TEMPLE UNIVERSITY WRTI-FM

Financial Statements as of and for the Years Ended June 30, 2022 and 2021, and Independent Auditor's Report

TEMPLE UNIVERSITY
INCORPORATED MAY 12, 1888
PERSEVERANTIA VINCIT
Of The Commonwealth System Of Higher Education

TEMPLE UNIVERSITY WRTI-FM
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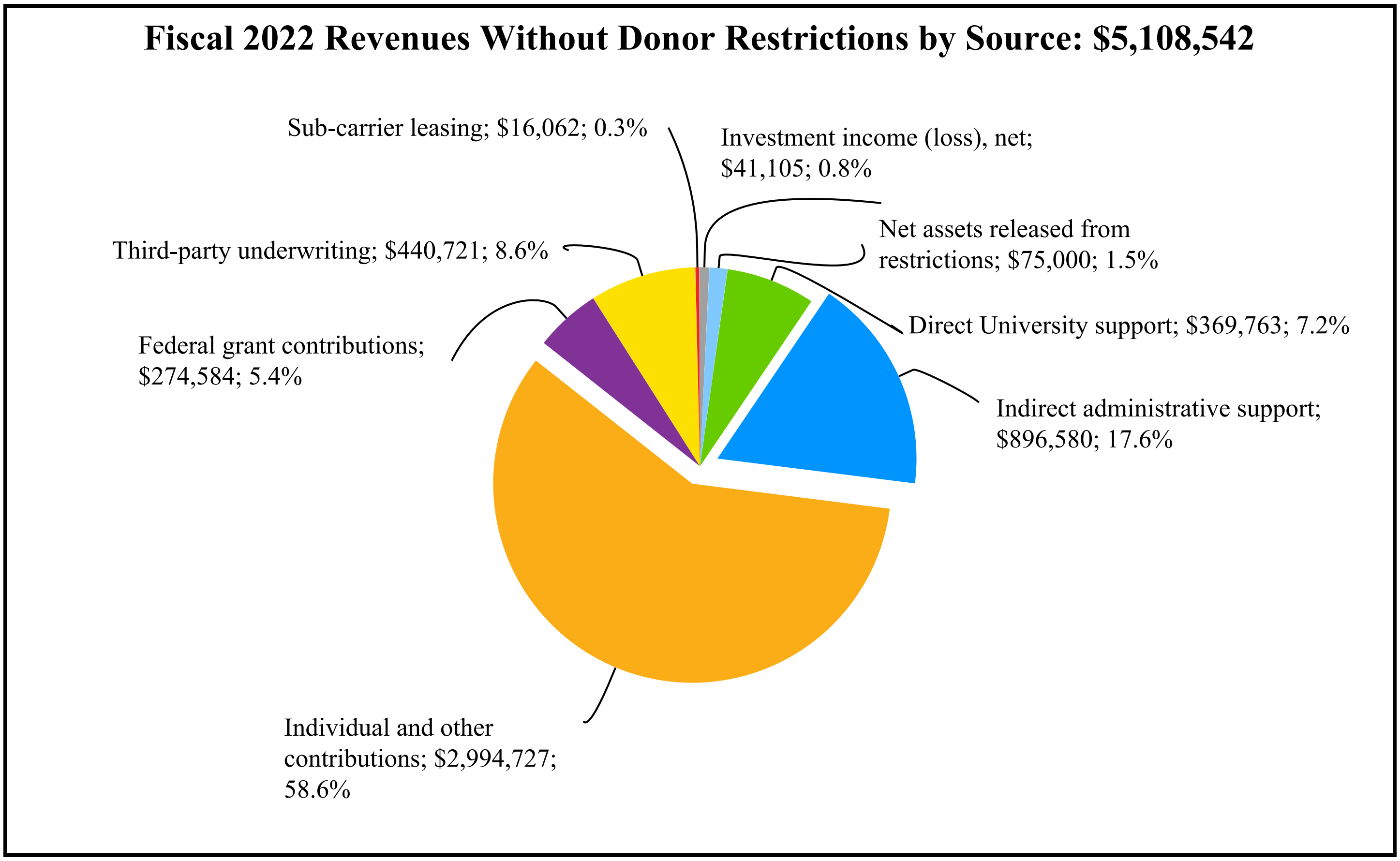
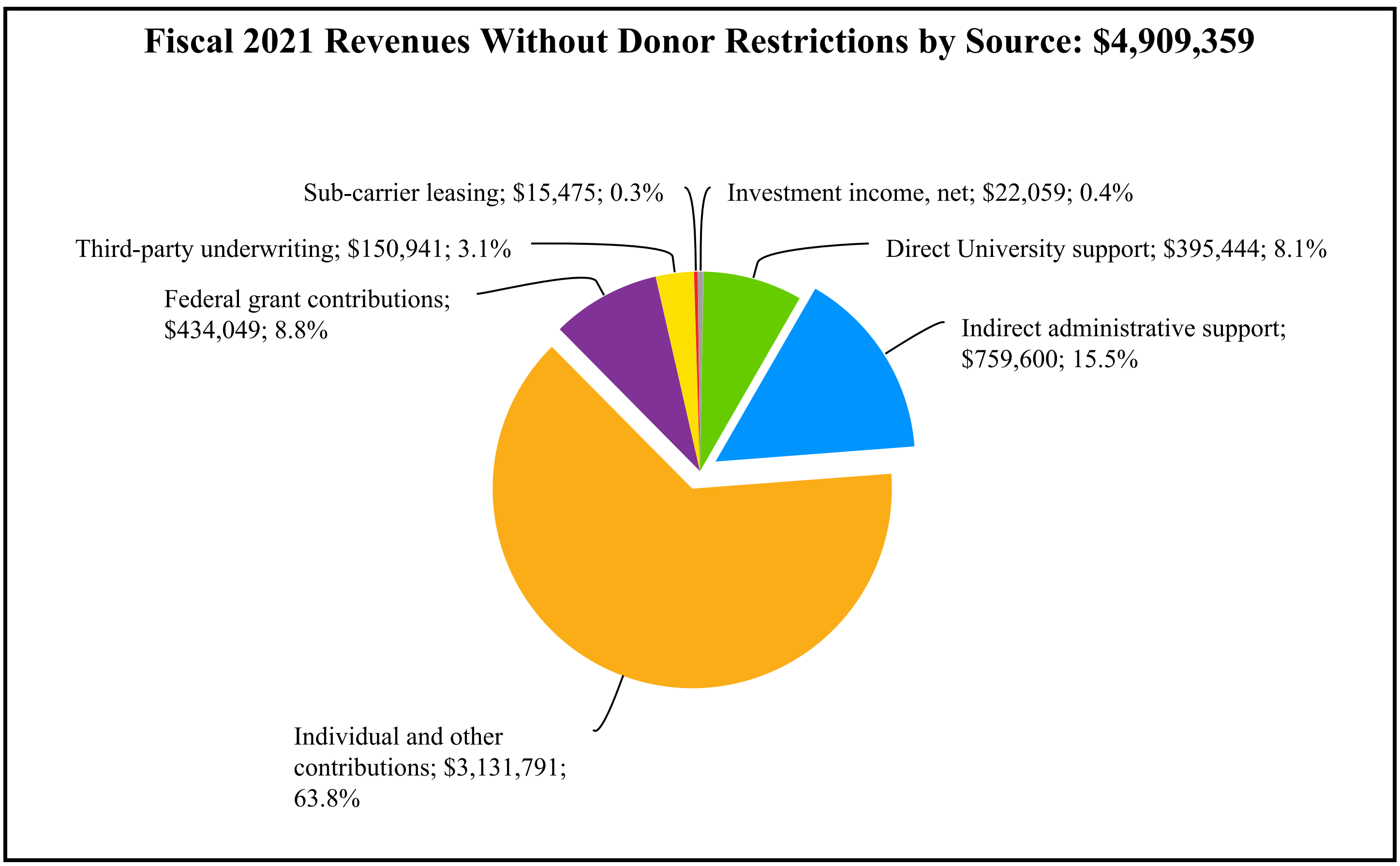
TEMPLE UNIVERSITY WRTI-FM

