

Your Public Radio Corporation and Subsidiaries

Consolidated Financial Statements

For the Years Ended June 30, 2022 and 2021



88.1 FM YOUR NPR NEWS STATION



YOUR HOME FOR TOTAL MUSIC DISCOVERY

YOUR PUBLIC radio

Your Public Radio Corporation and Subsidiaries

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For the Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
Your Public Radio Corporation and Subsidiaries
Baltimore, Maryland

Opinion

We have audited the accompanying consolidated financial statements of Your Public Radio Corporation and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, the related consolidated statements of activities and change in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Your Public Radio Corporation and Subsidiaries as of June 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Your Public Radio Corporation and Subsidiaries 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Your Public Radio Corporation and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

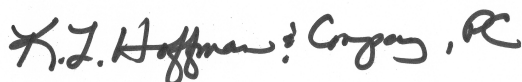
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated 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 consolidated 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 Your Public Radio Corporation and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Your Public Radio Corporation and Subsidiaries' 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.



CERTIFIED PUBLIC ACCOUNTANT

June 21, 2023

Your Public Radio Corporation and Subsidiaries

Consolidated Statements of Financial Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 780,509	\$ 870,323
Investments	790,765	885,415
Accounts receivable, net of allowance for doubtful accounts of \$26,397 and \$40,382 in 2022 and 2021	829,351	196,692
Contributions receivable	539,369	63,314
Membership sustainers receivable	1,777,926	1,700,407
Grant receivable	144,404	-
Prepaid expenses and deposits	100,434	289,802
Property and equipment - net	1,147,543	1,129,523
Derivative - interest rate swap	224,142	-
Licenses	9,399,494	6,399,494
Total assets	<u>15,733,937</u>	<u>11,534,970</u>
LIABILITIES AND NET ASSETS		
Accounts payable	516,206	85,223
Accrued payroll	440,877	270,506
Deferred rent expense	105,491	121,967
Bond payable, net of bond issue costs	159,730	660,062
Loans payable	3,278,419	286,111
Total liabilities	<u>4,500,723</u>	<u>1,423,869</u>
Net assets:		
Donor undesignated - Available for general activities	10,932,973	9,777,522
Donor designated	300,241	333,579
Total net assets	<u>11,233,214</u>	<u>10,111,101</u>
Total liabilities and net assets	<u>\$ 15,733,937</u>	<u>\$ 11,534,970</u>

See the independent auditor's report and accompanying notes.

Your Public Radio Corporation and Subsidiaries

Consolidated Statements of Activities and Change in Net Assets

Years Ended June 30, 2022 and 2021

	2022			2021		
	Donor Undesignated	Donor Designated	Total	Donor Undesignated	Donor Designated	Total
Revenues, gains, and other support:						
Underwriting	\$ 2,660,540	\$ -	\$ 2,660,540	\$ 1,668,989	\$ -	\$ 1,668,989
Public Support:						
Contributions and grants	1,756,226	69,603	1,825,829	1,040,320	36,145	1,076,465
Member support	1,448,281	-	1,448,281	1,009,486	-	1,009,486
Sustainers membership	1,828,047	-	1,828,047	1,846,405	-	1,846,405
Special promotions	25,223	-	25,223	5,092	-	5,092
Total public support	5,057,777	69,603	5,127,380	3,901,303	36,145	3,937,448
Grants from governmental agencies	554,481	-	554,481	557,980	-	557,980
Other revenue:						
Program fees	1,391	-	1,391	36,900	-	36,900
Miscellaneous income	-	-	-	6,110	-	6,110
Investment income	(98,649)	-	(98,649)	171	-	171
Total other revenue	(97,258)	-	(97,258)	43,181	-	43,181
Net assets released from donor designations	102,941	(102,941)	-	19,185	(19,185)	-
Total revenues, gains and other support	8,278,481	(33,338)	8,245,143	6,190,638	16,960	6,207,598
Expenses:						
Program services:						
Programming	3,689,747	-	3,689,747	2,736,341	-	2,736,341
Broadcasting	305,950	-	305,950	233,287	-	233,287
Underwriting	1,236,872	-	1,236,872	667,828	-	667,828
Supporting services:						
Management and general	1,118,376	-	1,118,376	959,755	-	959,755
Membership	777,717	-	777,717	598,264	-	598,264
Fund raising	218,510	-	218,510	161,569	-	161,569
	7,347,172	-	7,347,172	5,357,044	-	5,357,044
Change in net assets before gain on interest rate swap and extinguishment of debt	931,309	(33,338)	897,971	833,594	16,960	850,554
Gain on interest rate swap and extinguishment of debt	224,142	-	224,142	526,600	-	526,600
Change in net assets	1,155,451	(33,338)	1,122,113	1,360,194	16,960	1,377,154
Net assets - beginning of year	9,777,522	333,579	10,111,101	8,417,328	316,619	8,733,947
Net assets - end of year	\$ 10,932,973	\$ 300,241	\$ 11,233,214	\$ 9,777,522	\$ 333,579	\$ 10,111,101

