

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

Financial Statements

Years Ended June 30, 2022 and 2021

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
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Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

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

Opinion

We have audited the 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, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, 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 Louisville Public Media 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 Louisville Public Media 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.

Responsibilities of Management for the Financial Statements

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

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

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Independent Auditor's Report (Continued)

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 Louisville Public Media'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 Louisville Public Media's ability to continue as a going concern for a reasonable period of time.

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



Louisville, Kentucky
November 15, 2022

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 1,398,066	\$ 1,594,203
Underwriting and other accounts receivable, net	538,638	428,212
Pledges and grants receivable, net	748,172	695,631
Prepaid expenses	47,276	120,907
Investments	2,530,915	3,497,012
Property and equipment, net of accumulated depreciation	<u>3,687,800</u>	<u>4,037,171</u>
Total assets	<u><u>\$ 8,950,867</u></u>	<u><u>\$ 10,373,136</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 130,503	\$ 4,004
Accrued liabilities	417,345	571,424
Deferred revenue	<u>128,224</u>	<u>136,484</u>
Total liabilities	676,072	711,912
Net assets		
Net assets without donor restrictions		
Invested in property and equipment	3,687,800	4,037,171
Undesignated	<u>3,013,223</u>	<u>4,224,640</u>
Total net assets without donor restrictions	6,701,023	8,261,811
Net assets with donor restrictions	<u>1,573,772</u>	<u>1,399,413</u>
Total net assets	<u>8,274,795</u>	<u>9,661,224</u>
Total liabilities and net assets	<u><u>\$ 8,950,867</u></u>	<u><u>\$ 10,373,136</u></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, 2022 and 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenues						
Contributions and grants	\$ 3,223,213	\$ 1,436,446	\$ 4,659,659	\$ 3,325,193	\$ 2,099,325	\$ 5,424,518
Underwriting revenues	2,125,103	-	2,125,103	1,669,639	-	1,669,639
In-kind revenue	-	-	-	18,876	-	18,876
Investment income (loss), net	(375,582)	-	(375,582)	718,320	-	718,320
Paycheck Protection Program loan forgiveness	-	-	-	804,400	-	804,400
Other income	249,690	-	249,690	238,934	-	238,934
Net assets released from program restrictions	1,262,087	(1,262,087)	-	1,239,800	(1,239,800)	-
Total support and revenues	6,484,511	174,359	6,658,870	8,015,162	859,525	8,874,687
Expenses						
Program services						
Station programming and operations	6,298,446	-	6,298,446	5,477,558	-	5,477,558
Supporting services						
Management and general	933,669	-	933,669	852,536	-	852,536
Fundraising	813,184	-	813,184	563,370	-	563,370
Total supporting services	1,746,853	-	1,746,853	1,415,906	-	1,415,906
Total expenses	8,045,299	-	8,045,299	6,893,464	-	6,893,464
Changes in net assets	(1,560,788)	174,359	(1,386,429)	1,121,698	859,525	1,981,223
Net assets at beginning of year	8,261,811	1,399,413	9,661,224	7,186,452	539,888	7,726,340
Impact of adoption of ASU 2014-09	-	-	-	(46,339)	-	(46,339)
Net assets at end of year	\$ 6,701,023	\$ 1,573,772	\$ 8,274,795	\$ 8,261,811	\$ 1,399,413	\$ 9,661,224

See accompanying notes.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Statements of Functional Expenses
Year Ended June 30, 2022 with Comparative Totals for the Year Ended June 30, 2021

