

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Friends of WLRN, Inc.**  
(A Florida Not-For-Profit Corporation)

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Friends of WLRN, Inc. (A Florida Not-For-Profit Corporation) (the "Corporation"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the 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.

### *Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Corporation'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 the Corporation'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 consolidated financial position of Friends of WLRN, Inc. as of June 30, 2021 and 2020, the consolidated 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.

## ***Other Matters***

### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules, as listed in the supplementary information section in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2021, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

*Marcum LLP*

Miami, FL  
September 30, 2021

**FRIENDS OF WL RN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2021 AND 2020**

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 1,873,749	\$ 2,489,340
Accounts receivable, net of allowance of approximately \$66,000 and \$79,000 for 2021 and 2020, respectively	497,500	451,399
Membership contributions receivable, net	1,053,353	1,087,568
Prepaid expenses	9,592	1,483
Endowment investments in marketable securities (Note 10)	25,923,292	19,879,699
Deferred lease asset	6,680,855	6,232,865
Furniture and equipment, net of accumulated depreciation	<u>25,275</u>	<u>47,794</u>
<b>Total Assets</b>	<u><u>\$ 36,063,616</u></u>	<u><u>\$ 30,190,148</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 330,448	\$ 468,871
Note payable	--	705,000
Deferred revenue	<u>136,045</u>	<u>73,402</u>
<b>Total Liabilities</b>	<u>466,493</u>	<u>1,247,273</u>
<b>Net Assets</b>		
Without donor restrictions	35,312,494	28,658,246
With donor restrictions	<u>284,629</u>	<u>284,629</u>
<b>Total Net Assets</b>	<u>35,597,123</u>	<u>28,942,875</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 36,063,616</u></u>	<u><u>\$ 30,190,148</u></u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>			
Underwriting	\$ 2,788,979	\$ --	\$ 2,788,979
Membership	5,224,987	--	5,224,987
Bequests	23,950	--	23,950
Miscellaneous income	150,639	--	150,639
Major gifts	121,785	--	121,785
Production (local and national)	150	--	150
Gain on investments	21	--	21
Dividend and interest income	119	--	119
<b>Total Support and Revenues</b>	<b>8,310,630</b>	<b>--</b>	<b>8,310,630</b>
<b>Contributions and Expenses</b>			
Contributions to WLRN TV and FM stations:			
Programming and production	1,795,902	--	1,795,902
Broadcasting	44,530	--	44,530
Program information and promotion	62,742	--	62,742
Management and general	379,632	--	379,632
Equipment	37,867	--	37,867
South Florida Public Media	2,787,366	--	2,787,366
Total contributions to WLRN TV and FM stations for program services:	5,108,039	--	5,108,039
Friends of WLRN supporting activities expenses:			
Membership	1,892,713	--	1,892,713
Underwriting	839,933	--	839,933
Management and general	1,132,841	--	1,132,841
Cultural connection	369	--	369
Total Friends of WLRN supporting activities expenses	3,865,856	--	3,865,856
<b>Total Contributions and Expenses</b>	<b>8,973,895</b>	<b>--</b>	<b>8,973,895</b>
<b>Change in Net Assets before Other Income and Expenses</b>	<b>(663,265)</b>	<b>--</b>	<b>(663,265)</b>
<b>Other Income and Expenses</b>			
Gain on investments - Endowment (Note 10)	4,880,287	--	4,880,287
Dividend and interest income - Endowment (Note 10)	518,626	--	518,626
Gain on forgiveness of note payable	705,000	--	705,000
Grant to the School Board of Miami-Dade County	(554,400)	--	(554,400)
Wireless cable	1,768,000	--	1,768,000
<b>Total Other Income and Expenses</b>	<b>7,317,513</b>	<b>--</b>	<b>7,317,513</b>
<b>Change in Net Assets</b>	<b>6,654,248</b>	<b>--</b>	<b>6,654,248</b>
<b>Net Assets - Beginning</b>	<b>28,658,246</b>	<b>284,629</b>	<b>28,942,875</b>
<b>Net Assets - Ending</b>	<b>\$ 35,312,494</b>	<b>\$ 284,629</b>	<b>\$ 35,597,123</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>			