See the independent auditor's report and accompanying notes.

Your Public Radio Corporation and Subsidiaries

Consolidated 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	\$ 1,122,113	\$ 1,377,154
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	73,690	72,152
Bond issue cost amortization	18,685	18,685
Forgiveness of debt	-	(526,600)
Donated stock	(49,510)	(23,540)
Gain on interest rate swap	(224,142)	-
Realized and unrealized loss on investments	109,994	-
Deferred rent expense	(16,476)	(12,818)
Property and equipment - trade	-	-
Bad debt expense	41,012	-
(Increase) decrease in:		
Accounts receivable	(654,876)	9,805
Contributions receivable	(494,850)	38,828
Membership sustainers receivable	(77,519)	(169,492)
Grant receivable	(144,404)	-
Prepaid expenses and deposits	189,368	(172,271)
Increase (decrease) in:		
Accounts payable	430,983	(343,445)
Accrued payroll	170,371	4,917
Net cash provided by operating activities	<u>494,439</u>	<u>273,375</u>
Cash flows from investing activities:		
Sales of investments	841,662	23,540
Purchase of investments	(807,496)	(30,421)
Capital expenditures	(91,710)	(16,998)
Net cash used in investing activities	<u>(57,544)</u>	<u>(23,879)</u>
Cash flows from financing activities:		
Payments on long-term debt	(526,709)	(399,924)
Net cash used in financing activities	<u>(526,709)</u>	<u>(399,924)</u>
Net decrease in cash	(89,814)	(150,428)
Cash - beginning of year	870,323	1,020,751
Cash - end of year	<u>\$ 780,509</u>	<u>\$ 870,323</u>

See the independent auditor's report and accompanying notes.

Your Public Radio Corporation and Subsidiaries

Consolidated Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	2022						
	Program Services			Supporting Services			Total
	Programming	Broadcasting	Underwriting	Management and General	Membership	Fund Raising	
Payroll and payroll related	\$ 2,005,225	\$ 94,387	\$ 977,972	\$ 640,518	\$ 296,100	\$ 80,092	\$ 4,094,294
Professional services	15,957	14,245	14,587	79,894	24,726	36	149,445
Occupancy	288,524	153,273	60,714	91,146	19,816	4,350	617,823
Supplies and office expense	123,673	16,883	53,527	144,188	191,663	3,814	533,748
Programming fees	1,182,752	-	63,115	-	-	-	1,245,867
Interest	17,641	17,641	17,641	36,326	17,641	-	106,890
Travel and entertainment	26,853	3,250	30,161	14,493	6,040	712	81,509
Promotion	-	-	-	-	26,152	128,134	154,286
Miscellaneous	1,363	147	438	57,159	189,470	31	248,608
Bad debts	-	-	-	41,012	-	-	41,012
Depreciation	27,759	6,124	18,717	13,640	6,109	1,341	73,690
	<u>\$ 3,689,747</u>	<u>\$ 305,950</u>	<u>\$ 1,236,872</u>	<u>\$ 1,118,376</u>	<u>\$ 777,717</u>	<u>\$ 218,510</u>	<u>\$ 7,347,172</u>

