EISNERAMPER

NEWARK PUBLIC RADIO, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NEWARK PUBLIC RADIO, INC.

Contents

EISNERAMPER

EisnerAmper LLP
733 Third Avenue
New York, NY 10017
T 212.949.8700
F 212.891.4100
www.eisneramper.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Newark Public Radio, Inc.
Newark, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Newark Public Radio, Inc. (the “Organization”), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Newark Public Radio, Inc. as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Prior Period Financial Statements

The financial statements of Newark Public Radio, Inc. for the year ended September 30, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on July 13, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, on our consideration of Newark Public Radio, Inc.'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 Newark Public Radio, Inc.'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 Newark Public Radio, Inc.'s internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
May 11, 2023

NEWARK PUBLIC RADIO, INC.

Statement of Financial Position
September 30, 2022

ASSETS	
Current assets:	
Cash and cash equivalents	$ 734,915
Investments	427,002
Underwriting receivables, net	72,852
Contributions receivables	14,211
Grants and contracts receivable	417,023
Employee Retention Credit receivables	529,667
Prepaid expenses	71,889
Security deposit	15,846
	2,283,405
Property and equipment - net	1,136,220
Other assets:	
Cash and cash equivalents - with donor restrictions	878,999
	878,999
	$ 4,298,624
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued expenses	299,417
	299,417
Long term liabilities:	
Deferred rent	22,080
	22,080
Net assets:	
Without donor restrictions	2,859,090
With donor restrictions	1,118,037
	3,977,127
	$ 4,298,624

See notes to financial statements.

NEWARK PUBLIC RADIO, INC.

Statement of Activities
Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions	$ 2,251,579	$ 139,693	$ 2,391,272
Government grants	668,440	-	668,440
Investment income, net	2,757	-	2,757
Underwriting	529,609	-	529,609
Production, licensing and content	278,860	-	278,860
In-kind contributions	120,281	-	120,281
Special events, net of direct event costs of $100	25,143	-	25,143
Trade revenue	175,000	-	175,000
Total revenue before net assets released from restrictions	4,051,669	139,693	4,191,362
Net assets released from restrictions	330,763	(330,763)	-
Total revenue	4,382,432	(191,070)	4,191,362
Expenses:			
Program services:			
Program services	3,516,403	-	3,516,403
Supporting services:			
Management and general	966,786	-	966,786
Fundraising	1,076,944	-	1,076,944
	5,560,133	-	5,560,133
Change in net assets before other income	(1,177,701)	(191,070)	(1,368,771)
Other income:			
Forgiveness of Small Business Administration Paycheck Protection Program ("PPP") loan ("second draw")	568,334	-	568,334
Insurance reimbursement	108,418	-	108,418
	676,752	-	676,752
Change in net assets	(500,949)	(191,070)	(692,019)
Net assets - beginning of year	3,360,039	1,309,107	4,669,146
Net assets - end of year	$ 2,859,090	$ 1,118,037	$ 3,977,127

NEWARK PUBLIC RADIO, INC.

Statement of Functional Expenses
Year Ended September 30, 2022

	Program Services	Supporting Services		
	Station Operations	Management and General	Fundraising	Total
Payroll and related costs:				
Salaries	$ 1,755,841	$ 561,433	$ 444,636	$ 2,761,910
Payroll taxes and fringe benefits	324,021	92,574	76,192	492,787
	2,079,862	654,007	520,828	3,254,697
Operating expenses:				
Professional services	443,807	194,456	212,553	850,816
Advertising and public relations - trade	295,281	-	-	295,281
Space and equipment rental	155,804	2,821	6,051	164,676
Insurance	69,836	21,401	21,401	112,638
Depreciation and amortization	58,754	18,005	18,005	94,764
Program supplies	77,873	794	-	78,667
Dues and subscriptions	23,039	20,152	29,126	72,317
Credit and administrative fees	3,848	3,407	63,760	71,015
Premiums	-	-	64,456	64,456
Repairs and maintenance	36,985	11,335	11,335	59,655
Postage and shipping	135	2,926	56,410	59,471
Internet streaming	50,576	-	-	50,576
Telephone	30,243	9,268	9,268	48,779
Audience research	40,407	-	-	40,407
Broadcast supplies	38,438	-	-	38,438
Artist fees	21,511	1,800	14,234	37,545
Fundraising supplies	48	-	35,677	35,725
Office expense	21,960	11,405	703	34,068
Travel and entertainment	19,459	7,151	6,132	32,742
Utilities	19,403	5,946	5,946	31,295
Advertising and public relations	14,519	349	-	14,868
Satellite fees	11,980	-	-	11,980
Meetings and conferences	1,040	1,563	759	3,362
Staff development	1,595	-	300	1,895
	1,436,541	312,779	556,116	2,305,436
	$ 3,516,403	$ 966,786	$ 1,076,944	$ 5,560,133

