

**Kentucky Public Radio, Inc.  
d/b/a Louisville Public Media**

**Financial Statements**

**Years Ended June 30, 2019 and 2018**

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**

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Years Ended June 30, 2019 and 2018

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## **Independent Auditor's Report**

To the Board of Directors  
**Kentucky Public Radio, Inc.**  
d/b/a Louisville Public Media

We have audited the accompanying financial statements of Kentucky Public Radio, Inc. d/b/a Louisville Public Media (the "Organization"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, and cash flows for the years then ended, the statement of functional expenses for the year ended June 30, 2019 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 audits. We conducted our audits 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.

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## Independent Auditor's Report (Continued)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Public Radio, Inc. d/b/a Louisville Public Media as of June 30, 2019 and 2018, 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.

### Emphasis of Matter

As discussed in Note B1, the Organization has adopted Financial Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*MCM CPAs & Advisors LLP*

Louisville, Kentucky  
November 19, 2019

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Statements of Financial Position**  
**June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 682,046	\$ 524,090
Underwriting and other accounts receivable, net	481,158	512,448
Pledges and grants receivable	78,700	61,250
Prepaid expenses	71,882	70,056
Investments	3,039,401	3,314,528
Property and equipment, net of accumulated depreciation	<u>4,802,095</u>	<u>5,062,319</u>
Total Assets	<u>\$ 9,155,282</u>	<u>\$ 9,544,691</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 249,734	\$ 43,625
Accrued liabilities	<u>483,333</u>	<u>345,363</u>
Total Liabilities	733,067	388,988
<b>Commitments and Contingencies</b>		
<b>Net Assets</b>		
Net assets without donor restrictions		
Invested in property and equipment	4,802,095	5,062,319
Undesignated	<u>3,362,775</u>	<u>4,010,282</u>
Total Net Assets Without Donor Restrictions	8,164,870	9,072,601
Net assets with donor restrictions	<u>257,345</u>	<u>83,102</u>
Total Net Assets	<u>8,422,215</u>	<u>9,155,703</u>
Total Liabilities and Net Assets	<u>\$ 9,155,282</u>	<u>\$ 9,544,691</u>

See accompanying notes.

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended June 30, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>						
Contributions and grants	\$ 2,693,372	\$ 838,534	\$ 3,531,906	\$ 2,705,621	\$ 396,504	\$ 3,102,125
Underwriting revenues	2,302,685	-	2,302,685	2,356,784	-	2,356,784
Investment income, net	276,689	-	276,689	236,433	-	236,433
Other income	260,268	-	260,268	161,746	-	161,746
Net assets released from Restrictions						
Satisfaction of program restrictions	664,291	(664,291)	-	633,163	(633,163)	-
Satisfaction of capital campaign restrictions	-	-	-	682,304	(682,304)	-
<b>Total Support and Revenues</b>	<b>6,197,305</b>	<b>174,243</b>	<b>6,371,548</b>	<b>6,776,051</b>	<b>(918,963)</b>	<b>5,857,088</b>
<b>Expenses</b>						
<b>Program services</b>						
Station programming and operations	5,745,512	-	5,745,512	5,163,970	-	5,163,970
<b>Supporting services</b>						
Management and general Fundraising	841,482	-	841,482	1,122,587	-	1,122,587
	518,042	-	518,042	442,654	-	442,654
<b>Total Supporting Services</b>	<b>1,359,524</b>	<b>-</b>	<b>1,359,524</b>	<b>1,565,241</b>	<b>-</b>	<b>1,565,241</b>
<b>Total Expenses</b>	<b>7,105,036</b>	<b>-</b>	<b>7,105,036</b>	<b>6,729,211</b>	<b>-</b>	<b>6,729,211</b>
<b>Changes in Net Assets</b>	<b>(907,731)</b>	<b>174,243</b>	<b>(733,488)</b>	<b>46,840</b>	<b>(918,963)</b>	<b>(872,123)</b>
<b>Net Assets at Beginning of Year</b>	<b>9,072,601</b>	<b>83,102</b>	<b>9,155,703</b>	<b>9,025,761</b>	<b>1,002,065</b>	<b>10,027,826</b>
<b>Net Assets at End of Year</b>	<b>\$ 8,164,870</b>	<b>\$ 257,345</b>	<b>\$ 8,422,215</b>	<b>\$ 9,072,601</b>	<b>\$ 83,102</b>	<b>\$ 9,155,703</b>

See accompanying notes.