	2021						
	Program Services			Supporting Services			Total
	Programming	Broadcasting	Underwriting	Management and General	Membership	Fund Raising	
	\$ 1,491,051	\$ 50,500	\$ 506,556	\$ 642,361	\$ 212,273	\$ 141,480	\$ 3,044,221
	12,867	12,867	12,867	77,675	24,390	-	140,666
	74,472	146,353	36,791	82,887	12,611	8,655	361,769
	67,790	10,387	23,227	81,952	143,299	7,270	333,925
	1,047,818	-	54,355	-	-	-	1,102,173
	6,000	6,000	6,000	26,963	6,000	-	50,963
	5,625	563	13,694	1,501	1,768	791	23,942
	-	-	-	-	3,050	-	3,050
	2,094	92	197	31,728	190,026	46	224,183
	-	-	-	-	-	-	-
	28,624	6,525	14,141	14,688	4,847	3,327	72,152
	<u>\$ 2,736,341</u>	<u>\$ 233,287</u>	<u>\$ 667,828</u>	<u>\$ 959,755</u>	<u>\$ 598,264</u>	<u>\$ 161,569</u>	<u>\$ 5,357,044</u>

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 1 - NATURE OF ORGANIZATION

Your Public Radio Corporation (Organization) operates non-commercial radio stations, WYPR and WTMD, serving the Metropolitan Baltimore area and the State of Maryland.

On November 10, 2021, Your Public Radio Corporation acquired WTMD-FM 89.7. The acquisition will benefit the community by being able to serve audiences with expanded news, journalism, music and cultural programming, while preserving WTMD's license, music discovery format and service to the community.

The mission of Your Public Radio is to inform, connect, and even challenge the listeners we serve in the metropolitan Baltimore area and the State of Maryland by broadcasting programs of intellectual integrity and cultural merit so as to provide an unbiased perspective of the events of today and to enrich the minds and spirits of our audience.

WTMD is the most trusted source for music and cultural programming in the region and Baltimore's home for Total Music Discovery. We believe a rich, vibrant, thriving and diverse music and arts scene can elevate a city and enrich the lives of its residents. With listener support, WTMD strengthens communities and provides unmatched opportunities for Baltimore musicians and artists. WTMD connects artists with audiences through significant and meaningful airplay, live concerts, art openings, film screenings and more.

The radio stations support themselves in the following manners:

- A) Underwriting;
- B) Membership contributions;
- C) Major gifts; and
- D) Support from the Corporation of Public Broadcasting

WYPR License Holding, LLC, a limited liability company holds the non-commercial federal communications commission licenses of WYPR-FM Baltimore, Maryland and WTMD-FM Towson, Maryland. WYPR-FM Baltimore, Maryland broadcasts at 88.1 megahertz. WTMD-FM Towson, Maryland broadcasts at 89.7 megahertz. WYPR License Holding, LLC is a guarantor of the bank loan and has no other transactions other than the acquisition of WTMD-FM license during the year ended June 30, 2022. 2216 North Charles Street, LLC, a limited liability company, owns the building in which the Organization operates and has no other transactions. Your Public Radio Corporation is the single member of WYPR License Holding, LLC and 2216 North Charles Street, LLC.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Promises to Give

Unconditional promises to give that are expected to be collected within one (1) year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimates future cash flows. When material, the discounts on those amounts are computed using rates applicable to the facts and circumstances applicable to each of the promises to give. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers cash equivalents to include time deposits, certificates of deposits, and all highly liquid debt instruments purchased with maturities of three (3) months or less.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Beginning in July 2019, management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on 1% of underwriting revenue. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction to accounts receivable.

Investments

Investments consist of cash, exchange-traded funds, and mutual funds. Investments are reported at fair value based upon quoted or published market prices or estimated fair value using net asset value (NAV) provided by external investment managers. Interest and dividend income and realized and unrealized gains or losses on investments are recorded in the period in which the investment income or gains or losses occur and are included in the financial statements as undesignated activities unless designated by the donor.

Derivative Financial Instruments

The Organization makes limited use of derivative instruments for the purpose of managing interest rate risks. Interest rate swap agreements are used to convert the Organization's floating rate long-term debt to a fixed rate. The differentials paid or received on interest rate swap agreements are accrued and recognized as adjustments to interest expense; gains and losses realized upon settlement of those agreements are deferred until the underlying hedged instrument is settled. Cash flows from interest rate swap agreements are classified as an operating activity on the consolidated statement of cash flows.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

The Organization capitalizes substantial expenditures for property and equipment having a useful life of five (5) or more years. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful life of five (5) - thirty (30) years using the straight-line method. The Organization uses the direct expensing method to account for planned major maintenance activities.