NEWARK PUBLIC RADIO, INC.

Statement of Cash Flows
Year Ended September 30, 2022

Cash flows from operations:	
Change in net assets	$ (692,019)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	94,764
Forgiveness of PPP loan ("second draw")	(568,334)
Deferred rent	(6,226)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Underwriting receivables	(6,622)
Contributions receivables	10,383
Grants and contracts receivable	9,896
Prepaid expenses	18,075
(Decrease) in:	
Accounts payable and accrued expenses	(1,599)
Net cash used in operating activities	(1,141,682)
Cash flows from investing activities:	
Proceeds from sale of investments	1,078,005
Net cash provided by investing activities	1,078,005
Net decrease in cash and cash equivalents	(63,677)
Cash, cash equivalents and restricted cash - beginning of year	1,677,591
Cash, cash equivalents and restricted cash - end of year	$ 1,613,914
Supplemental disclosures of cash flow information:	
Non-cash operating activities:	
Trade revenue	$ 175,000
In-kind contributions	$ 120,281

NOTE A - NATURE OF ACTIVITIES

Newark Public Radio, Inc. (the "Organization") was founded in 1979 and is located in Newark, New Jersey. The Organization is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code on income related to its exempt purpose. The Organization is a publicly supported cultural institution that champions jazz and news through radio and website. The Organization seeks to educate, entertain and inspire the public by providing access and opportunity to engage with the highest quality, curated jazz and blues programming produced in the jazz capital of the world.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of accounting and presentation:

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U. S. GAAP"). The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, as follows:

(i) Net assets without donor restrictions:

Net assets that are not subject to donor-imposed (or certain grantor-imposed) restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

(ii) Net assets with donor restrictions:

Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions are temporary in nature; those restrictions will be met by actions of the Organization over the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was stipulated has been fulfilled or both. Donor imposed restrictions, which are satisfied in the year of donation, are reported as net assets without donor restrictions. The Organization had $1,118,037 of net assets with donor restrictions as of September 30, 2022.

[2] Use of estimates:

The preparation of financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

[3] Receivables:

Contributions and other receivables are periodically reviewed by management for collectability. Bad debts are provided for on the allowance method based on historical experience and management's evaluation of outstanding contributions and other receivables. Accounts are written off when they are deemed uncollectible. Management has determined that an allowance of $44,508 against underwriting receivable is deemed necessary as of September 30, 2022.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) **Revenue recognition:**

Exchange Transactions

Trade revenues - The Organization exchanges marketing services with outside organizations. Trade revenues are recognized in the period services of equal value are exchanged (non-cash) and are valued based on the marketing services provided by the Organization at standard rates. Trade revenue is recognized at a point in time when the performance obligation is satisfied, and the service is delivered.

Underwriting revenues - The Organization offers corporate underwriting where customers can sponsor a particular program or multiple programs. Underwriting revenue is recognized at a point in time when the performance obligation is satisfied, and service is delivered.

As of September 30, 2022 and 2021, net underwriting receivables were $72,852 and $66,230, respectively.

Production, licensing, and content - The Organization has a collaborative contract whereby they produce and write content for the Jazz Night in America program. Production, licensing, and content revenues are recognized at a point in time when the performance obligations are satisfied, and services are delivered.

Special events - The Organization records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference, which is included in special events on the statement of activities. The recognition of revenue is conditional on the event taking place, as this is the point in time when the performance obligation of hosting the event occurs, and attendees can no longer request a refund for their tickets purchased.