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019 with Comparative Totals for the Year Ended June 30, 2018**

	2019			2018 Totals
	Program Services	Management and General	Fundraising	
Salaries and benefits	\$ 3,619,385	\$ 350,874	\$ 311,538	\$ 4,281,797
Contract labor	118,941	925	-	119,866
Travel	45,094	15,692	4,943	65,729
Personnel	7,127	19,845	-	26,972
Programming purchases	773,152	-	-	773,152
Fees	62,326	9,991	-	72,317
Building expenses	111,367	117,966	498	229,831
Event expenses	161,862	-	-	161,862
Office expenses	20,616	65,067	28,936	114,619
Technical expenses	114,745	30,316	36,231	181,292
Business expenses	144,944	37,410	33,229	215,583
Payments to other stations	192,409	-	-	192,409
Insurance	16,277	28,937	-	45,214
Professional fees	54,556	43,106	-	97,662
Marketing	51,977	-	-	51,977
Depreciation	249,984	119,399	28,615	397,998
Banking expenses	750	1,954	74,052	76,756
<b>Total Functional Expenses</b>	<b>\$ 5,745,512</b>	<b>\$ 841,482</b>	<b>\$ 518,042</b>	<b>\$ 7,105,036</b>
				<b>\$ 4,026,519</b>

See accompanying notes.

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Statements of Cash Flows**  
**Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Cash received from underwriting activities	\$ 2,340,097	\$ 2,328,776
Cash received from donors and grants	3,510,457	3,132,575
Interest and dividends received	64,500	48,009
Cash received from other activities	251,146	118,035
Cash paid for personnel costs	(4,308,769)	(4,114,284)
Cash paid to vendors and others	<u>(2,053,016)</u>	<u>(2,233,377)</u>
Net Cash Used in Operating Activities	(195,585)	(720,266)
Cash Flows from Investing Activities		
Decrease in cash restricted for long-term purposes	-	518,768
Purchases of property and equipment	(137,774)	(734,696)
Purchases of investments	(179,069)	(389,326)
Proceeds from sale or maturity of investments	<u>666,385</u>	<u>972,675</u>
Net Cash Provided by Investing Activities	349,542	367,421
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term purposes	<u>3,999</u>	<u>84,135</u>
Cash Provided by Financing Activities	<u>3,999</u>	<u>84,135</u>
Increase (Decrease) in Cash and Cash Equivalents	157,956	(268,710)
Cash and Cash Equivalents at Beginning of Year	<u>524,090</u>	<u>792,800</u>
Cash and Cash Equivalents at End of Year	<u>\$ 682,046</u>	<u>\$ 524,090</u>

See accompanying notes.

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Notes to Financial Statements**  
**Years Ended June 30, 2019 and 2018**

**Note A - Nature of Organization and Operations**

Kentucky Public Radio, Inc. d/b/a Louisville Public Media (the "Organization"), located in Louisville, Kentucky, is a not-for-profit organization established to own and operate three public radio stations in Louisville, Kentucky (WFPL, WUOL, and WFPK) and provide programming and related public services for these stations. The Organization's broadcast focus is informational, educational, and cultural programs for the enhancement of the educational and cultural life of the region served. The Organization is primarily supported through contributions and underwriting revenues.

**Note B - Summary of Significant Accounting Policies**

1. Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative accounting technical literature.

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

2. Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.
3. Donor-imposed Restrictions: Under the FASB ASC, the Organization reports information regarding its financial position and activities according to the following net asset classifications:
  - *Net Assets Without Donor Restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
  - *Net Assets with Donor Restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

4. Cash and Cash Equivalents: The Organization considers all short-term investments with a maturity when purchased of three months or less, not designated for a specific purpose, to be cash equivalents. The Organization typically maintains balances with its bank in excess of federally-insured limits.

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2019 and 2018**

**Note B - Summary of Significant Accounting Policies (Continued)**

5. Underwriting Accounts Receivable: Receivables from the sale of underwriting spots are based on contracted prices. The Organization grants credit based on the creditworthiness of the underwriter and amounts are typically unsecured. The Organization provides an allowance for doubtful accounts which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Normal underwriting receivables are due 30 days after the date of sale. Underwriting receivables past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Underwriting accounts receivable are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is \$21,130 and \$18,130 at June 30, 2019 and 2018, respectively.

6. Pledges Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at the present value of their expected cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises were received. Amortization of the discounts is included in contribution revenue. All unconditional promises to give on the statements of financial position at June 30, 2019 and 2018 are expected to be collected within one year.

There are no allowances for uncollectible pledges at June 30, 2019 and 2018 as management has determined that all amounts are fully collectible.