Revenues Without Donor Restrictions by Source

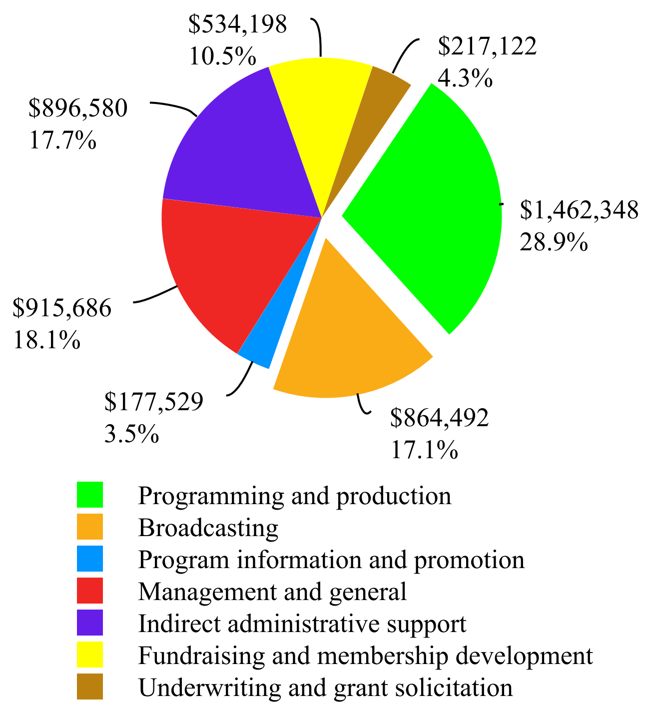




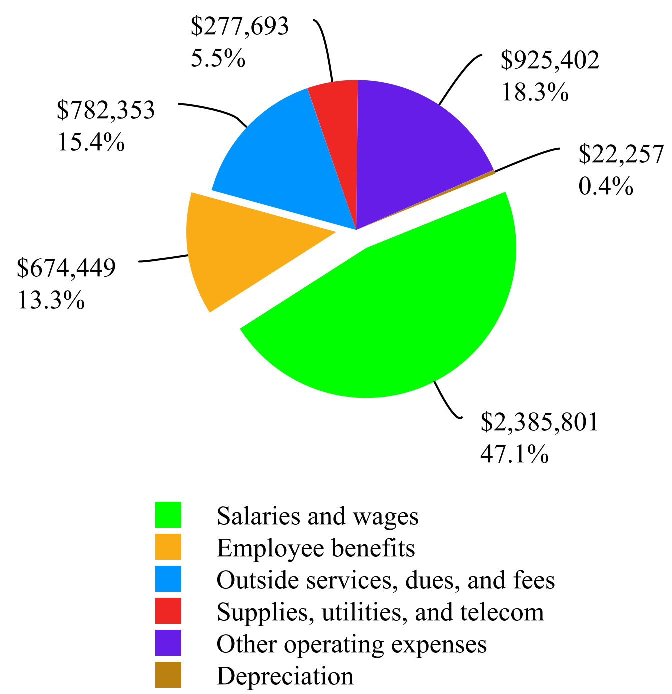
TEMPLE UNIVERSITY WRTI-FM

Operating Expenses by Function and Natural Expense Type

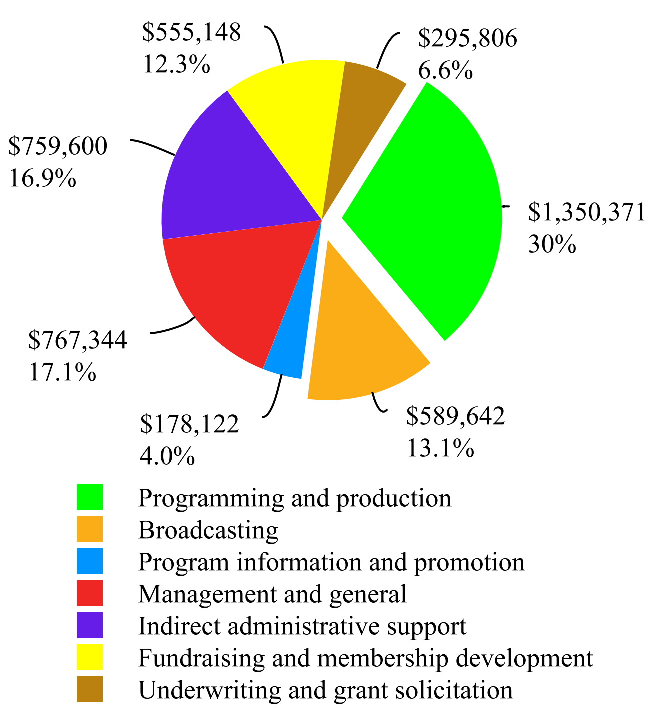
Fiscal 2022 Operating Expenses by Function: $5,067,955



