

Friends of Public Radio, Inc.
d/b/a WHQR 91.3 FM

Financial Statements
For the Year Ended June 30, 2020
(with Comparative Totals for 2019)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM

We have audited the accompanying financial statements of Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eamy & Company, L.L.P.

Wilmington, North Carolina
October 19, 2020

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Statement of Financial Position
As of June 30, 2020

	2020			2019
	Without Donor Restrictions	Property	With Donor Restrictions	Comparative
	Operations			Total
ASSETS				
Current Assets				
Cash & cash equivalents	\$ 988,520	\$ -	\$ 75,657	\$ 1,064,177
Receivables, net of \$3,600 allowance for uncollectibles	108,397	-	-	108,397
Pledges receivable	14,998	-	11,597	26,595
Prepaid expenses	6,222	-	-	6,222
Investments	51,169	-	159,833	211,002
Total Current Assets	1,169,306	-	247,087	1,416,393
Pledges receivable - non-current, net of \$8,700 allowance for uncollectibles	-	-	264	264
Net property (Note 2)	-	920,617	-	920,617
Other assets (Note 8)	-	70,000	-	70,000
Total Assets	\$ 1,169,306	\$ 990,617	\$ 247,351	\$ 2,407,274
LIABILITIES & NET ASSETS				
Current Liabilities				
Accounts payable	\$ 7,823	\$ -	\$ -	\$ 7,823
Current maturities of note payable (Note 4)	-	21,437	-	21,437
Total Current Liabilities	7,823	21,437	-	29,260
Long-Term Liabilities				
Long-term note payable (Note 4)	-	333,397	-	333,397
Refundable advance (Note 5)	-	-	137,000	137,000
Total Long-Term Liabilities	-	333,397	137,000	470,397
Total Liabilities	7,823	354,834	137,000	499,657
Net Assets				
Without donor restrictions	1,161,483	635,783	-	1,797,266
Board-designated without donor restrictions	-	-	-	-
With donor restrictions	-	-	110,351	110,351
Total Net Assets	1,161,483	635,783	110,351	1,907,617
Total Liabilities & Net Assets	\$ 1,169,306	\$ 990,617	\$ 247,351	\$ 2,407,274

The Accompanying Notes are an Integral Part of these Financial Statements

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Statement of Activities
For the Year Ended June 30, 2020

	2020			2019
	Without Donor Restrictions		With Donor	Comparative
	Operations	Property	Restrictions	Total
SUPPORT & REVENUE				
Corporation for Public				
Broadcasting - operating	\$ 125,507	\$ -	\$ -	\$ 125,507
Contributions	1,058,977	-	250	1,059,227
Program underwriting	477,611	-	-	477,611
Program underwriting - in-kind	-	-	-	-
In-kind contributions	74,004	-	-	74,004
Special events, net	8,081	-	-	8,081
Rental income	500	-	-	500
Investment income	6,208	-	-	6,208
Other revenue	3,679	-	-	3,679
Gain/(loss) on sale of asset	-	42,800	-	42,800
Net assets released from restriction	13,790	79,735	(93,525)	-
Total Support & Revenue	<u>1,768,357</u>	<u>122,535</u>	<u>(93,275)</u>	<u>1,797,617</u>
EXPENSES				
Program	882,152	98,895	-	981,047
Administrative	159,464	6,433	-	165,897
Fundraising	400,232	5,542	-	405,774
Total Expenses	<u>1,441,848</u>	<u>110,870</u>	<u>-</u>	<u>1,552,718</u>
Change in Net Assets	326,509	11,665	(93,275)	244,899
Net Assets, Beginning	830,147	628,945	203,626	1,662,718
Transfers	4,827	(4,827)	-	-
Net Assets, Ending	<u>\$ 1,161,483</u>	<u>\$ 635,783</u>	<u>\$ 110,351</u>	<u>\$ 1,907,617</u>

The Accompanying Notes are an Integral Part of these Financial Statements

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Statement of Functional Expenses
For the Year Ended June 30, 2020