7. Investments: Investments in marketable securities are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net realized and unrealized gains and losses are reflected in the statements of activities and changes in net assets. Receipt of donated investments is recorded at the quoted market value of the investment at the time of donation.
8. Property and Equipment: Property and equipment, consisting of a building, production and transmitter equipment, and office equipment, are recorded at cost. The Organization typically capitalizes items costing or valued over \$1,000. Lesser amounts are expensed.

Depreciation is provided on a straight-line method over the estimated useful lives of the respective assets ranging from 5 to 50 years.

9. Barter Underwriting Revenues: The Organization receives underwriting revenues from businesses that provide support in exchange for brief on-air acknowledgments. Underwriting revenues include \$68,163 and \$76,658 of revenues from barter transactions for the years ended June 30, 2019 and 2018, respectively.
10. Advertising: Advertising and promotion costs are expensed as incurred. These expenses were \$51,977 and \$22,355 for 2019 and 2018, respectively.

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2019 and 2018**

**Note B - Summary of Significant Accounting Policies (Continued)**

11. Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on time and effort, full time employee equivalent or square footage. Accordingly, certain costs have been allocated among the program and supporting services benefited.
12. Recent Accounting Pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the fiscal year ending June 30, 2020. The Organization evaluated the impact of the adoption of ASU 2014-09 on the financial statements and expects to record a decrease of approximately \$138,000 to opening net assets as result of deferred subscriptions which has resulted in a deceleration in revenue recognition under the provisions of ASU 2014-09.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard should assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. This standard will be effective for the fiscal year ending June 30, 2020. The Organization evaluated the impact of the adoption of ASU 2018-08 on the financial statements and did not record any material impact from the adoption of ASU 2018-08 as of July 1, 2019.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This updated guidance provides new requirements for leases to be recognized in the financial statements. In general, the guidance requires the lessee to recognize liabilities on the statement of financial position for the obligation to make lease payments and an asset for the right to use the underlying assets for the lease term. There is a differentiation between finance leases and operating leases for the lessee in the statements of activities and cash flows. Finance leases recognize interest on the lease liability separately from the right to use the asset whereas an operating lease recognizes a single lease cost allocated over the lease term on a generally straight-line basis. All cash payments are within operating activities in the statement of cash flows except finance leases classify repayments of the principal portion of the lease liability within financing activities. The standard will be effective for the fiscal year ending June 30, 2022.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the fiscal year ending June 30, 2024.

The Organization is currently evaluating the impact of the adoption of ASU 2016-02, and ASU 2016-13 on the financial statements.

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2019 and 2018**

**Note B - Summary of Significant Accounting Policies (Continued)**

13. Income Tax Status: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation. Accordingly, no income tax expense is reflected in the accompanying financial statements.

The Organization recognizes uncertain income tax positions using the "more-likely-than-not" approach as defined in the ASC. No liability for uncertain tax positions has been recorded in the accompanying financial statements.

14. Subsequent Events: Subsequent events for the Organization have been considered through the date of the Independent Auditor's Report which represents the date the financial statements were available to be issued.

15. Reclassifications: Certain reclassifications were made to the 2018 financial statements to conform to the 2019 presentation. The reclassifications had no effect on net assets or the change in net assets.

**Note C - Liquidity and Availability of Resources**

The Organization's assets available within one year of the statements of financial position date for general expenditures as of June 30, 2019 and 2018 are as follows:

	2019	2018
Cash and cash equivalents	\$ 682,046	\$ 524,090
Underwriting and other accounts receivable, net	481,158	512,448
Pledges and grants receivable	78,700	61,250
Investments	3,039,401	3,314,528
Total Financial Assets	4,281,305	4,412,316
Less amounts not available to be used within one year		
Restricted by donors due to purpose	257,345	83,102
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 4,023,960	\$ 4,329,214

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2019 and 2018**

**Note D - Investments and Fair Value Measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data, such as quoted prices for similar assets or liabilities or model-derived valuations.
- Level 3: Unobservable inputs that are not corroborated by market data. These inputs reflect a company's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The asset 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

*Corporate Bonds and Notes, Municipal Bonds, Foreign Bonds and U.S. Government and Agency Securities:* Valued based on yields currently available on identical securities in active markets (Level 1) and comparable securities of issuers with similar credit ratings in active markets (Level 2).