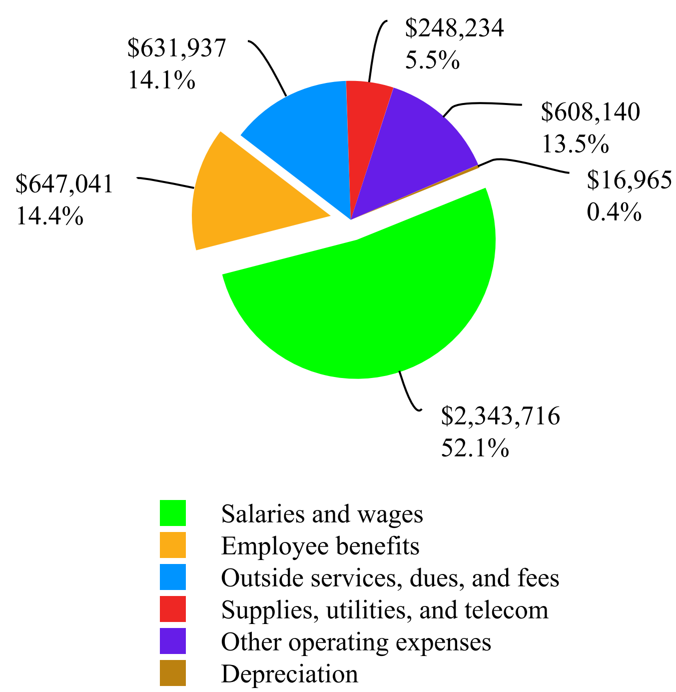
Fiscal 2022 Operating Expenses by Natural Expense Type: $5,067,955



Fiscal 2021 Operating Expenses by Function: $4,496,033



Fiscal 2021 Operating Expenses by Natural Expense Type: $4,496,033



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MITCHELL TITUS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Temple University

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Temple University WRTI-FM, which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities and cash flows for the years 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 Temple University WRTI-FM as of June 30, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Temple University WRTI-FM and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Notes 1 and 2, the Station is operated by Temple University - of The Commonwealth System of Higher Education (the University). The accounts included in the financial statements only present the financial activity of the Station that is operated by the University.

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; this includes the design, implementation, and maintenance of internal control relevant

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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 Temple University WRTI-FM's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Temple University WRTI-FM'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 Temple University WRTI-FM's ability to continue as a going concern for a reasonable period of time.

MITCHELL TITUS

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The summary of statements of activities for the years ended June 30, 2022 and 2021, as described in the table of contents and presented on pages i and ii, is presented for purposes of additional analysis and is 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. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Mitchell & Titus, LLP

February 10, 2023

TEMPLE UNIVERSITY WRTI-FM
Statements of Financial Position

	June 30, 2022	June 30, 2021
Assets:		
Current assets:		
Cash	$ 1,460,103	$ 1,587,685
Accounts and contributions receivable	189,983	122,084
Less: Allowance for doubtful accounts	(39,103)	(14,117)
Accounts and contributions receivable, net	150,880	107,967
Total current assets:	1,610,983	1,695,652
Non-current assets:		
Accounts and contributions receivable	—	75,000
Endowment investments	1,109,578	1,105,311
Operating lease right-of-use assets	441,545	440,985
Equipment	3,554,276	3,438,476
Less: Accumulated depreciation	(3,431,954)	(3,409,697)
Equipment, net	122,322	28,779
Total-non-current assets	1,673,445	1,650,075
Total assets	$ 3,284,428	$ 3,345,727
Liabilities and net assets:		
Current liabilities:		
Accounts payable and accrued expenses	$ 371,491	$ 389,796
Paycheck Protection Program loan	409,425	409,425
Total current liabilities	780,916	799,221
Non-current liabilities:		
Operating lease liabilities	305,220	326,857
Total non-current liabilities	305,220	326,857
Total liabilities	1,086,136	1,126,078
Net assets		
Without donor restrictions	1,004,925	964,338
With donor restrictions	1,193,367	1,255,311
Total net assets	2,198,292	2,219,649
Total liabilities and net assets	$ 3,284,428	$ 3,345,727

See accompanying notes to financial statements.

TEMPLE UNIVERSITY WRTI-FM

Statement of Activities

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Direct University support	$ 369,763	$ —	$ 369,763
Indirect administrative support	896,580	—	896,580
Individual and other contributions	2,994,727	124,419	3,119,146
Federal grant contributions	274,584	—	274,584
Third-party underwriting	440,721	—	440,721
Sub-carrier leasing	16,062	—	16,062
Investment income (loss), net	41,105	(111,363)	(70,258)
Net assets released from restrictions	75,000	(75,000)	—
Total revenue	5,108,542	(61,944)	5,046,598
Expenses:			
Program services:			
Programming and production	1,462,348	—	1,462,348
Broadcasting	864,492	—	864,492
Program information and promotion	177,529	—	177,529
Total program services	2,504,369	—	2,504,369
Support services:			
Management and general	915,686	—	915,686
Indirect administrative support	896,580	—	896,580
Fundraising and membership development	534,198	—	534,198
Underwriting and grant solicitation	217,122	—	217,122
Total support services	2,563,586	—	2,563,586
Total expenses	5,067,955	—	5,067,955
Change in net assets	40,587	(61,944)	(21,357)
Net assets, beginning of year	964,338	1,255,311	2,219,649
Net assets, end of year	$ 1,004,925	$ 1,193,367	$ 2,198,292

See accompanying notes to financial statements.

TEMPLE UNIVERSITY WRTI-FM

Statement of Activities

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Direct University support	$ 395,444	$ —	$ 395,444
Indirect administrative support	759,600	—	759,600
Individual and other contributions	3,131,791	1,090,792	4,222,583
Federal grant contributions	434,049	—	434,049
Third-party underwriting	150,941	—	150,941
Sub-carrier leasing	15,475	—	15,475
Investment income, net	22,059	135,374	157,433
Total revenue	4,909,359	1,226,166	6,135,525
Expenses:			
Program services:			
Programming and production	1,350,371	—	1,350,371
Broadcasting	589,642	—	589,642
Program information and promotion	178,122	—	178,122
Total program services	2,118,135	—	2,118,135
Support services:			
Management and general	767,344	—	767,344
Indirect administrative support	759,600	—	759,600
Fundraising and membership development	555,148	—	555,148
Underwriting and grant solicitation	295,806	—	295,806
Total support services	2,377,898	—	2,377,898
Total expenses	4,496,033	—	4,496,033
Change in net assets	413,326	1,226,166	1,639,492
Net assets, beginning of year	551,012	29,145	580,157
Net assets, end of year	$ 964,338	$ 1,255,311	$ 2,219,649

See accompanying notes to financial statements.