Donated Services and Tangible Personal Property

Donations of services and tangible personal property are recorded as support at their estimated fair value at the date of donation. Such donations are reported as undesignated support unless the donor has designated the donated asset to a specific purpose. Assets donated with explicit designations regarding their use and contributions of cash that must be used to acquire tangible personal property are reported as designated support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor designations when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor designated net assets to undesignated net assets at that time.

The Organization recognizes donated services that creates or enhances nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These contributions are used in providing services to listeners and staff. The contributions are recognized at comparable current rates for services.

Impairment of Long-Lived Assets

The Organization reviews its property and tangible licenses for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended June 30, 2022 and 2021.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Revenue

Contributions received are recorded as donor undesignated or donor designated support, depending on the existence and/or nature of any donor designation.

Support that is designated by the donor is reported as an increase in donor undesignated net assets if the designation expires in the reporting period in which the support is recognized. All other donor designated support is reported as an increase in donor designated net assets, depending on the nature of the designation. When a designation expires (that is, when a stipulated time designation ends or purpose designation is accomplished), donor designated net assets are reclassified to donor undesignated net assets and reported in the consolidated statement of activities and change in net assets as net assets released from designations. Governmental grant awards are classified as refundable advances until expended for the purpose of the grants since they are conditional promises to give.

Membership Dues/Sustainer Memberships

Membership dues are recognized when received and are classified as contributions since there are no significant monetary membership benefits received by members.

Sustainer memberships are classified as contributions since there are no significant monetary membership benefits received by members. The Organization records sustainer membership revenue and receivables as promises to give that are collectible within one (1) year of the statement of financial position date.

Use of Estimates

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles (GAAP) 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cost Allocation

The consolidated financial statements report certain categories of expenses that are attributable to program or supporting services. Management's estimate of the allocations of expenses to program service, management and general, and fund raising is based on appropriate allocation factors such as estimated time spent in those areas or square footage used.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and the LLC's. Intra-entity transactions and balances have been eliminated in consolidation for the years ended June 30, 2022 and 2021.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization has a cash balance with one (1) bank in excess of \$250,000 as of June 30, 2022. Cash balances in excess of \$250,000 with one (1) bank are not insured by the FDIC.

NOTE 4 - INCOME TAXES

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable State law, and contributions to them are tax deductible within the limitations prescribed by the Code. The Organization has been classified as publicly-supported organizations which is not a private foundation under Section 509(a) of the Code.

The Internal Revenue Service has not examined (audited) any of the Organization's income tax returns thus the previous three (3) years are subject to examination. The Organization has not taken any questionable tax positions with respect to unrelated business income tax or anything that would jeopardize their 501(c)(3) status.

WYPR License Holding, LLC, is a for-profit organization. The limited liability company holds the non-commercial federal communications commission license for WYPR-FM and WTMD-FM and has no other assets or transactions. Under applicable tax laws, income and losses and income tax credits of a LLC pass through directly to the member. Since there were no transactions, no income tax was incurred which would be passed directly to Your Public Radio Corporation. 2216 North Charles Street, LLC, is a for-profit organization. The limited liability company owns the building in which the Organization operates and has no other assets or transactions. Under applicable tax laws, income and losses and income tax credits of an LLC pass through directly to the member. Since there were no transactions, no income tax was incurred which would be passed directly to Your Public Radio Corporation.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following unconditional promises to give at June 30,:

	<u>2022</u>	<u>2021</u>
Collectible in less than 1 year	\$ 539,369	\$ 62,314
Collectible in 1 - 5 years	-	1,000
	<u>\$ 539,369</u>	<u>\$ 63,314</u>

Membership sustainers' receivable consists of unconditional promises to give monthly, all due within one (1) year.

On May 24, 2022, the Organization signed an agreement with the Baltimore Banner to work collaboratively to deliver quality journalism throughout Maryland. As part of this agreement, a \$500,000 contribution was recorded at June 30, 2022 and is included in contributions receivable.