	2020				2019 Comparative Total
	Program	Administrative	Fundraising	Total	
Operating Expenses					
Salaries	\$ 186,767	\$ 93,384	\$ 238,648	\$ 518,799	\$ 580,718
Employee benefits	29,713	14,856	37,966	82,535	105,663
Payroll taxes	13,945	6,973	17,819	38,737	44,113
Total Salaries & Related Expenses	230,425	115,213	294,433	640,071	730,494
Major gifts expense	1,111	-	-	1,111	8,765
Membership	1,196	-	38,680	39,876	58,037
National Public Radio	216,962	-	-	216,962	206,322
Public Radio International	-	-	-	-	7,297
Other radio expenses	134,462	-	-	134,462	137,527
Utilities	32,643	1,814	1,814	36,271	36,406
Other station expenses	160,013	18,825	9,412	188,250	168,708
Contract staffing	28,334	23,612	42,502	94,448	36,539
Underwriting expenses	-	-	2,603	2,603	10,195
In-kind expenses	66,604	-	7,400	74,004	74,004
Bad debt expense	10,025	-	-	10,025	10,440
Capital campaign	377	-	3,388	3,765	19,808
Total Operating Expenses	882,152	159,464	400,232	1,441,848	1,504,542
Property Expenses					
Interest	15,119	1,779	889	17,787	16,867
Depreciation	83,776	4,654	4,653	93,083	85,535
Total Property Expenses	98,895	6,433	5,542	110,870	102,402
Special events	-	-	6,889	6,889	23,974
Total Functional Expenses	981,047	165,897	412,663	1,559,607	1,630,918
Special events net in revenue	-	-	(6,889)	(6,889)	(23,974)
Total Statement of Activities Expenses	\$ 981,047	\$ 165,897	\$ 405,774	\$ 1,552,718	\$ 1,606,944

The Accompanying Notes are an Integral Part of these Financial Statements

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Statement of Cash Flows
For the Year Ended June 30, 2020

	2020			2019 Comparative Total
	Without Donor Restrictions Operations	Property	With Donor Restrictions	Total
Cash Flows From Operating Activities				
Cash Collections for:				
Support & revenue	\$ 1,839,789	\$ 79,735	\$ 40,921	\$ 1,960,445
Less: Cash Payments for:				
Salaries & related expenses	(640,071)	-	-	(640,071)
Other expenses	(719,778)	(17,787)	(93,525)	(831,090)
Net Cash Provided (Used) By Operating Activities	479,940	61,948	(52,604)	489,284
Cash Flows From Investing Activities				
Purchase of property & equipment	-	(79,735)	-	(79,735)
Sale of property & equipment	-	42,800	-	42,800
Purchase of other assets	-	-	-	-
Net Cash Provided (Used) By Investing Activities	-	(36,935)	-	(36,935)
Cash Flows From Financing Activities				
Payments reducing note payable	-	(20,187)	-	(20,187)
Transfers from operations	(2,656)	(4,826)	7,482	-
Net Cash Provided (Used) By Financing Activities	(2,656)	(25,013)	7,482	(20,187)
Net Increase (Decrease) in Cash	477,284	-	(45,122)	432,162
Cash & Cash Equivalents, Beginning	511,236	-	120,779	632,015
Cash & Cash Equivalents, Ending	\$ 988,520	\$ -	\$ 75,657	\$ 1,064,177
Reconciliation of Change in Net Assets to Cash Provided (Used) By Operating Activities:				
Change in net assets	\$ 326,509	\$ 11,665	\$ (93,275)	\$ 244,899
Depreciation	-	93,083	-	93,083
Bad debt expense	10,025	-	-	10,025
Gain on sale of property & equipment	-	(42,800)	-	(42,800)
Change in Current Assets & Liabilities (Use) Source:				
Receivables	13,619	-	40,671	54,290
Prepaid expenses	(150)	-	-	(150)
Investments	(5,033)	-	-	(5,033)
Accounts payable	(2,030)	-	-	(2,030)
Refundable advance	137,000	-	-	137,000
Net Cash Provided (Used) By Operating Activities	\$ 479,940	\$ 61,948	\$ (52,604)	\$ 489,284
Supplemental Disclosure				
Interest paid			\$ 17,787	\$ 16,867
Income taxes paid			\$ -	\$ -

The Accompanying Notes are an Integral Part of these Financial Statements

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Notes to Financial Statements
June 30, 2020

1. DESCRIPTION OF ORGANIZATION

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM (the "Station"), a non-profit corporation organized under the laws of North Carolina, was established for the purpose of operating WHQR 91.3 FM, a public radio broadcasting station transmitting from Wilmington, North Carolina. The Station's support comes primarily from individual donors' contributions and various government and art agency grants.

The majority of the Station's contributions and grants are received from corporations, foundations, and individuals located in the southeastern North Carolina area. As such, the Station's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of North Carolina. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Station's services.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Station prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations using the accrual basis of accounting. Accordingly, support and revenue are recognized when earned and expenses are recorded when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Station's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Station's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Notes to Financial Statements
June 30, 2020

Net Assets

The financial statements report net assets and changes in net assets in classes that are based upon the existence or absence of restrictions on use that are placed by its donors as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated net assets for a board-designated reserve from net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, which is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The following represents the balance of net assets with donor restrictions as of June 30:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions, Available for Spending:		
Capital improvements & facility reserves	<u>\$ 110,351</u>	<u>\$ 203,626</u>

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts and certificates of deposit with maturities of less than three months. From time to time during the periods presented, the Station has had cash balances in financial institutions that have exceeded federal depository insurance limits. The Station deposits its cash with high quality institutions, and management believes the Station is not exposed to significant credit risk on those amounts.

