing and modifying certain disclosure requirements related to fair value measurements, including Level 3 fair value measurement disclosures. ASU 2018-13 is effective for all entities for annual reporting periods beginning after December 15, 2019 and early adoption is permitted. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

*Gifts In-Kind*

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

As of September 30, 2020 and 2019, the Organization's liquidity resources and financial assets available within one year for general expenditures, such as operating expenses, were as follows: The Organization regularly monitors liquidity required to meet its operating needs and commitments. The Organization's cash flows fluctuate during the year attributable to the timing of program operations and collection of funds from donors and grantors.

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 1,783,231	\$ 1,218,526
Investments	1,727,546	1,654,829
Underwriting receivables, net	132,500	223,967
Pledges receivable, net	83,607	228,834
Grants and contracts receivable	<u>155,620</u>	<u>407,561</u>
	3,882,504	3,733,717
Less: Amounts not available within one year for general expenditures		
Net assets with donor restrictions	<u>(1,693,430)</u>	<u>(1,948,707)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,189,074</u>	<u>\$ 1,785,010</u>

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
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**4. GRANTS AND CONTRACTS RECEIVABLE**

WBGO was due certain amounts at September 30, 2020 and 2019 from funding sources which resulted from expenditures incurred in excess of payments received or from donors' notifications of intent to give. Grants and contracts receivable are as follows at September 30:

	<u>2020</u>	<u>2019</u>
New Jersey State Council on the Arts	\$ -	\$ 107,804
Foundation and other receivables	<u>215,620</u>	<u>299,757</u>
	<u>\$ 215,620</u>	<u>\$ 407,561</u>

Management expects collection of these receivables during fiscal year ending September 30, 2021.

**5. INVESTMENTS**

The following summarizes the relationship between the market value and cost of investments at September 30:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equities	\$ 51,207	\$ 147,393	\$ 51,207	\$ 87,226
Mutual funds	18,818	44,130	16,534	37,685
Certificates of deposit	<u>1,528,711</u>	<u>1,536,023</u>	<u>1,527,686</u>	<u>1,529,918</u>
	<u>\$ 1,598,736</u>	<u>\$ 1,727,546</u>	<u>\$ 1,595,427</u>	<u>\$ 1,654,829</u>

Investment income consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 34,984	\$ 32,991
Realized gains	272	3,000
Unrealized gains	9,773	4,205
Investment fees	<u>(150)</u>	<u>(150)</u>
	<u>\$ 44,879</u>	<u>\$ 40,046</u>

**Fair Value Measurements**

WBGO has provided fair value disclosure information for relevant assets and liabilities in these financial statements. For applicable assets and liabilities, WBGO values such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, WBGO values such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, WBGO develops measurement criteria based on the best information available.



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**6. PROPERTY AND EQUIPMENT**

Property and equipment at September 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 47,855	\$ 47,855
Buildings	82,684	82,684
Building improvements	2,431,597	2,431,597
Broadcasting equipment	1,620,542	1,786,003
Office equipment	<u>487,929</u>	<u>487,929</u>
	4,670,607	4,836,068
Less: Accumulated depreciation	<u>3,604,802</u>	<u>3,665,073</u>
	<u>\$ 1,065,805</u>	<u>\$ 1,170,995</u>

Depreciation expense totaled \$105,190 and \$117,926 for the years ended September 30, 2020 and 2019, respectively.

**7. LOAN PAYABLE**

On May 12, 2020, the Organization issued an unsecured promissory note (the "PPP Loan") for \$568,334 through the Paycheck Protection Program ("PPP") established under the CARES Act, and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through Industrial Bank (the "Lender"), has a two-year term, bears interest at 1.00% per annum, and matures on January 20, 2023. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period, or October 20, 2021. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. Accordingly, the Organization has reflected the PPP Loan as short and long-term debt in the accompanying statement of financial position.

Maturities of PPP Loan as of September 30 are as follows:

2021	\$ 62,729
2022	378,576
2023	<u>127,029</u>
	<u>\$ 568,334</u>

**8. COMMITMENTS**

**Operating Leases - Rental Expense**

WBGO leases antenna and other space under month to month and non-cancelable operating lease arrangements with expirations ranging from May 2020 to March 2025. Additionally, WBGO leases office equipment and space for events held during the year under various contracts. Rental expense was approximately \$177,000 and \$188,000 for the years ended September 30, 2020 and 2019, respectively.

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Minimum future annual rentals to be paid under non-cancellable lease agreements for the remaining lease terms are as follows:

2021	\$	97,119
2022		93,880
2023		90,672
2024		92,222
2025		<u>48,698</u>
	\$	<u>422,591</u>

**Employment Contracts**

WBGO has an employment contract with an employee whereby the employee is guaranteed severance if terminated without cause, amounting to approximately \$90,000.

**Construction Contracts**

WBGO entered into a construction contract to renovate the HVAC system with an estimated cost of \$247,000.

**9. EMPLOYEE RETIREMENT PLAN**

All full time employees of WBGO who have completed minimum service requirements are eligible to participate in Newark Public Radio, Inc.'s Retirement Plan (the "Plan"), a defined contribution plan. Participants in the Plan may contribute a percentage of their compensation up to the maximum allowed by Internal Revenue Service regulations. WBGO makes discretionary contributions to each participant's account of up to 4% of the participant's compensation. Participants become vested immediately upon entry into the Plan. It is WBGO's policy to fund contributions currently. WBGO's discretionary contribution was approximately \$39,000 and \$43,000 for the years ended September 30, 2020 and 2019, respectively.