NOTE 6 - RETIREMENT PLAN

The Organization maintains a SIMPLE IRA plan covering substantially all employees. Employees who are at least twenty-one (21) years of age and are expected to earn at least \$5,000 are eligible to participate in the plan. Entry dates into the plan are the first day of each calendar quarter. The Organization will match the employee's contribution up to 3% of the employee's salary. Retirement plan expense was \$73,514 and \$64,563 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7 - SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing transactions at June 30,:

	<u>2022</u>	<u>2021</u>
FCC license purchased		
with loan payable	\$ 3,000,000	\$ -
Loan pay-off with loan payable	278,419	-
	<u>\$ 3,278,419</u>	<u>\$ -</u>

Cash paid for interest -

Total cash paid for interest for the years ended June 30, 2022 and 2021 was \$88,203 and \$30,002, respectively.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 8 - INTANGIBLE ASSETS

The Organization has obtained licenses to broadcast in Baltimore, Frederick, and Ocean City, Maryland. The original purchase price and legal fees associated with these licenses have been capitalized. Since the licenses are considered to have indefinite lives, GAAP does not allow amortization. However, the licenses are subject to an annual impairment test. As of June 30, 2022 and 2021, there was no impairment of the licenses.

Intangible assets consisted of the following at June 30,:

	<u>2022</u>	<u>2021</u>
Unamortized intangible assets -		
Licenses	<u>\$ 9,399,494</u>	<u>\$ 6,399,494</u>

NOTE 9 - BOND PAYABLE

On November 15, 2007, the original Bond was refunded with the issuance of Variable Interest Rate Demand Revenue Bonds, Series 2007 (2007 Bond). The proceeds in the amount of \$5,600,000 were used to refund the outstanding principal of the 2004 bond, acquire a radio station in Ocean City, Maryland and cover bond issuance costs. Effective November 27, 2007, the Organization entered into an interest rate swap agreement fixing the rate at 3.49%. The interest rate swap was terminated July 1, 2021.

The 2007 Bond was refunded with the issuance of Maryland Economic Development Corporation Economic Development Refunding Revenue Bond, Series 2012 (2012 Bond). The proceeds in the amount of \$4,300,000 were used to refund the 2007 Bond and pay all or a portion of the costs of issuance and other costs related to the transaction. Beginning August 1, 2012, principal and accrued interest is payable monthly until the maturity date of July 1, 2022. The interest rate will be the sum of 67% of the LIBOR in effect on each Reset Date plus one hundred seventy-five (175) basis points.

The 2012 Bond requires the Organization to maintain certain financial ratios and a minimum tangible net worth, including broadcast licenses, of \$2,000,000.

During the years ended June 30, 2008 and June 30, 2004, the Organization incurred certain legal fees and other costs in connection with the acquisition of revenue bonds. These costs have been capitalized and are being amortized using the straight-line method over a fifteen (15) year period. During the year June 30, 2013, the Organization refinanced the revenue bond and incurred additional costs in connection with the refinance. These costs have been capitalized and are being amortized using the straight-line method over a ten (10) year period.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 9 - BOND PAYABLE (continued)

The Organization received lender approval to defer their loan and bond payments for three (3) months beginning with the month of September 2020.

	<u>2022</u>	<u>2021</u>
Bond payable	\$ 165,732	\$ 684,749
Less: unamortized bond issue costs	<u>6,002</u>	<u>24,687</u>
 Bond payable, less unamortized bond issue costs	 <u>\$ 159,730</u>	 <u>\$ 660,062</u>

Amortization of the debt issuance costs is reported as interest expense in the statement of activities and change in net assets. Amortization expense was \$18,685 for the years ended June 30, 2022 and 2021. Estimated amortization expense is \$6,002 for the year ending June 30, 2023.

Aggregate gross maturities of the bond payable will be as follows at June 30,:

Fiscal 2023	\$ 165,732
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Subsequent to year end, the bond was paid in full.

NOTE 10 - LOANS PAYABLE

In October 2014, the Organization obtained a loan with PNC Bank to finance a portion of the cost of an HVAC system. Payments of principal and interest in the amount of approximately \$3,700 are due monthly until the maturity date of October 22, 2021. The interest rate is the Daily Libor Rate plus 3.25% and the loan is secured by a second lien on the assets of the Organization. The loan is guaranteed by 2216 North Charles Street, LLC and WYPR License Holding LLC. The Organization received lender approval to defer their loan and bond payments for three (3) months beginning with the month of September 2020.