Insurance reimbursement - The Organization recorded proceeds from their insurance carrier in the amount of $108,418 for the year ended September 30, 2022. These amounts were due to building damage and debris removal caused by flood damage and were recorded in the period received.

Nonexchange transactions

Grants and contributions - The Organization receives grants and contributions from individuals, government, and private organizations. Grants and contributions are recognized as revenue upon receipt of cash, other assets, or unconditional pledges. Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations or time considerations as to their use. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. All grants and contributions received are recorded as without donor restrictions or with donor restrictions, if applicable, depending on the existence and/or nature of any donor restrictions.

In-kind revenue - The Organization records various types of in-kind revenue, including professional services and contributed tangible assets. Contributed professional services are recognized if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed tangible assets are recognized at fair market value when received. In-kind revenue totaled $120,281 for the year ended September 30, 2022. In-kind revenue is offset by in-kind goods and services in expenses.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Cash and cash equivalents:

Cash and cash equivalents include funds held in money market accounts and other instruments with an initial maturity of three months or less. Restricted cash includes cash and cash equivalents which are restricted for donor purposes.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within statement of cash flows:

	September 30, 2022
Cash and cash equivalents	$ 734,915
Cash and cash equivalents - with donor restrictions	878,999
	$ 1,613,914

[6] Investments:

The Organization's investments in equity and debt securities are measured at fair value in the statement of financial position. Donated investments are recorded at fair value at the date of receipt. Realized gains and losses on sales of investments are determined on a specific identification basis. Unrealized gains and losses on investments are included in the statement of activities. Interest and dividend income is recognized on the accrual basis.

[7] Property and equipment:

Property and equipment are stated at cost, less accumulated depreciation and amortization. A portion of the cost is reported each year as depreciation expense. It is the policy of management to depreciate assets using the straight-line method. The Organization's policy calls for the capitalization of property and equipment purchases with costs of $2,500 or greater and a useful life of no less than three years.

Estimated useful lives for computing depreciation on the principal classes of property and equipment are:

Buildings	40 years
Buildings improvements	5 to 40 years
Office equipment	3 to 7 years
Broadcast equipment	3 to 15 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activities for the period.

[8] Functional allocation of expenses:

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program and supporting services benefited. The expenses that were allocated based on estimates of time and effort devoted include salary, payroll taxes and benefits. Direct program expenses include professional fees, rents, insurance, depreciation, supplies, dues and subscriptions, fees, repairs and maintenance, postage and shipping, telephone, broadcast supplies, artist fees, office expenses, travel and entertainment, utilities, advertising and public relations, and meetings and conferences and are allocated based on estimates of time and costs.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Advertising:

The Organization expenses advertising costs as they are incurred. For the year ended September 30, 2022, the Organization incurred advertising costs of $188,098.

[10] Income taxes:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application state law.

The Organization may recognize the tax benefit from an uncertain tax position, including its tax-exempt status, only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities as of September 30, 2022. Interest and penalties on unrecognized tax benefits, if any, are recorded in interest expense.

The Organization files its Form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction, Form CRI-300R in the New Jersey Office of the Attorney General, and the CHAR500 in the Office of the State's Attorney General for the State of New York, annually.

[11] Paycheck Protection Program:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak.

During fiscal year 2021, the Organization applied for and received PPP funds. The Organization has elected to record the PPP funds as a loan under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 470, *Debt*. Loan forgiveness will be recognized when the conditions for loan forgiveness are met, and the forgiveness amount is formally approved by the bank and the SBA. The PPP loan is more fully described in Note I.

[12] New accounting pronouncements:

In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. FASB issued this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The updated guidance is effective for annual financial statements for fiscal years beginning after December 15, 2021. Early adoption of the update is permitted. The Organization's management is currently evaluating the effect of this new guidance on the financial statements and related disclosures.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends FASB's guidance on the impairment of financial instruments. The ASU adds to U.S. GAAP an impairment model ("current expected credit loss model"). Under this guidance, an entity recognizes as an allowance its estimate of expected credit losses. The ASU is effective for the fiscal year beginning after December 15, 2022. The Organization's management is currently evaluating the effect of this new guidance on the financial statements and related disclosures.