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**10. NET ASSETS WITH DONOR RESTRICTIONS**

Components of net assets with donor restrictions were as follows at September 30:

	<u>2020</u>	<u>2019</u>
Restricted by donor for programmatic use as follows		
Jazz Night in America/Jazzset	\$ 159,105	\$ 537,892
Children's jazz project	16,782	17,761
Live jazz productions	16,612	16,612
Capacity grant	11,831	12,181
Capacity grant - strategic plan	104,382	104,382
Fellowship funds	44,440	38,760
Kids jazz @ play	17,754	17,754
Newark 350	6,960	6,960
Security system	20,354	5,354
Investigative reporting	1,537	4,121
WBGO/NPR journalism	223,174	236,431
Enhancing financial health	71,500	71,500
Time restricted	<u>120,000</u>	<u>-</u>
	<u>814,431</u>	<u>1,069,708</u>
 Donor restricted endowed principal		
National Endowment for the Arts	240,000	240,000
Jazznet Endowment	300,000	300,000
Prudential Financial	250,000	250,000
NJ Cultural Trust	<u>88,999</u>	<u>88,999</u>
	<u>878,999</u>	<u>878,999</u>
 Total net assets with donor restrictions	<u>\$ 1,693,430</u>	<u>\$ 1,948,707</u>

Of the funds included in the permanently restricted net assets of WBGO, \$430,000 represents donations certified by the New Jersey Cultural Trust.

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Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Jazz Night in America/Jazzset	\$ 423,786	\$ 401,123
Children's jazz project	2,979	2,100
Live jazz productions	-	20,056
Capacity grant	350	2,625
Capacity grant - strategic plan	-	60,000
Fellowship funds	764	39,808
Security system	-	11,859
Investigative reporting	2,584	109
Enhancing financial health	-	78,215
WBGO/NPR journalism	183,257	88,569
Doris Duke grant	115,000	-
Donor redesignation	85,000	-
Time	60,000	-
	<u>\$ 873,720</u>	<u>\$ 704,464</u>

**11. ENDOWMENT FUNDS**

WBGO's endowment consists of four individual funds established to support WBGO operations. The funds are donor-restricted endowment funds. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Trustees of WBGO has interpreted state law as requiring the preservation of the 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, WBGO classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions in accordance with the donor agreements. Income earned on the endowment funds is without donor restrictions.

**Return Objectives and Risk Parameters**

WBGO follows investment 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 WBGO must hold in perpetuity.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, WBGO 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).

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Changes in endowment net assets for the years ended September 30, 2020 and 2019 are as follows:

	<b>National Endowment for the Arts</b>	<b>Jazznet Endowment</b>	<b>Prudential Endowment</b>	<b>NJ Cultural Trust</b>	<b>Total</b>
Balance - 10/01/18	\$ 240,000	\$ 300,000	\$ 250,000	\$ 88,999	\$ 878,999
Contributions	-	-	-	-	-
Investment income	5,984	7,481	6,234	2,219	21,918
Appropriated for expenditure	<u>(5,984)</u>	<u>(7,481)</u>	<u>(6,234)</u>	<u>(2,219)</u>	<u>(21,918)</u>
Balance - 9/30/19	240,000	300,000	250,000	88,999	878,999
Contributions	-	-	-	-	-
Investment income	5,340	6,674	5,562	1,980	19,556
Appropriated for expenditure	<u>(5,340)</u>	<u>(6,674)</u>	<u>(5,562)</u>	<u>(1,980)</u>	<u>(19,556)</u>
Balance - 9/30/20	<u>\$ 240,000</u>	<u>\$ 300,000</u>	<u>\$ 250,000</u>	<u>\$ 88,999</u>	<u>\$ 878,999</u>

**12. BOARD DESIGNATED NET ASSETS**

WBGO has two funds restricted by the board for education and innovation. The funds can be released by approval of the board.

**13. RELATED PARTY TRANSACTIONS**

WBGO received contributions from board members amounting to approximately \$35,000 and \$40,000 for the years ended September 30, 2020 and 2019, respectively.

**14. CONCENTRATIONS**

Financial investments which potentially subject WBGO to concentrations of credit risk consist of cash and cash equivalents, investments and receivables. In an attempt to limit the credit risk, WBGO places all funds with high quality financial institutions. At various times throughout the years, WBGO had cash balances in excess of FDIC insurance coverage. The credit risk with regard to receivables is limited due to amounts being comprised of many immaterial balances from a wide range of individuals and organizations.

WBGO had receivables from three grantors/donors amounting to 56% and 49% of total receivables for the years ended September 30, 2020 and 2019, respectively.

**15. RISKS AND UNCERTAINTIES**

The current outbreak of the novel strain of coronavirus (COVID-19) is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results, including investment results, may be adversely affected in 2020 and 2021. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

**Newark Public Radio, Inc.**  
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**16. SUBSEQUENT EVENTS**

WBGO has evaluated subsequent events occurring after the statement of financial position date through the date of March 11, 2021, the date the financial statements were available for release. Based upon this evaluation, WBGO has determined no events occurred which require adjustment to or disclosure in the financial statements.