During the year ended June 30, 2022, the remaining loan balance of \$278,419 was converted to a new loan payable during the acquisition of WTMD. The balance of the loan was \$0 and \$286,111 at June 30, 2022 and 2021, respectively.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 10 - LOANS PAYABLE (continued)

In November 2021, the Organization obtained a loan in the amount of \$3,278,419 with PNC Bank to finance the purchase of the FCC License for WTMD(FM), Towson, MD and consolidate the HVAC system loan. The loan is secured by the property held in 2216 North Charles Street, LLC in the amount of \$800,000 and guaranteed by WYPR License Holding LLC. The interest rate will be the sum of the Libor rate in effect on each reset date plus two hundred fifteen (215 basis points). The loan maturity date is November 2026. The loan balance was \$3,278,419 and \$0 at June 30, 2022 and 2021, respectively.

Aggregate maturities of the loan payable will be as follows at June 30,:

Fiscal 2023	\$	27,461
Fiscal 2024		336,124
Fiscal 2025		348,600
Fiscal 2026		361,539
Fiscal 2027	\$	2,204,695

During the year ended June 30, 2020, the Organization was issued a note in the amount of \$526,600 under the Coronavirus Aid, Relief, and Economic Security Act's (the "CARES Act") Paycheck Protection Program. During the year ended June 30, 2021, the Organization's Paycheck Protection note was forgiven in full under the Payroll Protection Program and is included in extinguishment of debt and gain on interest rate swap on the statement of activities and change in net assets.

NOTE 11 - INTEREST RATE SWAP

The Organization has entered into an interest rate swap agreement to reduce the impact of changes in interest rates on its floating long-term debt. At June 30, 2022 the Organization had an outstanding interest rate swap agreement with a commercial bank, having an initial notional principal amount of \$3,278,419. The current notional amount is \$3,278,419. The agreement effectively changes the Organization's interest rate exposure on its floating rate note due November 2026 to a fixed rate of 3.65%. The interest rate swap agreements matures November 10, 2031.

GAAP requires derivative instruments; such as interest rate swap agreements, to be recognized at fair value as either assets or liabilities in the consolidated statement of financial position. Accordingly, the value of the swap agreement at June 30, 2022, is \$224,142. The value has been measured based on estimates of the amount needed to settle the agreement as calculated by the counterparty to the swap agreement. Such calculations were based on changes in market conditions and/or assumptions underlying valuation models using significant unobservable inputs (Level 3).

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 12 - PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Land	\$ 86,506	\$ 86,506
Building	396,488	396,488
Equipment	1,522,480	1,494,990
Building improvements	1,098,041	1,098,041
Construction in progress	64,220	-
Software	12,866	12,866
Website	30,188	30,188
	<hr/>	<hr/>
Total property and equipment	3,210,789	3,119,079
Less: accumulated depreciation	2,063,246	1,989,556
	<hr/>	<hr/>
Property and equipment - net	<u>\$ 1,147,543</u>	<u>\$ 1,129,523</u>

NOTE 13 - DONOR DESIGNATED NET ASSETS

Donor designated net assets consisted of the following at June 30,:

	<u>2022</u>	<u>2021</u>
Anthony Brandon Fellowship Fund	\$ 235,638	\$ 224,638
Anthony Brandon Fellowship Fund - receivables (time)	-	22,795
Programming	43,770	26,146
Capital improvements	-	60,000
Journalist	20,833	-
	<hr/>	<hr/>
	<u>\$ 300,241</u>	<u>\$ 333,579</u>

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 14 - DONOR DESIGNATED NET ASSETS RELEASED FROM DESIGNATIONS

Net assets released from designations consisted of the following for the years ended June 30,:

	<u>2022</u>	<u>2021</u>
Anthony Brandon Fellowship Fund	\$ 16,795	\$ -
Capital improvements	60,000	-
Journalist	-	15,499
Programming	26,146	3,686
	<u>\$ 102,941</u>	<u>\$ 19,185</u>

NOTE 15 - COMMITMENTS AND CONTINGENCIES

The Organization is committed under various lease agreements for office space, tower space, and equipment with lease terms expiring through May 31, 2028. Rent expense was approximately \$320,400 and \$142,200 for the years ended June 30, 2022 and 2021, respectively. Future rental commitments are as follows for the years ending June 30,:

2023	\$ 381,626
2024	373,251
2025	148,365
2026	142,502
2027	24,100
Thereafter	\$ 22,698

The Organization also has a revolving line of credit in the amount of \$150,000. Interest will accrue on amounts outstanding at a variable rate equal to prime plus 0%. The balance of the line of credit was \$0 as of June 30, 2022 and 2021. The loan is secured by all assets and cross-collateralized with the existing bond debt.