TEMPLE UNIVERSITY WRTI-FM
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	Year Ended June 30, 2022	Year Ended June 30, 2021
Cash flows from operating activities:		
Change in net assets	$ (21,357)	$ 1,639,492
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	22,257	16,965
Realized and unrealized loss (gain) on investments, net	74,189	(179,008)
Contributions and investment income restricted for endowment	(123,460)	(940,675)
Changes in operating assets and liabilities:		
Accounts receivable	32,087	(170,915)
Deferred revenue	—	(2,600)
Accounts payable, accrued expenses and other liabilities	(38,333)	161,135
Net change in operating lease right of use assets and liabilities	(2,169)	35,306
Net cash (used in) provided by operating activities	(56,786)	559,700
Cash flows from investing activities:		
Purchases of investments restricted for endowment	(192,623)	(1,060,985)
Sales of investments restricted for endowment	130,718	140,705
Net change in short-term investments restricted for endowment	(16,551)	(6,023)
Purchase of equipment	(115,800)	—
Net cash used in investing activities	(194,256)	(926,303)
Cash flows from financing activities:		
Proceeds from contributions and investment income restricted for endowment	123,460	940,675
Proceeds from Paycheck Protection Program loan	—	409,425
Net cash provided by financing activities	123,460	1,350,100
Net change in cash	(127,582)	983,497
Cash, beginning of year	1,587,685	604,188
Cash, end of year	$ 1,460,103	$ 1,587,685

See accompanying notes to financial statements.

1. Organization

WRTI-FM (the "Station") is a member-supported public radio station. The Station's programming is music-intensive, primarily broadcasting classical and jazz content along with other arts and cultural programming. The Station is operated by Temple University — Of The Commonwealth System of Higher Education (the "University").

2. Summary of Significant Accounting Policies

Basis of Presentation — The financial statements and accompanying notes have been prepared in United States ("U.S.") dollars and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for not-for-profit organizations. The accounts included in the financial statements only present the financial activity of the Station, that is operated by the University.

The Station's financial statements are presented such that net assets, revenues, gains, expenses, and losses are classified as net assets without donor restrictions or net assets with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

> *Net Assets without Donor Restrictions:* Net assets not subject to donor-imposed restrictions. These net assets may be designated for specific purposes by action of the Station or may otherwise be limited by contractual agreements with outside parties. The Station reports donor-restricted support whose restrictions are met in the same reporting period as support within *Net assets without donor restrictions*. All expenses from operations are reported as a reduction of *Net assets without donor restrictions*, since the use of restricted contributions in accordance with donors' stipulations results in the release of the restriction.
>
> *Net Assets with Donor Restrictions* — Net assets subject to donor-imposed restrictions, which are donor stipulations that specify a use for a contributed asset that is more specific than broad limits resulting from the following: a) the nature of the not-for-profit entity, b) the environment in which it operates and c) the purposes specified in its articles of incorporation or bylaws or comparable documents. Net assets subject to donor-imposed restrictions include contributions for which donor-imposed restrictions have not been met and donor restricted endowment funds.

The Station reports gifts of cash and other assets as restricted support 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, donor restricted net assets are reclassified to *Net assets without donor restrictions* and reported in the statements of activities as *Net assets released from restriction*.

Accounts and Contribution Receivable — Accounts and contributions receivable are reported at their net realizable value. The allowance for doubtful accounts is based upon management's judgment including such factors as collection history, type of receivable, and periodic assessment of collectibility of individual accounts. The Station writes-off receivables when they are determined to be uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. The Station does not accrue interest on these amounts.

Endowment Investments — The Station's endowment funds are invested and managed by the University. The value of Station's endowment represents donor restricted contributions, plus accumulated investment earnings thereon (net of expenses), from pooled investment funds managed by the University. Shares assigned to the Station's endowment funds have a unit value which is based upon the fair value of the net investment assets in the pooled fund(s) divided by the total number of unit shares outstanding. The University allocates earnings of the pool, net of related expenses, to each endowment fund based upon the number of unit shares owned in relation to the total outstanding shares as of the effective date of the allocation. The University reports investments in the pool including debt and equity securities at fair value. The University also invests in various limited partnerships, hedge funds, and other investment funds whose fair value is measured at net asset value per share as determined by the respective fund managers and financial information provided by the investment entities. This financial information includes assumptions and methods that are reviewed by the University. Because these investments are not readily marketable, the estimated fair values are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market existed, and such differences could be material.

The University categorizes its assets and liabilities measured at fair value into a three-level hierarchy, based on the priority of the inputs to the respective valuation techniques, with assets that are measured using the net asset value per share practical expedient being excluded from the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset's or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The University's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels (see Note 5).

The carrying values of short-term assets and liabilities, accounts receivable, and accounts payable, approximate their fair values. Endowment investments are carried at their estimated fair value (see Notes 5 and 6). Considerable judgment is necessary to interpret market data and develop estimated fair values. Accordingly, the estimates presented are not necessarily indicative of the amounts at which these instruments could be purchased, sold, or settled.

The University has adopted, for endowments (including the Station's endowments) and funds designated by the board of trustees to be invested as endowments, a spending rule based on a percentage of the fair value of such investments, computed as a moving average over the past twelve quarters. For these investments, the spending rule amount is reported as *Investment income,net* in revenues. (see Note 6).

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

Equipment — Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to twenty years. Equipment with a unit cost of $5,000 or greater is capitalized. There were no losses on disposals for fiscal years 2022 and 2021.

Long-Lived Assets — The Station reviews long-lived assets, such as property, plant, and equipment, for impairment whenever events or changes indicate that the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their expected undiscounted future cash flows. If such assets are considered to be impaired, the impairment is measured by the amount the carrying value exceeds the fair value of the assets. No impairment of long-lived assets occurred in 2022 or 2021.