Underwriting	\$ 3,305,929	\$ --	\$ 3,305,929
Membership	4,790,930	--	4,790,930
Bequests	2,823,470	--	2,823,470
Miscellaneous income	134,174	--	134,174
Cultural connection	7,760	--	7,760
Major gifts	77,584	--	77,584
Production (local and national)	1,936	--	1,936
Gain on investments	1,460	--	1,460
Dividend and interest income	2,089	--	2,089
Net assets released from restrictions	<u>30,000</u>	<u>(30,000)</u>	<u>--</u>
<b>Total Support and Revenues</b>	<u>11,175,332</u>	<u>(30,000)</u>	<u>11,145,332</u>
<b>Contributions and Expenses</b>			
Contributions to WLRN TV and FM stations:			
Programming and production	1,890,380	--	1,890,380
Broadcasting	60,158	--	60,158
Program information and promotion	90,131	--	90,131
Management and general	405,784	--	405,784
Equipment	72,915	--	72,915
South Florida Public Media	<u>2,922,241</u>	<u>--</u>	<u>2,922,241</u>
<b>Total Contributions to WLRN TV and FM Stations for Program Services:</b>	<u>5,441,609</u>	<u>--</u>	<u>5,441,609</u>
Friends of WLRN supporting activities expenses:			
Membership	1,605,522	--	1,605,522
Underwriting	941,773	--	941,773
Management and general	1,128,317	--	1,128,317
Cultural connection	<u>8,506</u>	<u>--</u>	<u>8,506</u>
<b>Total Friends of WLRN Supporting Activities Expenses</b>	<u>3,684,118</u>	<u>--</u>	<u>3,684,118</u>
<b>Total Contributions and Expenses</b>	<u>9,125,727</u>	<u>--</u>	<u>9,125,727</u>
<b>Change in Net Assets before Other Income and Expenses</b>	2,049,605	(30,000)	2,019,605
<b>Other Income and Expenses</b>			
Gain on investments - Endowment (Note 10)	136,402	--	136,402
Dividend and interest income - Endowment (Note 10)	490,312	--	490,312
Wireless cable	<u>1,768,000</u>	<u>--</u>	<u>1,768,000</u>
<b>Total Other Income and Expenses</b>	<u>2,394,714</u>	<u>--</u>	<u>2,394,714</u>
<b>Change in Net Assets</b>	4,444,319	(30,000)	4,414,319
<b>Net Assets - Beginning</b>	<u>24,213,927</u>	<u>314,629</u>	<u>24,528,556</u>
<b>Net Assets - Ending</b>	<u>\$ 28,658,246</u>	<u>\$ 284,629</u>	<u>\$ 28,942,875</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services			Supporting Activities					Total Program and Supporting Expenses
	FM Station	WLRN TV	Total Program	Membership	Underwriting	Management and General	Cultural Connection	Total Supporting	
<b>Expenses</b>									
Salaries and benefits	\$ 2,478,046	\$ 147,038	\$ 2,625,084	\$ 561,482	\$ 654,349	\$ 616,635	\$ --	\$ 1,832,466	\$ 4,457,550
Program acquisition	1,182,661	287,835	1,470,496	--	--	--	--	--	1,470,496
Bad debt expense	--	--	--	531,591	19,414	--	--	551,005	551,005
Technology	272,156	74,694	346,850	37,139	66,576	30,742	--	134,457	481,307
Professional services	51,110	78,029	129,139	197,433	50,430	103,498	--	351,361	480,500
Interest, credit cards, and bank fees	--	--	--	104,123	19,733	157,705	369	281,930	281,930
Audience research	93,170	116,142	209,312	--	--	--	--	--	209,312
Premiums and pledge drives	--	--	--	183,795	--	--	--	183,795	183,795
Rent, utilities and related expenses	79,201	--	79,201	--	--	81,600	--	81,600	160,801
Direct mail	--	--	--	158,138	--	--	--	158,138	158,138
News related expenses	121,000	--	121,000	--	--	19,327	--	19,327	140,327
Supplies, postage, and mailing	9,004	13,381	22,385	6,447	2,103	60,018	--	68,568	90,953
Phone services	16,834	5,086	21,920	50,174	5,544	8,736	--	64,454	86,374
Equipment	19,759	23,362	43,121	--	--	--	--	--	43,121
Sustainer program	--	--	--	38,767	--	--	--	38,767	38,767
Dues and fees, memberships, and licenses	5,222	16,693	21,915	8,431	512	503	--	9,446	31,361
Depreciation	--	--	--	7,380	5,673	14,323	--	27,376	27,376
Other expenses	2,611	4,604	7,215	6,155	6,537	5,746	--	18,438	25,653
Insurance	--	--	--	--	--	24,002	--	24,002	24,002
Hospitality	4,505	1,129	5,634	1,562	8,315	6,267	--	16,144	21,778
Seminars and conferences	1,823	198	2,021	--	--	1,875	--	1,875	3,896
Mileage reimbursements	2,518	228	2,746	96	747	282	--	1,125	3,871
Special events and sponsorships	--	--	--	--	--	1,582	--	1,582	1,582
<b>Total Expenses</b>	<b>\$ 4,339,620</b>	<b>\$ 768,419</b>	<b>\$ 5,108,039</b>	<b>\$ 1,892,713</b>	<b>\$ 839,933</b>	<b>\$ 1,132,841</b>	<b>\$ 369</b>	<b>\$ 3,865,856</b>	<b>\$ 8,973,895</b>