Cash and cash equivalents are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Operations Checking	\$ 533,966	\$ 207,855
Capital Campaign Checking	75,657	120,779
BB&T Money Market	<u>454,554</u>	<u>303,381</u>
Total Cash & Cash Equivalents	<u>\$ 1,064,177</u>	<u>\$ 632,015</u>

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Notes to Financial Statements
June 30, 2020

Property and Equipment

Buildings and equipment are reported in the statement of financial position at cost if purchased and at fair value at the date of donation if donated. All buildings are capitalized. Equipment is capitalized if it has a cost of \$2,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings & leasehold improvements	5-39 years
Office furniture	7-20 years
Equipment	3-10 years
Technology	3-5 years

Buildings and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period. The following is a summary of property accounts as of June 30:

	2020	2019
Broadcast equipment	\$ 762,569	\$ 740,727
Leasehold improvements	370,987	370,987
Station renovation	207,950	152,557
Warwick Building	615,133	615,133
Office furniture	57,058	57,058
Technology	21,091	21,091
Vehicles	2,500	-
Construction in progress	-	-
	2,037,288	1,957,553
Less: Accumulated depreciation	(1,116,671)	(1,023,587)
Net Property	<u>\$ 920,617</u>	<u>\$ 933,966</u>

Support and Revenue Recognition

Support and revenue are recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Notes to Financial Statements
June 30, 2020

In-Kind Contributions

The Station periodically receives contributions in a form other than cash or investments. If the Station receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Station's capitalization policy. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The Station benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Station's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. U.S. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

During fiscal years 2020 and 2019, in-kind services provided by UNCW interns were valued at \$74,004 and recorded. No other amounts for donated services were recognized in the financial statements as the criteria for recognition have not been met.

Expense Recognition and Allocation

The cost of providing the Station's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Total expenses for the year ended June 30, 2020 were \$1,552,718. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using objective bases, such as time spent, salaries, square feet, and other bases.

Administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Station. Administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising costs are expensed as incurred even though they may result in contributions received in future years. The Station generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Notes to Financial Statements
June 30, 2020

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Station's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Income Taxes

The Station is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is exempt from income taxes on related income pursuant to Section 501(a) of the Code and contributions may be deductible to donors. The Station files Form 990 with the Internal Revenue Service (IRS) annually; those forms are generally subject to examination by the IRS for a period of up to three years after they are filed.

Subsequent Events

Subsequent events have been evaluated through October 19, 2020, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Notes to Financial Statements
June 30, 2020

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet general expenditures over the next 12 months are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Operating Assets at Year End:		
Cash & cash equivalents	\$ 988,520	\$ 511,236
Pledges & other receivables	123,395	147,039
Investments	<u>51,169</u>	<u>175,654</u>
Total Operating Assets at Year End	<u>1,163,084</u>	<u>833,929</u>
 Plus: Net assets with purpose or time restrictions to be met in less than a year	 <u>247,087</u>	 <u>184,134</u>
 Financial Assets Available to Meet General Expenditures Over the Next 12 Months	 <u>\$ 1,410,171</u>	 <u>\$ 1,018,063</u>

The Station operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The accompanying statement of cash flows on page 6 identifies the sources and uses of cash and shows positive cash generated by operations. The Station regularly monitors liquidity required to meet its operating needs and other contractual commitments.

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Notes to Financial Statements
June 30, 2020

4. NOTE PAYABLE

The Station had a note payable from BB&T that was dated August 22, 2014 and the original face amount was \$510,000. The proceeds were used to purchase the Station's facility at 254 N. Front Street, Unit 301, Wilmington, North Carolina (3rd floor of the Warwick Building).

In April 2018, the Station refinanced the above note. The new note with BB&T requires principal and interest payments of \$3,136 per month until April 2033, with all remaining principal and accrued interest due at that time. The interest rate is fixed at 4.69%. The note payable is collateralized by the Station's facility.

The balance outstanding as of June 30, 2020 was \$354,834. Future maturities are summarized as follows for the years ending June 30:

	<u>Amount Due</u>
2021	\$ 21,437
2022	22,464
2023	23,540
2024	24,669
2025	25,851
Thereafter	<u>236,873</u>
Total	354,834
Less: Current maturities	<u>(21,437)</u>
Long-Term Note Payable	<u>\$ 333,397</u>

5. REFUNDABLE ADVANCE

The Station had a refundable advance of \$137,000 as of June 30, 2020 resulting from various transactions used to finance the Station's salaries, rent, and utilities. The advance has been recorded in the financial statements as a conditional gift and, therefore, will be recognized as revenue when the conditions are met.