In fiscal year 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets.

NOTE C - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at September 30, 2022:

Cash, cash equivalents and restricted cash	$ 1,613,914
Employee Retention Credit (“ERC”) receivables	529,667
Investments	427,002
Grants and contracts receivable	417,023
Underwriting receivables, net	72,852
Contributions receivables	14,211
Less: amounts not available within one year for general expenditures	3,074,669
Net assets with donor restrictions	(1,118,037)
Financial assets available to meet general expenditures within one year	$ 1,956,632

The Organization regularly monitors liquidity required to meet its operating needs and commitments. The Organization's cash flows fluctuate during the year attributable to the timing of program operations and collection of funds from donors and grantors.

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2022 are as follows:

Duke Jazz Media Labs	$ 46,192
Cephas Bowles Scholarship	44,440
Jazz Archive Project	33,228
Children's Jazz	21,428
Time restricted	93,750
Total restricted by donor for programmatic use	239,038
National Endowment for the Arts	240,000
Jazznet Endowment	300,000
Prudential Financial	250,000
NJ Cultural Trust	88,999
Total restricted endowed principal	878,999
Total net assets with donor restrictions	$ 1,118,037

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the year ended September 30, 2022:

Prudential	$ 104,382
Jazz Night in America	59,693
Hyde & Watson FD Security System	15,000
Children's Jazz	8,108
Jazz Archive Project	4,772
Duke Jazz Media Labs	3,808
Time restricted	135,000
Total net assets released from restrictions	$ 330,763

NOTE E - INVESTMENTS

Investments as of September 30, 2022 consisted of the following:

	Cost	Market
Equities	$ 2,713	$ 8,579
Certificates of deposit	400,000	418,423
	$ 402,713	$ 427,002

Investment income, net consisted of the following at September 30, 2022:

Interest and dividend income	$ 2,742
Unrealized losses	15
	$ 2,757

NOTE F - FAIR VALUE MEASUREMENTS

Management utilizes the fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Pricing inputs are quoted prices available in active markets for identical assets or liabilities as of the reporting date. Management does not adjust the quoted price for these assets or liabilities, even in situations where the Organization holds a large position, and a sale could reasonably impact the quoted price.

Level 2*:* Pricing inputs are quoted prices for similar investments, or inputs that are observable for the assets or liabilities, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes assets or liabilities valued at quoted prices adjusted for legal or contractual restrictions specific to these assets or liabilities.

Level 3*:* Pricing inputs are unobservable for the asset or liability and are therefore based on management's own determinations about the assumptions that market participants would use in pricing the asset or liability.

NOTE F - FAIR VALUE MEASUREMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

Common stock - Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of deposit - Valued at amortized cost, which approximates fair value.

The following table presents information about the Organization's investments at fair value as of September 30, 2022:

	Level 1	Level 2	Level 3	Total
Common stock	$ 8,579	$ -	$ -	$ 8,579
Certificates of deposit	-	418,423	-	418,423
	$ 8,579	$ 418,423	$ -	$ 427,002

Certificates of deposit are held on a short-term basis with maturity dates through April 2023.

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30, 2022:

Land	$ 47,855
Buildings	82,684
Building improvements	2,711,397
Broadcasting equipment	1,620,542
Office equipment	487,929
	4,950,407
Less: accumulated depreciation and amortization	(3,814,187)
Total	$ 1,136,220

Depreciation and amortization expense was $94,764 for the year ended September 30, 2022.

NOTE H - EMPLOYEE RETENTION CREDIT

The Organization applied for aggregate Employee Retention Credits of $529,667 under the CARES Act related to quarters ended March 31, 2021, and June 30, 2021, of Form 941 Employer Quarterly Federal Tax Return, of which none was received. Accordingly, $529,667 is reflected as ERC receivable for the year ended September 30, 2022. The Organization has recorded the ERC credit as income in the statement of activities for the year ended September 30, 2021.