Leases — The Station determines if an arrangement is a lease at inception. A contract is or contains a lease if the contract conveys the right to control and obtain substantially all of the economic benefits from an identified asset, and provides the Station with the right to direct the use of the identified asset for a period of time in exchange for consideration. Operating leases are included in *Operating lease right-of-use assets*, *Operating lease liabilities (non-current)*, and *Accounts payable and accrued expenses (current)*. Operating lease right-of-use ("ROU") assets represent the Station's right to use an underlying asset for the lease term. Operating lease liabilities represent the Station's obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. If a lease agreement does not provide an implicit rate, based on the information available at the commencement date, the Station uses its incremental borrowing rate in determining the present value of lease payments. The rates implicit on the Station's leases were not readily available and, as such, the Station used the incremental borrowing rate when measuring all leases. The Station determines its incremental borrowing rate based on the approximate rate at which the University would borrow, on a collateralized basis over a similar term. The determination of the incremental borrowing rate includes numerous assumptions such as credit standing, lease term, amount of borrowing, and location of leased assets. Certain leases (primarily radio towers) include options to extend or terminate agreements (see Note 4). Options to extend or terminate the lease are considered in determining the lease term only when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Station elected the practical expedient that allows lessees to choose not to separate lease and non-lease components and is applying this expedient to all leases. Additionally, the Station elected to not recognize lease assets and lease liabilities for all leases with a term of 12 months or less; such lease payments are recognized as expense on a straight-line basis over the lease term. The Station's operating leases are primarily for radio towers. Prior to July 1, 2020, the Station recognized leases under ASC 840, *Leases*. In accordance with the prior guidance, operating leases were not recorded on the Station's balance sheets (See *Recently Issued Accounting Pronouncements* and Note 4).

Indirect Administrative Support — Indirect administrative support consists of donated facilities, services, and administrative support from the University. Indirect administrative support is recorded as revenue and as a support services expense in the period in which the support was received. Donated facilities from the University consist of office and studio space. The cost of donated facilities is measured in accordance with valuation guidelines established by the Corporation for Public Broadcasting. Administrative support charges are calculated based on administrative overhead charges as reported in the licensee's audited financial statements for the fiscal years ended June 30, 2022 and 2021. It is the opinion of management that the amounts provided in these financial statements provide a reasonable basis for estimating this charge and are in accordance with standards established in the Corporation for Public Broadcasting Financial Reporting Guidelines for 2022 and 2021.

Third-party Underwriting — Third-party underwriting represents regulated on-air announcement services provided by the Station for various companies and non-profit organizations. Underwriting revenues may be provided directly or indirectly to the Station. For those provided indirectly, the Station must constructively receive the revenues. The Station recognizes the revenue in accordance with standards established in the Corporation for Public Broadcasting Financial Reporting Guidelines for 2022 and 2021.

Functional Allocation of Expenses — The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited, based on total personnel costs or other systematic bases (See Note 8).

Income Tax Status — The Station is operated by the University and, therefore, is included in the University's tax returns for tax reporting purposes under Section 501(c)(3) of the Internal Revenue Code. The University files U.S. federal, state, and local information returns and no returns are currently under examination. The statute of limitations on the University's U.S. federal information returns remains open for three years following the year they are filed.

U.S. GAAP requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The University does not believe the Station's financial statements include any uncertain tax positions that would require disclosure.

Use of Estimates — The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expense during the reported periods. Actual results could differ materially from those estimates.

Reclassifications — Certain 2021 amounts in the Statements of Cash Flows have been reclassified to conform to the 2022 financial statements presentation.

Recently Issued Accounting Pronouncements — Recently issued accounting pronouncements that are applicable to the Station's financial statements are as follows:

Standard	Description	Adoption
Standards that were adopted during fiscal years 2022 and 2021:		
Leases **ASU 2021-09 (Topic 842)**	Provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The standard allows lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The standard requires that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. The Station did not elect the practical expedient allowed by ASU 2021-09.	Immediate (for entities that already adopted Topic 842) Retrospective or modified retrospective application (consistent with ASC 842 election).
Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets **ASU 2020-07 (Topic 958)**	Provides new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profits, including additional disclosure rules for recognized contributed services. The amendments will not change the recognition and measurement requirements for those assets. Not-for-profits are required to present donated nonfinancial assets separately in the statement of activities from contributions of cash or other financial assets. A not-for-profit organization has to disclose more details about the donated nonfinancial asset it received by category in footnotes. The Station did not have significant contributions of nonfinancial assets. The new standard did not have a material impact on the Station's financial statements.	July 1, 2021 (annual periods) July 1, 2022 (interim periods) Retrospective application

Standards that were adopted during fiscal years 2022 and 2021:		
Leases **ASU 2016-02 (Topic 842)**	Establishes a new lease accounting model, which requires balance sheet recognition of lease assets and lease liabilities by lessees for leases classified as operating leases, with an optional policy election to not recognize lease assets and lease liabilities for leases with a term of 12 months or less. The amendments also require new disclosures, including qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The new standard was adopted on July 1, 2020, using a modified retrospective approach permitted in ASU 2018-11, under which prior periods were not adjusted and remain under the ASC 840 requirements. Upon adoption, the Station recognized its lease assets and lease liabilities measured at the present value of remaining rental payments, discounted using the Station's incremental borrowing rate. The Station elected the package of practical expedients as permitted under the transition guidance, which allows the Station: (i) to not reassess whether any existing contracts are leases or contain a lease; (ii) to not reassess the lease classification of existing leases; and (iii) to not reassess treatment of initial direct costs for existing leases. The Station also elected the practical expedient to not separate lease and non-lease components and is applying this expedient for all leases post adoption. Additionally, the Station elected to not recognize lease assets and lease liabilities for leases with a term of 12 months or less. Upon adoption of Topic 842, the Station recognized right-of-use assets of $606,634 and lease liabilities of $643,172 calculated based on the present value of the remaining minimum lease payments as of the adoption date. No change to beginning net assets was required. The new standard did not have a material impact on the Station's statement of activities or its statement of cash flows.	July 1, 2020 Modified retrospective application

3. Federal Grants

The Public Telecommunications Facilities Program ("PTFP") retains a reversionary interest in WRTI-FM equipment. This interest extends from the initial receipt of equipment through a 10-year period ending June 30, 2021. WRTI-FM management is not aware of any noncompliance with PTFP requirements. At June 30, 2022 and 2021, Gross PTFP reversionary interest for equipment purchased from PTFP grants totaled $0 and $164,648, respectively.