*The accompanying notes are an integral part of these consolidated financial statements.*



**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services			Supporting Activities					Total Program and Supporting Expenses
	FM Station	WLRN TV	Total Program	Membership	Underwriting	Management and General	Cultural Connection	Total Supporting	
<b>Expenses</b>									
Salaries and benefits	\$ 2,476,721	\$ 134,100	\$ 2,610,821	\$ 583,737	\$ 712,098	\$ 663,719	\$ --	\$ 1,959,554	\$ 4,570,375
Program acquisition	1,187,225	311,541	1,498,766	--	--	--	--	--	1,498,766
Technology	310,667	71,345	382,012	62,448	54,761	30,802	--	148,011	530,023
Professional services	80,158	80,508	160,666	76,626	44,481	173,850	--	294,957	455,623
Bad debt expense	--	--	--	390,508	19,925	--	--	410,433	410,433
Interest, credit cards, and bank fees	--	--	--	108,191	27,271	129,929	1,950	267,341	267,341
Audience research	93,483	108,978	202,461	--	--	--	--	--	202,461
News related expenses	163,092	--	163,092	--	--	--	--	--	163,092
Rent, utilities and related expenses	124,171	2,783	126,954	11,127	11,127	11,127	--	33,381	160,335
Direct mail	--	--	--	142,257	--	--	--	142,257	142,257
Premiums and pledge drives	--	--	--	124,088	--	--	--	124,088	124,088
Equipment	72,606	33,271	105,877	--	288	1,037	--	1,325	107,202
Phone services	13,172	6,230	19,402	49,177	10,068	14,020	--	73,265	92,667
Seminars and conferences	27,984	15,436	43,420	8,576	6,322	6,457	--	21,355	64,775
Supplies, postage, and mailing	13,031	12,403	25,434	11,547	6,755	19,977	--	38,279	63,713
Other expenses	2,260	5,534	7,794	7,352	24,942	3,993	--	36,287	44,081
Dues and fees, memberships, and licenses	16,124	13,493	29,617	8,229	3,623	1,250	--	13,102	42,719
Special events and sponsorships	--	--	--	3,783	--	37,159	--	40,942	40,942
Hospitality	8,140	7,432	15,572	2,885	8,244	9,135	--	20,264	35,836
Depreciation	--	--	--	9,958	5,729	18,327	--	34,014	34,014
Mileage reimbursements	23,294	7	23,301	1,446	2,552	3,948	--	7,946	31,247
Insurance	14,648	898	15,546	3,587	3,587	3,587	--	10,761	26,307
Productions and grants	8,093	2,781	10,874	--	--	--	--	--	10,874
Cultural connection tickets	--	--	--	--	--	--	6,556	6,556	6,556
<b>Total Expenses</b>	<u>\$ 4,634,869</u>	<u>\$ 806,740</u>	<u>\$ 5,441,609</u>	<u>\$ 1,605,522</u>	<u>\$ 941,773</u>	<u>\$ 1,128,317</u>	<u>\$ 8,506</u>	<u>\$ 3,684,118</u>	<u>\$ 9,125,727</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 6,654,248	\$ 4,414,319
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	27,376	34,014
Bad debt expense	551,005	410,433
Gain on investments	(4,880,308)	(137,862)
Gain on forgiveness of note payable	(705,000)	--
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(65,515)	201,480
Membership contributions receivable	(497,376)	(370,551)
Other receivables		
Deferred lease asset	(447,990)	(452,300)
Prepaid expenses	(8,109)	17,546
Increase (decrease) in:		
Accounts payable and accrued expenses	(138,423)	113,697
Deferred revenue	62,643	(3,175)
Due to WLRN	--	--
<b>Net Cash Provided by Operating Activities</b>	<u>552,551</u>	<u>4,227,601</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of furniture and equipment	(4,857)	(23,344)
Purchases of investments	(6,385,635)	(8,803,050)
Sales of investments	<u>5,222,350</u>	<u>5,156,231</u>
<b>Net Cash Used in Investing Activities</b>	<u>(1,168,142)</u>	<u>(3,670,163)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of debt	--	705,000
<b>Cash Provided by Financing Activities</b>	<u>--</u>	<u>705,000</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(615,591)	1,262,438
<b>Cash and Cash Equivalents - Beginning</b>	<u>2,489,340</u>	<u>1,226,902</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 1,873,749</u>	<u>\$ 2,489,340</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Forgiveness of note payable	\$ 705,000	--

*The accompanying notes are an integral part of these consolidated financial statements.*

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 1 - ORGANIZATION**

Friends of WLRN, Inc. (the “Corporation”) was incorporated on January 22, 1974 under the laws of the State of Florida pursuant to Section 617.0201 (4) of the Florida Not-For-Profit Corporation Act. The purpose of the Corporation is to support and enhance the program services of WLRN-FM 91.3, WKWM-FM 91.5 and WLRN-TV Channel 17 (WLRN) as well as other broadcast and non-broadcast services licensed to and/or operated by the School Board of Miami-Dade County, Florida. This is accomplished through fundraising activities, creation and/or participation in broadcast and non-broadcast activities which generate revenues, and informational and educational activities which promote understanding, appreciation and support for WLRN.

During the fiscal year 2009, the Corporation reactivated an affiliated nonprofit corporation, South Florida Public Media Company, in order to support WLRN news activities. This entity is consolidated with Friends of WLRN Inc. in accordance with generally accepted accounting principles. The consolidated entity is referred to as “the Corporation” below. See principles of consolidation under significant accounting policies below.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***BASIS OF PRESENTATION***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and follow the requirements of the accounting standards for financial statements of not-for-profit organizations as prescribed by the Financial Accounting Standards Board (“FASB”). Under these standards, the Corporation is required to report information regarding its consolidated financial position and activities according to two categories of net assets: without donor restrictions and with donor restrictions. Net assets, revenues, expenses, gains and losses are categorized based on the existence or absence of donor-imposed restrictions as follows:

***Net Assets Without Donor Restrictions***

Net assets that are free of donor-imposed restrictions: all revenues, expenses, gains, and losses that are not changes in net assets with donor restrictions.

***Net Assets With Donor Restrictions***

Net assets whose use by the Corporation is limited by donor-imposed restrictions that either expire by the passage of time, that can be fulfilled or otherwise removed by actions of the Corporation pursuant to those stipulations or are subject to donor-imposed restrictions that are required to be maintained in perpetuity by the Corporation.