NOTE I - PAYCHECK PROTECTION PROGRAM LOAN

In March 2021, in response to the Economic Aid Act, the Organization applied for and received funding through the PPP (“second draw”) of $568,334 from the SBA. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities, with at least 60% being used for payroll. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. The loan has an interest rate of 1% and a maturity of two years, which can be extended to up to five years if the Organization and the lender agree. In May 2022, the Organization obtained full forgiveness from the SBA. Accordingly, the $568,334 second draw PPP loan was recorded as forgiveness of debt income in the statement of activities at September 30, 2022.

NOTE J - OPERATING LEASES

The Organization leases antenna and other space under month to month and non-cancelable operating lease arrangements with expirations through April 2025. Future minimum rental payments to be paid under non-cancellable lease agreements are approximately as follows:

Year Ending September 30,	Amount
2023	$ 96,870
2024	98,807
2025	49,893
Total	$ 245,570

Rent expense for the year ended September 30, 2022 was $164,676.

NOTE K - CONCENTRATION OF CREDIT RISK

The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash and investments in marketable securities. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC") insurance limits. At September 30, 2022, the Organization had cash of approximately $942,000 in excess of federally insured limits. At September 30, 2022, the Organization's investment balances did not exceed SIPC limits.

NOTE L - EMPLOYEE RETIREMENT PLAN

The Organization has a defined contribution plan covering all eligible employees as defined by the plan. The plan provides for participant contributions up to the maximum allowed by the IRS. The Organization makes discretionary contributions to each participant of up to 4% of the participant's compensation. The Organization's discretionary contribution was approximately $103,000 for the year ended September 30, 2022.

NOTE M - ENDOWMENT

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

NOTE M - ENDOWMENT (CONTINUED)

Interpretation of Relevant Law - The Organization's Board of Trustees has interpreted state law as requiring the preservation of the value of the original gift as of the gift date of the donor restricted endowment funds. The Organization classifies as net assets with donor restrictions the original value of the gifts donated to the endowment and the original value of subsequent gifts donated to the endowment. Income earned on the endowment funds is without donor restrictions.

Return Objectives and Risk Parameters - The Organization follows investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period.

Strategies Employed for Achieving Objectives - The Organization maintains their endowment assets in cash and cash equivalents (short-term U.S. treasury bills).

Spending Policy - Each year a distribution will be considered by the Finance Committee of the realized income earned by the Endowment from interest and dividends. Any portion of the annual, distributable funds not distributed in any given year will be retained in The Endowment Fund for expenditure in future years, upon recommendation of the Finance Committee in consultation with the Board of Trustees.

Changes in donor restricted endowment net assets for the year ended September 30, 2022, are as follows:

	National Endowment for the Arts	Jazznet Endowment	Prudential Endowment	NJ Cultural Trust	Total
Balance - October 1, 2021	$ 240,000	$ 300,000	$ 250,000	$ 88,999	$ 878,999
Investment income	753	941	784	279	2,757
Appropriated for expenditure	(753)	(941)	(784)	(279)	(2,757)
Balance - September 30, 2022	**$ 240,000**	**$ 300,000**	**$ 250,000**	**$ 88,999**	**$ 878,999**

NOTE N - RELATED PARTY TRANSACTIONS

The Organization received contributions from Board members amounting to approximately $99,000 for the year ended September 30, 2022.

NOTE O - RISKS AND UNCERTAINTIES

The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. Currently, management is unable to quantify the pandemic's potential effects on the operations and financial performance of the Organization.

NOTE P - SUBSEQUENT EVENTS

Subsequent events were evaluated through May 11, 2023, which is the date that the financial statements were available to be issued.

EisnerAmper LLP
733 Third Avenue
New York, NY 10017
T 212.949.8700
F 212.891.4100
www.eisneramper.com

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 Trustees of
Newark Public Radio, Inc.

We have audited, 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 (*Government Auditing Standards*), the financial statements of Newark Public Radio, Inc., which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 11, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Newark Public Radio, Inc.'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 Newark Public Radio, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Newark Public Radio, Inc.'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 organization'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Newark Public Radio, Inc.'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 Newark Public Radio, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Newark Public Radio, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
May 11, 2023