4. Leases

As discussed in Note 2, on July 1, 2020, the Station adopted ASC 842 – *Leases*. The new standard defines a lease as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment (the underlying asset) for a period of time in exchange for consideration.

The primary difference between accounting for leases under ASC 842 (compared to the prior guidance) is the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. Both finance leases and operating leases create a right-of-use asset and a liability measured at the present value of the lease payments, with the corresponding right-of-use asset being adjusted for any prepaid (accrued) rent, lease incentives, and initial direct costs.

The Station leases certain facilities and equipment with initial terms in excess of one year. Leases with an initial term of 12-months or less are not recorded on the statement of financial position; the Station recognizes lease expense for these leases on a straight-line basis over the lease term. The useful life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase/ renewal option that is reasonably certain of exercise. There are no material restrictions or covenants imposed by the Station's leases. See Note 2 for a summary of the Station's lease accounting policy.

The right-of-use assets and liabilities under the Station's operating leases as of June 30, 2022 and 2021 are as follows:

Operating leases:	**June 30, 2022**	**June 30, 2021**
Assets:		
Right-of-use assets	$ 721,785	$ 606,634
Accumulated amortization and periodic reduction of ROU assets on operating leases	(280,240)	(165,649)
Right-of-use assets, net	$ 441,545	$ 440,985
Balance sheet classification (non-current)	Operating lease right-of-use assets	Operating lease right-of-use assets
Liabilities:		
Current portion of lease liability, balance	$ 169,462	$ 149,434
Non-current portion of lease liability, balance	305,220	326,857
Lease liabilities	$ 474,682	$ 476,291
Current portion of lease liabilities, classification	Accounts payable and accrued expenses	Accounts payable and accrued expenses
Non-current portion of lease liabilities, classification	Operating lease liabilities	Operating lease liabilities

A summary of the components of lease expense for the years ended June 30, 2022 and 2021 is as follows:

	Natural Expense Type	**June 30, 2022**	**June 30, 2021**
Operating lease cost:			
Fixed rent expense	Outside services, dues, and fees	$ 172,324	$ 170,951
Total lease cost		$ 172,324	$ 170,951

A maturity analysis of the future lease payments under operating leases (with initial terms excess of one year) at June 30, 2022 is as follows:

Maturity of Lease Liabilities	**Operating Leases**
2023	$ 173,337
2024	91,740
2025	70,595
2026	43,055
2027	28,718
Thereafter	83,335
Obligation, gross	490,780
Liability accretion	(16,098)
Total obligation, net of liability accretion	$ 474,682

Supplemental lease information as of June 30, 2022 and 2021 is as follows:

Lease-Term and Discount Rates	**June 30, 2022**	**June 30, 2021**
Weighted average remaining lease-term (years)	5.28	5.16
Weighted average discount rates	0.99 %	0.98 %

Supplemental Cash Flow Information	**June 30, 2022**	**June 30, 2021**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows[1]	$ 176,906	$ 172,181
Right-of-use assets obtained in exchange for new operating lease liabilities[2]	—	18,258

[1] Payments relating to operating leases are presented within operating activities in the combined statement of cash flows.

[2] Amounts included herein do not include the right-of-use assets obtained in exchange for lease liabilities resulting from the initial application of ASC Topic 842. See Note 2 for the amounts recognized at adoption.

As most of the Station's leases do not provide an implicit rate, the incremental borrowing rate, which is based on information available at the lease commencement date, is used to determine the present value of future lease payments. The Station’s incremental borrowing rate applicable to the lease, is determined by estimating what it would cost the Station to borrow a collateralized amount equal to the total lease payments over the lease term based on the contractual terms of the lease and the location of the leased asset. The incremental borrowing rate on July 1, 2020 is used for operating leases that commenced prior to July 1, 2020 (the effective date of ASC 842).

The Station’s lease agreements provide the Station with various options to extend or terminate certain lease terms. Options to extend or terminate a lease are considered in determining the lease term only when it is reasonably certain that the option will be exercised. If the option to extend or terminate is not reasonably certain to be exercised, such term options are excluded from the ROU asset and related lease liability. At adoption of ASC 842, the Station was not reasonably certain that it would exercise term options.

5. Fair Value Measurements

As discussed in Note 2, the Station's endowment funds are invested and managed by the University. The disclosures below are related to the pooled investments managed by the University. The University applies the provisions of FASB ASC 820, Fair Value Measurement, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

A financial asset or liability classification is determined based on the lowest level input that is significant to the fair value measurement. The fair value hierarchy consists of the following three levels:

> Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the University can access at the measurement date. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets primarily consist of money market funds, U.S. treasury securities, equity securities, exchange traded futures contracts, and equity and fixed income mutual funds.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 2 assets primarily consist of corporate bonds and notes.

Level 3 — Unobservable inputs based on management's own assumptions used to measure assets and liabilities at fair value or assets that management does not have the ability to redeem. Level 3 inputs include values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the University's own assumptions. The Station did not hold any level 3 investments at June 30, 2022 and 2021.

Investments for which fair value is measured using the net asset value per share practical expedient are not included within the fair value hierarchy.

The following tables represents the Station's allocable share of the investments in the University's investment pool carried at fair value measured on a recurring basis as of June 30, 2022 and 2021 :

June 30, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Money market funds	$ 62,540	$ —	$ —	$ 62,540
Corporate bonds and notes	—	3,819	—	3,819
U.S. government and agency securities	29,959	—	—	29,959
Equity funds and securities	69,629	—	—	69,629
Futures contracts	(8,578)	—	—	(8,578)
Total investments in fair value hierarchy	$ 153,550	$ 3,819	$ —	157,369
Investments measured at NAV				952,209
Total investments				$ 1,109,578

June 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Money market funds	$ 41,711	$ —	$ —	$ 41,711
Corporate bonds and notes	—	5,565	—	5,565
U.S. government and agency securities	33,754	—	—	33,754
Equity funds and securities	105,430	—	—	105,430
Futures contracts	349	—	—	349
Total investments in fair value hierarchy	$ 181,244	$ 5,565	$ —	186,809
Investments measured at NAV				918,502
Total investments				$ 1,105,311

The University assesses the valuation hierarchy for each asset or liability measured on an annual basis. From time to time, assets or liabilities will be transferred within the fair value hierarchy as a result of changes in, among other things, inputs used, liquidity, or valuation methodologies. During the years ended June 30, 2022 and 2021, there were no significant transfers between levels within the fair value hierarchy.