*Money Market Funds and Common Stock:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual Funds and Exchange Traded Funds:* Valued at the net asset value ("NAV") of shares held by the Organization at year end. The NAV is based on the value of the underlying investment assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

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

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2019 and 2018**

**Note D - Investments and Fair Value Measurements (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019:

	June 30, 2019			Total
	Level 1	Level 2	Level 3	
Investments				
Money market funds	\$ 89,867	\$ -	\$ -	\$ 89,867
Corporate bonds and notes	511,685	-	-	511,685
US Government and agency bonds	129,642	-	-	129,642
Foreign Bonds	26,274	-	-	26,274
Mutual funds	765,527	-	-	765,527
Exchange traded funds	338,861	-	-	338,861
Common stocks	1,177,545	-	-	1,177,545
	<u>\$ 3,039,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,039,401</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018:

	June 30, 2018			Total
	Level 1	Level 2	Level 3	
Investments				
Money market funds	\$ 142,036	\$ -	\$ -	\$ 142,036
Corporate bonds and notes	641,736	-	-	641,736
US Government and agency bonds	127,434	-	-	127,434
Municipal bonds	-	29,960	-	29,960
Mutual funds	703,190	-	-	703,190
Exchange traded funds	339,371	-	-	339,371
Common stocks	1,330,801	-	-	1,330,801
	<u>\$ 3,284,568</u>	<u>\$ 29,960</u>	<u>\$ -</u>	<u>\$ 3,314,528</u>

Investment income consists of the following for the years ended June 30, 2019 and 2018:

	2019	2018
Interest and dividends	\$ 162,578	\$ 86,083
Realized gains	57,401	251,387
Unrealized gain (loss)	82,515	(68,023)
Investment fees	(25,805)	(33,014)
	<u>\$ 276,689</u>	<u>\$ 236,433</u>

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2019 and 2018**

**Note E - Property and Equipment**

Property and equipment at June 30, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 6,405,817	\$ 6,276,782
Production equipment	407,112	399,575
Transmitter equipment	1,025,907	1,025,907
Computers and software	35,386	35,386
Web design	100,000	100,000
Furniture and fixtures	<u>470,301</u>	<u>469,099</u>
	8,444,523	8,306,749
Less accumulated depreciation	<u>(3,642,428)</u>	<u>(3,244,430)</u>
	<u>\$ 4,802,095</u>	<u>\$ 5,062,319</u>

**Note F - Net Assets with Donor Purpose Restrictions**

Net assets with donor purpose restrictions at June 30, 2019 and 2018 are available for the following:

	<u>2019</u>	<u>2018</u>
Strategic plan initiatives	\$ 250,000	\$ -
Programming	7,345	22,715
Ohio River Network project	-	55,387
Education outreach	<u>-</u>	<u>5,000</u>
	<u>\$ 257,345</u>	<u>\$ 83,102</u>

**Note G - Operating Lease**

The Organization leases a transmission tower for \$5,185 per month under a noncancelable operating lease that expires in February 2022. The lease was amended in January 2012 to include rent escalation of 3% which takes effect on March 1<sup>st</sup> of each lease year. The lease is renewable for three additional terms of five years upon each termination date (currently February 28, 2022) under the same terms and conditions of the original lease term dated March 1, 1995 or as amended in the amendment dated January 27, 2012. Each renewal term will commence automatically unless the Organization provides the lessor with six days prior notice of the Organization's election not to renew.

Rent expense for the transmission tower was \$65,996 and \$58,469 for the years ended June 30, 2019 and 2018, respectively.

**Kentucky Public Radio, Inc.**  
**d/b/a Louisville Public Media**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2019 and 2018**

**Note G - Operating Lease (Continued)**

The total future minimum non-cancelable operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 62,841
2021	64,726
2022	<u>44,005</u>
Total	<u>\$ 171,572</u>

**Note H - 401(k) Plan**

The Organization provides a 401(k) retirement plan to all employees meeting certain eligibility requirements. The Organization contributes an amount equal to 50% of employee deferrals up to 6%. The Organization's contribution to the plan was \$73,886 and \$60,698 for the years ended June 30, 2019 and 2018, respectively.

**Note I - Concentrations**

At June 30, 2019, one donor had an outstanding pledge which represents 84% of pledges receivable. At June 30, 2018, one donor had an outstanding pledge which represents 73% of pledges receivable.

**Note J - Asset Purchase**

The Organization entered into an Asset Purchase Agreement with DO502 LLC effective July 1, 2017. The aggregate purchase price for the acquired assets was \$51,000. The Organization acquired assets totaling \$58,200 resulting in a gain on the acquisition of \$7,200 which is included in miscellaneous income in the statement of activities and changes in net assets.

The Organization also entered into a subscription agreement with DoStuff effective July 1, 2017. The agreement is for one year and will renew annually unless the Organization notifies DoStuff in writing 90 days before the end of the current term. Terms of the agreement require monthly payments of \$1,000 in year one, \$2,000 in year two and \$3,000 in year three and beyond.