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***PRINCIPLES OF CONSOLIDATION***

Generally accepted accounting principles require the Corporation to consolidate entities in which it has control and an economic interest when that control is evidenced through majority ownership or voting interest. Friends of WLRN, Inc. has an economic interest in, and control of the board of South Florida Public Media Company through voting interest and therefore consolidation is required. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

***CASH AND CASH EQUIVALENTS***

Cash and cash equivalents include highly liquid investments with original maturities of three months or less when acquired.

***INVESTMENTS AND INVESTMENT INCOME***

The Corporation's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. See Note 6 for discussion of fair value measurements.

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities and changes in net assets as an increase or decrease in net assets without donor restrictions unless income or loss is restricted by donor or law. Restricted gains and investment income, where the restrictions are met in the same reporting period as the income is earned, are recorded as support without donor restrictions.

***ACCOUNTS RECEIVABLE***

Accounts receivable includes underwriting revenues billed but not collected.

The Corporation extends credit based on periodic evaluations of the customers' financial condition. Exposure to losses on receivables varies by customer. The Corporation monitors exposure to credit losses and records allowances for anticipated losses as needed.

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***REVENUE RECOGNITION***

***Membership Contributions (Promises to Give)***

Memberships are recognized as contributions by the Corporation and are initially reported at fair value. 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 increases in net assets without donor restriction if the restrictions expire in the year in which the contributions are recognized. All other contributions are reported as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of the restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions.

The Corporation uses the allowance method to determine the estimated unconditional promises receivable that are doubtful of collection. The allowance is based on prior years' experience and management's analysis of specific promises made.

***Revenue from Contracts with Customers***

The Corporation's revenue from contracts with customers consists of underwriting revenues, which, absent a specific restriction, are considered to be without donor restrictions. Revenue from underwriting is recognized over the term of the contract as the performance obligation is satisfied ratably throughout the contract period. Revenue from underwriting received prior to the beginning of the applicable period is recorded as deferred revenue in the accompanying statements of financial position.

***Other Revenues***

The Corporation receives additional revenue from grants and wireless cable which, absent a specific restriction, are considered to be without donor restrictions. The grants are recorded as revenue in the statements of activities when the related costs are incurred, as defined under the grant agreement. Revenue from the long-term broadband frequency lease, reported as wireless cable revenue, is recognized on the straight-line basis (see Note 12).

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***CONTRIBUTED GOODS, SERVICES AND FACILITIES***

The Corporation records contributed goods and certain services as contributions at their estimated fair value at the date of receipt. Contributed services are recognized as contributions at their estimated fair value, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. Services provided by volunteers throughout the year are not recognized as contributions in the consolidated financial statements since these services are not susceptible to objective measurement or valuation. Contributed facilities are reported at their estimated fair value and recognized as revenue when received and expenses as used.

***RECOGNITION OF DONOR RESTRICTIONS***

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. 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.

***FURNITURE AND EQUIPMENT***

Furniture and equipment that is purchased is recorded at cost. Donated fixed assets are recorded at fair value at the date of donation. Fixed assets with a value in excess of \$1,000 and with a useful life greater than one year are capitalized. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets. Repairs and maintenance are expensed as incurred.

***DEFERRED LEASE ASSET***

The deferred lease asset is comprised of Educational Broadband Services (“EBS”) lease revenue recognized but not yet collected in accordance with GAAP (see Note 12).

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***INCOME TAXES***

The Corporation is a not-for-profit organization, as defined by section 501(c)(3) of the Internal Revenue Code, and as such is subject to federal income taxes only on unrelated business income. There were no significant income taxes resulting from unrelated business income during the years ended June 30, 2021 and 2020.

GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. If the Corporation were to incur an income tax liability in the future, interest would be reported as interest expense and penalties would be reported as income taxes. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

***FUNCTIONAL EXPENSES***

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and presented in further detail in the statements of functional expenses. Expenses are charged directly to functions based on a combination of specific identification and allocation by management. Accordingly, certain costs have been allocated among program services and supporting activities. The expenses allocated included insurance and office and occupancy expenses which are allocated based on the number of full-time equivalents in each area, as well as salaries and benefits, which are allocated based on an analysis of time spent and effort.

***USE OF ESTIMATES***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenue and expenses during the period reported. The primary estimates used in the preparation of these financial statements include the collectability of accounts receivable and promises to give and the allocation of natural expenses among functional categories. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***RECENT ACCOUNTING PRONOUNCEMENTS***

On August 28, 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-13, *“Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement”*. This ASU applies to all entities that are required, under existing GAAP, to make disclosures about recurring or nonrecurring fair value measurements. This ASU’s objective is to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by GAAP that is most important to the users of the entity’s financial statements. This ASU is applicable for the Corporation for its annual reporting period beginning on July 1, 2020. Effective July 1, 2020, the Corporation adopted this ASU. The adoption of this ASU did not have a significant impact on the consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, *“Revenue from Contracts with Customers (Topic 606)”*, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. This ASU outlines a single comprehensive model for recognizing revenue as performance obligations, defined in a contract with a customer as goods or services transferred to the customer in exchange for consideration, are satisfied. The standard also requires expanded disclosures regarding the Corporation’s revenue recognition policies and significant judgments employed in the determination of revenue. In June 2020, the FASB issued ASU 2020-05, *“Revenue from Contracts with Customer (Topic 606) and Leases (Topic 842)”*, which was adopted by the Corporation. This ASU extends the effective date of ASU 2014-09 for one additional year and is applicable for the Corporation for its annual reporting period beginning on July 1, 2020. Effective July 1, 2020, the Corporation adopted this ASU utilizing the modified retrospective approach. Based on the Corporation’s evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption; therefore, the adoption of this ASU did not have a material impact on the consolidated financial statements and did not result in a prior period adjustment. The Corporation’s revenue streams that fall within the scope of this ASU are described in Note 1.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)***

In September 2020, the FASB issued ASU 2020-07, “*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*”. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. This ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting period beginning after June 15, 2022. This ASU does allow for early adoption; however, the Corporation did not early adopt the ASU. Management is in the process of evaluating the ASU for the potential impact on its consolidated financial statements upon adoption.