During the year ended June 30, 2021, the Organization was notified by the Internal Revenue Service, that the retirement plan was selected for examination for the year ended December 31, 2019. Subsequent to year end, the examination process was completed without material consequences.

In March 2020, the World Health Organization declared the spread of the Coronavirus Disease (Covid-19) a worldwide pandemic. The Covid-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. The Covid-19 outbreak is still evolving and the financial impact remains unknown. There is uncertainty regarding Covid-19's impact on the world's economy and therefore on the Organization and its stakeholders.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 16 - BARTER TRANSACTIONS

Materials and services in exchange for underwriting consisted of the following for the years ended June 30,:

	<u>2022</u>	<u>2021</u>
Marketing	\$ 16,612	\$ 15,673
Information technology	36,325	32,200
Promotion	-	-
Travel and entertainment	<u>16,350</u>	<u>11,819</u>
	<u>\$ 69,287</u>	<u>\$ 59,692</u>

NOTE 17 - FAIR VALUE MEASUREMENTS

The accounting codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value. The fair value hierarchy gives priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different level of hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the assets or liabilities. The hierarchy requires the use of observable market data when available. The three levels of fair value hierarchy are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2 - Inputs to the valuation methodology are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities and market-corroborated inputs.

If the assets or liabilities has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liabilities.

Level 3 - Inputs to valuation methodology are unobservable for the assets or liabilities and are significant to the fair value measurement.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 17 - FAIR VALUE MEASUREMENTS (continued)

The asset or liabilities' 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 to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization recognizes transfers into and out of levels at the end of the reporting period. There were no transfers between levels in the years ended June 30, 2022 and 2021.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2022 and 2021 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2022</u>				
Cash	\$ 15,558	\$ 15,558	\$ -	\$ -
Exchange-traded funds	636,657	-	636,657	-
Mutual funds	138,550	-	138,550	-
Interest rate swap agreement	224,142	-	-	224,142
	<u>\$ 1,014,907</u>	<u>\$ 15,558</u>	<u>\$ 775,207</u>	<u>\$ 224,142</u>
<u>June 30, 2021</u>				
Cash	\$ 39,949	\$ 39,949	\$ -	\$ -
Exchange-traded funds	-	-	-	-
Mutual funds	845,466	-	845,466	-
	<u>\$ 885,415</u>	<u>\$ 39,949</u>	<u>\$ 845,466</u>	<u>\$ -</u>

See the independent auditor's report.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 18 - INVESTMENTS

Fair value of investments measured on a recurring basis of quoted prices in an active market at June 30,:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ 15,558	\$ 15,558	\$ 39,949	\$ 39,949
Exchange-traded funds	743,069	636,657	-	-
Mutual funds	138,571	138,550	845,466	845,466
	<u>\$ 897,198</u>	<u>\$ 790,765</u>	<u>\$ 885,415</u>	<u>\$ 885,415</u>

Investment income consists of the following at June 30,:

	<u>2022</u>	<u>2021</u>
Unrealized (losses) gains	\$ (106,433)	\$ -
Realized (losses) gains	(3,561)	-
Interest and dividends	11,345	171
	<u>\$ (98,649)</u>	<u>\$ 171</u>

NOTE 19 - RECLASSIFICATION

Certain amounts pertaining to fiscal year 2021 have been reclassified to conform with current year presentation.

Your Public Radio Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

NOTE 20 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed designations within one year of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 4,862,324	\$ 3,716,151
Less those unavailable for general expenditures within one year:		
due to donor designations	300,241	333,579
due to contributions receivable due in more than one year	<u>-</u>	<u>1,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,562,083</u>	<u>\$ 3,381,572</u>

As part of WYPR's liquidity management, any excess cash is maintained in the Organization's operating account and short-term investments, typically in mutual funds.

NOTE 21 - ACCOUNTING PRONOUNCEMENTS

The FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items.

NOTE 22 - RELATED PARTY TRANSACTIONS

A board member's business provides human resource services for the Organization. Total fees were \$18,200 and \$0 for the years ended June 30, 2022 and 2021, respectively.

NOTE 23 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the consolidated financial statements were available to be issued on June 21, 2023, and determined no transactions to be disclosed.