Information for investments whose fair value is estimated using its net asset value ("NAV") practical expedient (or its equivalent) at June 30, 2022 and 2021 is as follows:

June 30, 2022	Fair Values Investments / Endowment		Redemption Frequency	Notice Period
Commodity funds	$	20,332	Daily	2 days
Multi-strategy hedge funds		316,312	Quarterly	90 days
Private equity		90,122	Illiquid	N/A
Real estate funds		38,288	Quarterly	45-90 days
Fixed income funds		58,704	Monthly-Quarterly	30-60 days
Equity funds		390,069	Daily-Monthly	1-30 days
Opportunistic funds		38,382	Quarterly-Illiquid	60 days - N/A
Total value	$	952,209		

June 30, 2021	Fair Values Investments / Endowment		Redemption Frequency	Notice Period
Commodity funds	$	22,212	Daily-Monthly	1-2 days
Multi-strategy hedge funds		290,424	Quarterly	90 days
Private equity		47,215	Illiquid	N/A
Real estate funds		29,575	Quarterly	30-90 days
Fixed income funds		60,916	Daily-Monthly	1-45 days
Equity funds		446,390	Daily-Monthly	1-30 days
Opportunistic funds		21,770	Illiquid	N/A
Total value	$	918,502		

Unfunded commitments at June 30, 2022 and 2021 are as follows:

	June 30, 2022		June 30, 2021	
Private equity	$	75,266	$	81,788
Opportunistic funds		15,647		15,719
Total value	$	90,913	$	97,507

Commodity funds include investments in both long and short commodity derivatives in a unitized fund structure.

Multi-strategy hedge funds include hedge fund-of-funds that invest in the commingled funds of hedge fund managers. Funds are allowed to take both long and short positions, use leverage and derivatives, and invest in many markets. Hedge funds may make equity, credit/fixed income, rate, and currency investments. Strategies employed may include long/short, event-driven, arbitrage, and macro.

Private equity investments include private partnerships, funds and/or other special purpose vehicles that invest in a range of strategies including venture capital, growth equity, leveraged buyouts, credit-oriented opportunities, mezzanine and distressed debt, and special situations. Investments fund "start-up" companies or the buyout of existing companies or divisions within a company. Investments include domestic or international and encompass private and public securities. These funds can never be redeemed and these investments typically require capital lock-ups of 10 years or more.

Real estate funds include investments in public or private partnerships, funds and/or special purpose vehicles that make private real estate investments located within or outside the United States. Major sectors within this space include apartments, office properties, regional properties, industrial properties, and hotels, but may include land, medical facilities, self-storage and other real property investments. Investments may include equity, debt, or both and may encompass "core", "value-added", or "opportunistic" opportunities. Investments are typically structured as partnerships.

Fixed income funds include investments made in commingled funds or fund-of-funds that invest in sovereign and government debt securities, corporate debt securities, and U.S. Treasury Inflation-Protected securities. These funds generally seek long-term capital appreciation and provide a hedge against inflation.

Equity funds include investments made in commingled funds or fund-of-funds that invest in U.S., international, and global equity securities through a variety of active strategies. The funds generally seek long-term capital appreciation.

Opportunistic funds include investments with attractive risk/return characteristics based on a particular market environment. These investments include strategies such as private credit, distressed debt, and direct lending.

6. Endowment

The Station's endowment consists of donor restricted endowment funds established for a variety of purposes, including providing a funding source for programs dedicated to developing partnerships with local community organizations and schools, jazz broadcasting and programming. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law — ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and improves disclosure about an organization's endowment funds regardless of whether the organization is subject to UPMIFA. The Commonwealth has not adopted UPMIFA, but rather has enacted Pennsylvania Act 141. The Board of Trustees has interpreted Commonwealth of Pennsylvania Act 141 as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees of the University has interpreted the relevant law as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Station considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Station has interpreted the relevant law to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with the relevant law, the Station considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (i) the duration and preservation of the fund; (ii) the purposes of the organization and the donor-restricted endowment fund; (iii) general economic conditions; (iv) the possible effect of inflation and deflation; (v) the expected total return from income and the appreciation of investments; (vi) other resources of the organization; and (vii) the investment policies of the University.

Endowment Investment Policy — The University 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 approach, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the total of the amount drawn annually for operations plus the rate of inflation and investment management fees. The University expects its endowment funds, over time, to provide an average real rate of return, net of investment management fees, of approximately 5.00% annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the University 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 University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy — Annually, the Board of Trustees approves a spending rule distribution percentage that is consistent with the long-term preservation of the real value of the assets, but in no event shall the percentage be less than 2.00% nor more than 7.00% per year. During the years ended June 30, 2022 and 2021, the University's spending rule limited the spending of endowment resources to 4.25% of the average fair value of endowment funds for the prior twelve fiscal quarters. To the extent that current yield is inadequate to meet the spending rule, a portion of cumulative realized net gains is available for current use. The draw to operations under the spending policy for the years ended June 30, 2022 and 2021 totaled $41,105 and $22,175, respectively.

The Station's endowment balances by net asset classification at June 30, 2022 and 2021 are as follows:

June 30, 2022	**Without Donor Restrictions**
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 1,068,571
Accumulated investment gains	26,019
Term endowment funds	14,988
Total endowment funds	$ 1,109,578

June 30, 2021	**With Donor Restrictions**
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 943,571
Accumulated investment gains	137,382
Term endowment funds	24,358
Total endowment funds	$ 1,105,311

^ *At June 30, 2022 and 2021, the Station's endowment was comprised entirely of donor-restricted funds. No endowments without donor restrictions were held during 2022 or 2021.*

The changes in the Station's endowment assets for the year ended June 30, 2022 and 2021 are as follows:

June 30, 2022		With Donor Restrictions
Endowment net assets, beginning of the year	$	1,105,311
Investment return, net		(70,839)
Contributions and transfers:		
Donor contributions		125,000
Other		(8,789)
Total contributions and transfers		1,150,683
Appropriation of endowment assets for expenditure (spending rule)		(41,105)
Endowment net assets, end of the year	$	1,109,578

June 30, 2021		With Donor Restrictions
Endowment net assets, beginning of the year	$	—
Investment return, net		157,549
Contributions and transfers:		
Donor contributions		940,792
Other		29,145
Total contributions and transfers		969,937
Appropriation of endowment assets for expenditure (spending rule)		(22,175)
Endowment net assets, end of the year	$	1,105,311

As discussed in Notes 2 and 5, the Station's endowment funds are invested by the University. The value of the Station's interest in the University's pooled investment account(s) for the years ended June 30, 2022 and 2021 is $1,109,578 and $1,105,311, respectively.