In February 2016, the FASB issued ASU 2016-02, “*Leases (Topic 842)*”, which amends the guidance relating to the definition of a lease, recognition of lease assets and liabilities on the balance sheet, and the related disclosure requirements. This ASU is applicable for the Corporation for its annual reporting period beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022 (per extension ASU 2020-05). This ASU does allow for early adoption; however, the Corporation did not early adopt the ASU. Management is in the process of evaluating the ASU for the potential impact on its consolidated financial statements upon adoption.

***SUBSEQUENT EVENTS***

Management has evaluated subsequent events to determine if events or transactions occurring through September 30, 2021, which was the date the consolidated financial statements were available to be issued, require adjustment to or disclosure in the consolidated financial statements.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 3 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts and membership receivables and the deferred lease asset.

***CASH AND CASH EQUIVALENTS***

The Corporation maintains its cash in financial institutions which balances, from time to time, may exceed the federally insured limits. These balances are maintained at high quality financial institutions, which the Corporation believes limits the risk.

***INVESTMENTS***

Certain funds of the Corporation's investments portfolio may be subject to insurance by the Securities Investor Protection Corporation ("SIPC"). Management believes that the risk of loss with respect to the financial institutions has been limited by choosing strong institutions with which to do business and with the diversification of the portfolio's investments (see Note 6).

***ACCOUNTS AND MEMBERSHIP RECEIVABLES***

Concentrations of credit risk with respect to accounts and membership receivables are limited due to the large number of customers and members comprising the Corporation's underwriting and membership base and their dispersion across different industries and geographical locations.

***DEFERRED LEASE ASSET***

With regard to the deferred lease asset, management believes that credit risk is limited based on the stature of the payer under the lease.

**NOTE 4 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

As a fundraising organization, the Corporation receives significant contributions each year from donors, which are available to meet annual cash needs for general expenditures. Membership drives are conducted throughout the year and members make either one-time contributions or commit to continuing monthly payments as sustaining memberships. Underwriters pay for sponsorships when their support messages are aired on either radio or television.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 4 - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

All board-designated endowment funds can be made available to meet operating needs, if necessary (see Note 10). In addition to the financial assets available to meet general expenditures over the next twelve month period, the Corporation expects to generate sufficient support and revenues to meet general expenditures. Refer to the consolidated statements of cash flows which identifies the sources and uses of the Corporation's cash for the years ended June 30, 2021 and 2020.

The following table reflects the Corporation's financial assets and the amounts of those financial assets that could be made readily available within one year to meet general expenditures:

	As of June 30,	
	2021	2020
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 1,873,749	\$ 2,489,340
Accounts receivables, net of allowance	497,500	451,399
Membership contributions receivable, net of allowance	1,053,353	1,087,568
Investments	<u>25,923,292</u>	<u>19,879,699</u>
<b>Total Financial Assets</b>	<u>\$ 29,347,894</u>	<u>\$ 23,908,006</u>
Less: assets unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	\$ (284,629)	\$ (284,629)
Board designated endowment, excluding amounts appropriated for expenditure from investments	<u>(25,678,558)</u>	<u>(19,876,409)</u>
<b>Total Financial Assets Available to Meet General Expenditures over the Next 12 Months</b>	<u>\$ 3,384,707</u>	<u>\$ 3,746,968</u>

Amounts not available include amounts set aside for long-term investing in a board-designated endowment that could be drawn upon if the Board of Directors approves that action (see Note 10).

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 5 - MEMBERSHIP CONTRIBUTIONS RECEIVABLE (PROMISES TO GIVE)**

Membership contributions receivable (promises to give) as of June 30, 2021 and 2020 are as follows:

	2021	2020
Promises to Give in Less than One Year	\$ 1,239,239	\$ 1,279,492
Less: Allowance for Doubtful Promises to Give	<u>(185,886)</u>	<u>(191,924)</u>
<b>Net Promises to Give</b>	<u><u>\$ 1,053,353</u></u>	<u><u>\$ 1,087,568</u></u>

**NOTE 6 - FAIR VALUE MEASUREMENTS**

The Corporation follows ASC 820-10, *Fair Value Measurement and Disclosure* for measuring fair value. This guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This standard establishes a three-level hierarchy for fair value measurements based upon the significant inputs used to determine fair value. Observable inputs are those which are obtained from market participants external to the Corporation while unobservable inputs are generally developed internally, utilizing management's estimates, assumptions and specific knowledge of the assets/liabilities and related markets. The three levels are defined as follows:

***Level 1***

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access at the measurement date.