6. OPERATING LEASES

The Station leases tower space in three different counties within the Station's listening area. Leased space on these towers is used to place certain pieces of transmitting equipment. The leases specify terms spanning multiple years and monthly rates ranging from \$200 to \$650 with increases over time. The Station made tower lease payments of \$14,291 for the fiscal year ended June 30, 2020 and \$16,252 for the fiscal year ended June 30, 2019.

7. CORPORATION FOR PUBLIC BROADCASTING

The Corporation for Public Broadcasting (CPB) is a private, non-profit, grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. The Station uses these funds for purposes relating primarily to production and acquisition of programming.

The CSGs received and expended by the Station were \$125,507 for the year ended June 30, 2020 and \$136,169 for the year ended June 30, 2019. The total received is approximately 8% of the Station's total support and revenue for the years ended June 30, 2020 and 2019. A significant reduction in the level of this support, if this were to occur, could have a significant effect on the Station's programs and activities.

8. OTHER ASSETS

On September 11, 2014, the Station executed an agreement with Conner Media Corporation to purchase licenses and other intangible assets of FM Translator Station W243CX at a cost of \$45,000. On May 15, 2016, another FM translator was purchased for \$25,000, which enables the Station to offer its listeners an additional, all classical radio station. The assets have indefinite lives and, therefore, have not been amortized. These assets are reviewed for impairment when a significant change in the asset's use or other indicators of possible impairment are present. Management believes there are no indicators of possible impairment for the year ended June 30, 2020.

9. RETIREMENT PLAN

The Station has adopted a defined contribution retirement plan (tax deferred annuity). For full-time employees, the Station matches a participant's salary reduction contribution (minimum of 2% of employee salary) up to 5% of the participant's salary. The Station's total matching contributions were \$11,967 in fiscal year 2020 and \$13,865 in fiscal year 2019.

Friends of Public Radio, Inc. d/b/a WHQR 91.3 FM
Notes to Financial Statements
June 30, 2020

10. PLEDGES RECEIVABLE

Pledges receivable consist of capital campaign pledges and are stated at the full amount of outstanding pledges made by donors, less an \$8,700 allowance for doubtful pledges. Donor pledge balances may be paid in lump-sum billings or received in monthly or quarterly employee payroll deductions. No interest is charged against unpaid balances. The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the pledges that will not be collected. Management evaluates historical write-offs to bad debt expense as a percentage of the total pledges received for each campaign year to estimate a general allowance to apply to the current year campaign pledge total. This estimate may be adjusted for management's estimate of any changes in current economic conditions that might give rise to results that differ from past experience, and at times, the amount of the adjustment can be material. There were \$10,025 of write-offs to bad debt expense during fiscal year 2020 and \$10,440 of write-offs to bad debt expense during fiscal year 2019.

In fiscal year 2013, the Station initiated a major fundraising campaign, the purpose of which is to strengthen program services, engage the community, build a sustainable organization, and unleash the power of technology to benefit the audience and community. The Station has a \$1,500,000 capital campaign goal, which was achieved during fiscal year 2017.

As of June 30, 2020, \$20,561 in capital campaign pledges receivable remain outstanding and are expected to be collected as follows:

2021	\$ 13,600
2022	6,961
2023	-
Future	<u>-</u>
Total	20,561
Less: Allowance for uncollectibles	<u>(8,700)</u>
Total Capital Campaign Pledges Receivable, Net	<u>\$ 11,861</u>

The Station has received campaign contributions in the form of legacies and bequests totaling \$667,005. This amount has not been reflected in the accompanying financial statements, as it does not meet the definition for recognition under U.S. GAAP.

11.RISK MANAGEMENT

From time to time, the Station may be aware of various asserted and unasserted claims. Management feels that these claims can be successfully defended and intends to resist the allegations of these matters in every way and does not plan to seek out-of-court settlements. In the event that judgments adverse to their interest were to be rendered, management feels any liability will be fully covered by existing insurance or not be material to the financial statements.

The Station is exposed to various risks of loss in the ordinary course of business as a result of torts, theft of, damage to, or destruction of assets, business interruption, allegations of liability, natural disasters, employee and officer errors and omissions, and employee workers' compensation and medical claims.

The Station purchases commercial insurance coverage against risk of loss due to property damage, theft, and various other insurable risks. The Station carries property insurance in the amount of \$868,100 for personal property in fiscal year 2020 with a deductible of \$5,000 for all perils except flood, earthquake, windstorm, or hail. The Station carries inland marine insurance for all peril on outside equipment in the amount of \$344,906 in fiscal year 2020 with a deductible of \$500. The Station carries wind insurance in the amount of \$868,100 in fiscal year 2020 with a deductible of 1% of the coverage limit. The Station carries commercial general liability insurance with \$2,000,000 aggregate and a per occurrence limit of \$1,000,000.

No claim payment has exceeded insurance coverage in the past three fiscal years where insurance coverage applies, subject to the deductibles and retentions noted above.