7. Liquidity and Availability of Resources

The Station’s financial assets available within one year of the statements of financial position for general expenses (e.g. operating expenses and scheduled payments on debt) are as follows:

		June 30, 2022		June 30, 2021
Financial assets:				
Cash and cash equivalents	$	1,460,103	$	1,587,685
Accounts, loans, and contributions receivable, net		150,880		107,967
Total financial assets available within one year to fund general expenses	$	1,610,983	$	1,695,652

As part of the Station's liquidity management plan, the Station structures it assets to be available as its general expenditures, liabilities, and other obligations are due.

8. Expenses by Functional and Natural Classification

Expenses are presented by functional classification in alignment with the Corporation for Public Broadcasting Financial Reporting Guidelines. Each functional classification displays all expenses related to the underlying operations by natural classification. Depreciation related to the Station's fixed assets is fully allocated to broadcasting expense.

Functional expense categories are as follows:

Programs Services:

Programming and production: The Station's programming and production category contains the main drivers for content that is carried out via the airwaves. Programming expenses include most of the content staff (excluding full-time hosts) and part-time contractors as well as production costs including staff and equipment needs.

Broadcasting: The Station's broadcasting category contains the broadcast infrastructure costs including physical structures (i.e. towers, data lines, etc.) and engineering costs that support the infrastructure.

Program information and promotion: The Station's program information and promotion category contains the costs for digital content delivery and technology including internal and contracted personnel.

Support Services:

Management and general: The Station's management and general category contains the costs for support roles such as administration, finance and other non-customer facing functions including internal and contracted personnel.

Indirect administrative support: The Station's indirect administrative support category consists of donated facilities, services, and administrative support from the University. Indirect administrative support is recorded as revenue and as a support services expense in the period in which the support was received. Donated facilities from the University consist of office and studio space. The cost of donated facilities is measured in accordance with valuation guidelines established by the Corporation for Public Broadcasting.

Fundraising and membership development: The Station's fundraising and membership development category contains the individual giving (<$1,000) functions and major donor (>$1,000) functions of the development division and well as development infrastructure costs.

Underwriting and grant solicitation: The Station's underwriting and grant solicitation category contains the institutional sponsorship functions of the development division.

Expenses by functional and natural classification for the years ended June 30, 2022 and 2021 are as follows:

2022	Program / Production	Broad-casting	Program Information and Promotion	Management and General	Indirect Admin. Support	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total Expenses
Salaries and wages	$ 876,783	$ —	$ 117,696	$ 575,571	$ 438,728	$ 237,410	$ 139,613	$ 2,385,801
Employee benefits	245,437	—	35,780	153,134	125,483	72,173	42,442	674,449
Outside services, dues, and fees	240,543	473,062	648	65,655	—	2,445	—	782,353
Supplies, utilities, and telecom	5,850	110,603	—	61,227	—	65,508	34,505	277,693
Other operating expenses	93,735	258,570	23,405	60,099	332,369	156,662	562	925,402
Depreciation	—	22,257	—	—	—	—	—	22,257
Total operating expenses	$ 1,462,348	$ 864,492	$ 177,529	$ 915,686	$ 896,580	$ 534,198	$ 217,122	$ 5,067,955

2021	Program / Production	Broad-casting	Program Information and Promotion	Management and General	Indirect Admin. Support	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total Expenses
Salaries and wages	$ 847,209	$ —	$ 115,195	$ 492,060	$ 489,481	$ 195,581	$ 204,190	$ 2,343,716
Employee benefits	214,285	—	35,711	129,916	143,200	60,630	63,299	647,041
Outside services, dues, and fees	215,589	388,732	—	26,467	—	1,149	—	631,937
Supplies, utilities, and telecom	2,019	76,122	—	62,507	—	79,271	28,315	248,234
Other operating expenses	71,269	107,823	27,216	56,394	126,919	218,517	2	608,140
Depreciation	—	16,965	—	—	—	—	—	16,965
Total operating expenses	$ 1,350,371	$ 589,642	$ 178,122	$ 767,344	$ 759,600	$ 555,148	$ 295,806	$ 4,496,033

9. Commitments and Contingencies

From time to time, claims are made against the University based on a variety of theories of liability, including without limitation alleged negligence, acts of discrimination, medical malpractice, breach of contract or disagreements arising from the interpretation of laws or regulations. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the Station’s future financial position or change in net assets. See Note 4 for commitments under operating leases.

10. Coronavirus (COVID-19) Federal Grants and Loans

On March 21, 2021, the American Rescue Plan Act was signed into law. The American Rescue Plan Act provided approximately $87,500,000 in grants (referred to herein as "stabilization funds") directly to public radio stations. The stabilization funds were allocated by Congress to help public radio stations maintain local programming and services threatened by declines in non-federal revenue sources during the economic decline caused by COVID-19. The Corporation for Public Broadcasting distributed the stabilization funds to eligible

Community Service Grant recipients in April 2021. Stabilization funds awarded to the Station totaled $195,924 and are included in *Grant contributions* in the 2021 statement of activities.

The Station was a recipient of a Paycheck Protection Program ("PPP") loan of $409,425 granted by the Small Business Administration under the CARES Act. Under the program terms, proceeds from the loans are to be used for up to twenty-four weeks of employee compensation costs, as well as rent, utilities, and eligible mortgage interest. A portion or all of the loan is forgiven if the Station maintains pre-COVID-19 salary levels and full-time headcount. Loans that are not forgiven carry a 1% interest rate (per annum) and must be paid back over a five-year term, with no borrower or repayment fees. The Station maintains it has incurred all the required expenditures to to meet the requirements to have the PPP loan forgiven, at such time the amount currently recorded as a liability will be recognized as grant revenue.

11. Subsequent Events

The Station has evaluated subsequent events through February 10 2023, the date the financial statements were available to be issued. There were no additional events requiring adjustments to or disclosure in the financial statements.

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