***Level 2***

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)**

***Level 3***

Valuation is based on unobservable inputs for an asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant. Therefore, unobservable inputs reflect the assumptions that market participants would use in valuing the asset or liability, including assumptions about risk. Unobservable inputs are developed based on the best information available in the circumstances, which might include information provided by the Corporation's investment manager. The data used to develop unobservable inputs is adjusted if information is reasonably available without undue cost and effort that indicates market participants would use different assumptions. Investment types which have been valued using this approach generally include investments in investee funds that have lockups that are greater than 3 months.

There have been no changes in the methodologies used at June 30, 2021 and 2020.

Following is a description of the valuation methodologies used for assets measured at fair value.

***Common stocks (equity securities):*** Valued at the closing price reported on the active market on which the individual securities are traded.

***Corporate bonds:*** Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issues with similar credit ratings.

***Mutual funds:*** Valued at the daily closing prices as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with SEC. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Corporation are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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**NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets at fair value as of June 30, 2021 and 2020:

Assets at Fair Value as of June 30, 2021				
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 9,884,899	\$ --	\$ --	\$ 9,884,899
Mutual funds:				
Equity securities	7,247,520	--	--	7,247,520
Fixed income	8,790,873	--	--	8,790,873
<b>Total Assets at Fair Value</b>	<b>\$ 25,923,292</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 25,923,292</b>

  

Assets at Fair Value as of June 30, 2020				
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 7,122,117	\$ --	\$ --	\$ 7,122,117
Corporate bonds	--	202,526	--	202,526
Mutual funds:				
Equity securities	5,010,914	--	--	5,010,914
Fixed income	7,544,142	--	--	7,544,142
<b>Total Assets at Fair Value</b>	<b>\$ 19,677,173</b>	<b>\$ 202,526</b>	<b>\$ --</b>	<b>\$ 19,879,699</b>

**NOTE 7 - FURNITURE AND EQUIPMENT**

	2021	2020	Estimated Useful Lives
Computer equipment	\$ 287,777	\$ 282,920	3 years
Furniture and fixtures	82,637	82,637	5 years
Leasehold improvements	75,312	75,312	5 years
	445,726	440,869	
Less: Accumulated depreciation	420,451	393,075	
<b>Total Furniture and Equipment</b>	<b>\$ 25,275</b>	<b>\$ 47,794</b>	

For the years ended June 30, 2021 and 2020, depreciation expense was approximately \$27,000 and \$34,000, respectively.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 8 - NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions as of June 30, 2021 are as follows:

Undesignated	\$ 8,282,433
Amount designated by the Board of Directors for general endowment (see Note 10)	<u>27,030,061</u>
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>\$ 35,312,494</u></b>

Net assets without donor restrictions as of June 30, 2020 are as follows:

Undesignated	\$ 7,735,710
Amount designated by the Board of Directors for general endowment (see Note 10)	<u>20,922,536</u>
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>\$ 28,658,246</u></b>

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30, 2021 and 2020 are as follows:

<b>Subject to Expenditure for Specified Purpose</b>	
Jo Asmundsson Production Fund	<u>\$ 284,629</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 284,629</u></b>

The Jo Asmundsson Production Fund is dedicated to funding original radio and television productions. The fund requires a dollar-for-dollar match from the Corporation. The funds are included in cash and cash equivalents in the accompanying consolidated financial statements of financial position.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

During the year ended June 30, 2021, there were no net assets released from restrictions.

During the year ended June 30, 2020, net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

**Purpose Restrictions Accomplished**

Jo Asmundsson Production Fund	\$ 30,000
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<b>Total Net Assets Released from Donor Restrictions</b>	<b>\$ 30,000</b>
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**NOTE 10 - BOARD-DESIGNATED ENDOWMENT**

The Corporation's board-designated endowment consists of funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

As of June 30, 2021, the board-designated endowment (net assets without donor restriction) was \$27,030,061 of which \$1,106,769 is included in cash and cash equivalents and \$25,923,292 is included in endowment investments in marketable securities in the accompanying consolidated statement of financial position. As of June 30, 2020, the board-designated endowment (net assets without donor restriction) was \$20,922,536 of which \$1,042,837 is included in cash and cash equivalents and \$19,879,699 is included in endowment investments in marketable securities in the accompanying consolidated statement of financial position.



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**NOTE 10 - BOARD-DESIGNATED ENDOWMENT (CONTINUED)**

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Assets -</b>			
Beginning of year	\$ 20,922,536	\$ --	\$ 20,922,536
Contributions	1,400,002	--	1,400,002
Investment return - investment income	518,626	--	518,626
Investment return - realized and unrealized gains (losses)	4,880,287	--	4,880,287
Amounts distributed	(548,310)	--	(548,310)
Asset management fees	(143,080)	--	(143,080)
<b>Endowment Net Assets - Ending</b>	<u>\$ 27,030,061</u>	<u>\$ --</u>	<u>\$ 27,030,061</u>

***INTERPRETATION OF RELEVANT LAW***

During 2011, the State of Florida enacted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). The term endowment fund as defined in UPMIFA does not include assets that an institution designates as an endowment fund for its own use. The endowment fund maintained by the Corporation is a board-designated endowment fund as of June 30, 2021 and 2020; therefore, the requirements of UPMIFA do not apply to the Corporation.

***FUNDS WITH DEFICIENCIES***

From time to time, the fair value of assets associated with the endowment fund may fall below the level that the Corporation policies require to retain as a fund of perpetual duration. If this were to occur, the Corporation would not expend any monies from the fund until the fair value of the fund returns to a level above the principal. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets without donor restrictions. There were no deficiencies with the endowment fund as of June 30, 2021 and 2020.

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**NOTE 10 - BOARD-DESIGNATED ENDOWMENT (CONTINUED)**

***INVESTMENT 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. Under this policy, as approved by the Finance and Endowment Committees, the endowment assets are invested in a manner that is in accordance with the investment policy.

***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 designed to achieve its long-term return objectives within prudent risk constraints.

***SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY***

In fiscal year 2014, the Corporation began appropriating for distribution each year up to 5% of the total endowment value, as measured by the preceding year's ending value. The distributed amount may be increased by the affirmative vote of a majority of the members of the Finance and Endowment Committees.

In establishing this policy, the Corporation considered the long-term expected return on its endowment which is measured against one or more benchmarks approved by the Finance and Endowment Committees. Accordingly, over the long term, the Corporation expects the current spending policy to allow its endowment to grow at an amount greater than a composite, weighted benchmark, similarly approved. This is consistent with the Corporations' 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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 11 - PENSION PLANS**

The Corporation offers its employees participation in the Friends of WLRN, Inc. 401(k) Plan (“401(k)”), a defined contribution plan, which became effective July 1, 2019. The Corporation contributes 10% of eligible plan compensation to both Friends and South Florida Public Media employees who meet the eligibility requirements to participate in the 401(k) plan. Pension expense related to this plan was approximately \$333,000 and \$355,000 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 12 - LONG-TERM BROADBAND FREQUENCY LEASE**

On July 24, 2008, the Corporation entered into a long-term lease agreement for its Educational Broadband Services frequencies to Clearwire Spectrum Holdings II LLC. Under current Federal Communications Corporation (“FCC”) rules, licensees are allowed to lease out their “Excess Capacity” to commercial entities. The Corporation remains the licensee and will have the responsibility for compliance with all educational and other requirements imposed by the FCC.

Lease payments will be received in monthly payments as follows:

Years	Monthly	Annually
1	\$ 55,000	\$ 660,000
2	55,000	660,000
3	55,000	660,000
4	55,000	660,000
5	55,000	660,000
6 - 10	75,000	900,000
11 - 15	110,000	1,320,000
16 - 20	145,000	1,740,000
21 - 25	189,000	2,268,000
26 - 30	235,000	2,820,000

During the years ended June 30, 2021 and 2020, the Corporation received \$1,320,000 under this agreement. Revenue under this lease agreement has been recognized on the statements of activities on a straight-line basis over 360 months. Total revenue recognized for both the year ended June 30, 2021 and 2020 on a straight-line basis was \$1,768,000. The deferred lease asset, which is included in the accompanying consolidated statements of financial position, was approximately \$6,681,000 and \$6,233,000 as of June 30, 2021 and 2020, respectively.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 13 - NOTE PAYABLE**

***FORGIVENESS OF PAYCHECK PROTECTION PROGRAM PROMISSORY NOTE***

On April 6, 2020, the Corporation entered into a paycheck protection program (“PPP”) promissory note for total proceeds of \$705,000, with a financial institution in relation to the enacted Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) administered by the U.S. Small Business Administration (“SBA”). In accordance with the requirements of the CARES Act, the Corporation utilized the proceeds of the note primarily for payroll and other allowable costs. The Corporation applied to the lender for loan forgiveness as specified under the PPP rules. On November 20, 2020, the Corporation received full loan forgiveness of the promissory note of \$705,000. Interest incurred through the date of forgiveness was insignificant.

**NOTE 14 - GRANT TO THE SCHOOL BOARD OF MIAMI-DADE COUNTY**

On November 24, 2020, the Corporation issued a grant to the School Board of Miami-Dade County of approximately \$554,000. This grant is conditional as it is subject to the grantee fulfilling specific conditions of utilizing such funds towards the purchase of an FM translator station and the related carriage fees. The Corporation determined that the conditions of the grant were substantially met during the year ended June 30, 2021 and, thus, the grant was recorded as an expense in the accompanying consolidated statement of activities.

**NOTE 15 - CORONAVIRUS PANDEMIC**

The coronavirus (COVID-19) outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. Management believes that underwriting revenue has been adversely impacted as a result of the continued high infection rates of COVID-19 in South Florida which has prevented certain customers from resuming full pre-COVID-19 operations, as well as the the remnant impact of local governments having mandated previous temporary business and school closures. The reduction in underwriting revenue has occurred primarily in the customers of the performing arts sector, which either still remain closed, or have cancelled or significantly curtailed their upcoming seasons. In response, management has supplemented lost underwriting revenues with other income streams which remain intact. There is uncertainty surrounding whether any additional disruption may occur, its duration, and hence, the potential impact. Together with known favorable changes and trends, management of the Corporation is optimistic, but is unable to estimate the potential impact on the Corporation’s business as of September 30, 2021, the date the consolidated financial statements were available to be issued.

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## **SUPPLEMENTARY INFORMATION**

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**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF DETAILED STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2021**

	TV	Radio	Total
<b>Support and Revenues</b>			
Underwriting	\$ 74,001	\$ 2,714,978	\$ 2,788,979
Membership	568,349	4,656,638	5,224,987
Bequests	--	23,950	23,950
Miscellaneous income	13,160	137,479	150,639
Major gifts	53,350	68,435	121,785
Production (local and national)	150	--	150
Gain on investments	2	19	21
Dividend and interest income	12	107	119
<b>Total Support and Revenues</b>	<u>709,024</u>	<u>7,601,606</u>	<u>8,310,630</u>
<b>Contributions and Expenses</b>			
Contributions to WLRN TV and FM stations:			
Programming and production	429,690	1,366,212	1,795,902
Broadcasting	5,540	38,990	44,530
Program information and promotion	38,733	24,009	62,742
Management and general	126,707	252,925	379,632
Equipment	20,811	17,056	37,867
South Florida Public Media	146,938	2,640,428	2,787,366
Total contributions to WLRN TV and FM stations for program services:	<u>768,419</u>	<u>4,339,620</u>	<u>5,108,039</u>
Friends of WLRN supporting activities expenses:			
Membership	659,488	1,233,225	1,892,713
Underwriting	35,082	804,851	839,933
Management and general	212,907	919,934	1,132,841
Cultural connection	--	369	369
Total Friends of WLRN supporting activities expenses	<u>907,477</u>	<u>2,958,379</u>	<u>3,865,856</u>
<b>Total Contributions and Expenses</b>	<u>1,675,896</u>	<u>7,297,999</u>	<u>8,973,895</u>
<b>Change in Net Assets before Other Income and Expenses</b>	(966,872)	303,607	(663,265)
<b>Other Income and Expenses</b>			
Gain on investments - Endowment	488,029	4,392,258	4,880,287
Dividend and interest income - Endowment	51,863	466,763	518,626
Gain on forgiveness of note payable	70,500	634,500	705,000
Grant to the School Board of Miami-Dade County	--	(554,400)	(554,400)
Wireless cable	176,800	1,591,200	1,768,000
<b>Total Other Income and Expenses</b>	<u>787,192</u>	<u>6,530,321</u>	<u>7,317,513</u>
<b>Change in Net Assets</b>	<u>\$ (179,680)</u>	<u>\$ 6,833,928</u>	<u>\$ 6,654,248</u>

*See independent auditors' report.*

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF DETAILED STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2020**

	TV	Radio	Total
<b>Support and Revenues</b>			
Underwriting	\$ 93,214	\$ 3,212,715	\$ 3,305,929
Membership	525,915	4,265,015	4,790,930
Bequests	360,123	2,463,347	2,823,470
Miscellaneous income	10,129	124,045	134,174
Cultural connection	--	7,760	7,760
Major gifts	31,281	46,303	77,584
Production (local and national)	1,936	--	1,936
Gain on investments	--	1,460	1,460
Dividend and interest income	--	2,089	2,089
<b>Total Support and Revenues</b>	<u>1,022,598</u>	<u>10,122,734</u>	<u>11,145,332</u>
<b>Contributions and Expenses</b>			
Contributions to WLRN TV and FM stations:			
Programming and production	486,110	1,404,270	1,890,380
Broadcasting	5,998	54,160	60,158
Program information and promotion	58,727	31,404	90,131
Management and general	97,144	308,640	405,784
Equipment	20,981	51,934	72,915
South Florida Public Media	<u>137,780</u>	<u>2,784,461</u>	<u>2,922,241</u>
Total contributions to WLRN TV and FM stations for program services:	<u>806,740</u>	<u>4,634,869</u>	<u>5,441,609</u>
Friends of WLRN supporting activities expenses:			
Membership	558,205	1,047,317	1,605,522
Underwriting	50,633	891,140	941,773
Management and general	202,288	926,029	1,128,317
Cultural connection	<u>--</u>	<u>8,506</u>	<u>8,506</u>
Total Friends of WLRN supporting activities expenses	<u>811,126</u>	<u>2,872,992</u>	<u>3,684,118</u>
<b>Total Contributions and Expenses</b>	<u>1,617,866</u>	<u>7,507,861</u>	<u>9,125,727</u>
<b>Change in Net Assets before Other Income and Expenses</b>	(595,268)	2,614,873	2,019,605
<b>Other Income and Expenses</b>			
Gain on investments - Endowment	13,786	122,616	136,402
Dividend and interest income - Endowment	49,240	441,072	490,312
Wireless cable	<u>176,800</u>	<u>1,591,200</u>	<u>1,768,000</u>
<b>Total Other Income and Expenses</b>	<u>239,826</u>	<u>2,154,888</u>	<u>2,394,714</u>
<b>Change in Net Assets</b>	<u>\$ (355,442)</u>	<u>\$ 4,769,761</u>	<u>\$ 4,414,319</u>

*See independent auditors' report.*

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**NOTES TO THE SCHEDULES OF DETAILED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 1 - BASIS OF ACCOUNTING**

The Detailed Statements of Activities are presented using GAAP, which is described in Note 1 to the Corporation's consolidated financial statements. Certain common expenses and revenue items directly relate to the television or radio segment and are charged accordingly. Other common expenses and revenue items are allocated based on employee headcounts or pro rata revenue (television or radio) to total revenue as determined by management.



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# **COMPLIANCE REPORT**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
**Friends of WLRN, Inc.**  
(A Florida Not-For-Profit Corporation)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friends of WLRN, Inc. (A Florida Not-For-Profit Corporation) (the Corporation), which comprise the consolidated statement of financial position as of June 30, 2021 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Miami, FL  
September 30, 2021

**FRIENDS OF WLRN, INC.**  
**(A FLORIDA NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED JUNE 30, 2021**

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**CURRENT YEAR FINDINGS**

None

**PRIOR YEAR FINDINGS**

None