	2022			2021	
	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>	<u>Totals</u>
Bad debt expense	\$ 24,764	\$ -	\$ -	\$ 24,764	\$ -
Banking expenses	16,152	4,990	59,869	81,011	73,997
Building expenses	118,642	137,222	523	256,387	220,155
Business expenses	173,172	150,745	61,426	385,343	245,383
Contract labor	176,336	-	-	176,336	164,411
Depreciation	253,391	120,933	28,786	403,110	421,174
Event expenses	99,799	395	220	100,414	2,028
Fees	48,765	10	-	48,775	61,767
Insurance	15,090	26,828	-	41,918	40,559
Marketing	41,525	-	6,650	48,175	31,149
Office expenses	12,935	28,671	49,912	91,518	60,084
Payments to other stations	186,054	-	-	186,054	112,719
Personnel	22,668	4,327	-	26,995	16,147
Professional fees	16,451	48,045	-	64,496	34,725
Programming purchases	709,703	-	-	709,703	681,066
Salaries and benefits	4,175,984	380,758	552,605	5,109,347	4,494,278
Technical expenses	174,270	17,632	47,415	239,317	224,724
Travel	32,745	13,113	5,778	51,636	9,098
	<u>\$ 6,298,446</u>	<u>\$ 933,669</u>	<u>\$ 813,184</u>	<u>\$ 8,045,299</u>	<u>\$ 6,893,464</u>
Total functional expenses					

See accompanying notes.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Statements of Functional Expenses
Year Ended June 30, 2021

2021

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Banking expenses	\$ 7,784	\$ 3,966	\$ 62,247	\$ 73,997
Building expenses	106,849	112,829	477	220,155
Business expenses	109,247	89,708	46,428	245,383
Contract labor	164,411	-	-	164,411
Depreciation	264,264	126,352	30,558	421,174
Event expenses	2,028	-	-	2,028
Fees	61,767	-	-	61,767
Insurance	14,601	25,958	-	40,559
Marketing	31,149	-	-	31,149
Office expenses	7,698	21,959	30,427	60,084
Payments to other stations	112,719	-	-	112,719
Personnel	14,362	100	1,685	16,147
Professional fees	1,396	33,329	-	34,725
Programming purchases	681,066	-	-	681,066
Salaries and benefits	3,750,573	388,611	355,094	4,494,278
Technical expenses	138,620	49,650	36,454	224,724
Travel	9,024	74	-	9,098
	<u>\$ 5,477,558</u>	<u>\$ 852,536</u>	<u>\$ 563,370</u>	<u>\$ 6,893,464</u>

See accompanying notes.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Cash received from underwriting activities	\$ 2,026,979	\$ 1,658,130
Cash received from donors and grants	4,074,595	4,341,226
Interest and dividends received	55,489	37,992
Cash received from other activities	212,624	291,402
Cash paid for personnel costs	(5,296,216)	(4,426,434)
Cash paid to vendors and others	<u>(2,275,157)</u>	<u>(2,112,916)</u>
Net cash used in operating activities	(1,201,686)	(210,600)
Cash flows from investing activities		
Purchases of property and equipment	(53,740)	(22,021)
Purchases of investments	(277,394)	(538,611)
Proceeds from sale or maturity of investments	<u>812,420</u>	<u>500,939</u>
Net cash provided by (used in) investing activities	481,286	(59,693)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	<u>524,263</u>	<u>484,557</u>
Cash provided by financing activities	<u>524,263</u>	<u>484,557</u>
(Decrease) increase in cash and cash equivalents	(196,137)	214,264
Cash and cash equivalents at beginning of year	<u>1,594,203</u>	<u>1,379,939</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,398,066</u></u>	<u><u>\$ 1,594,203</u></u>

See accompanying notes.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

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.

Effective July 1, 2021, the Organization adopted Accounting Standards Codification 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets be shown separate from contributions of cash and other financial assets and provides for qualitative disclosure regarding valuation techniques, categories of contributed nonfinancial assets, and their use. The standard was applied retrospectively as of the effective date with no material impact.

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, whereby 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, 2022 and 2021

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 \$-0- at June 30, 2022 and 2021.

6. Pledges and Grants 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.

There is no allowance for uncollectible pledges at June 30, 2022 and 2021 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. Revenue Recognition: The Organization's earned revenue sources primarily consist of sustainer membership dues and underwriting sales from businesses that provide support in exchange for brief on-air acknowledgments. The adoption of ASU 2014-09 resulted in a decrease to net assets without donor restrictions and an increase in deferred revenue of \$46,339 at July 1, 2020. At June 30, 2022 and 2021 membership dues revenue of \$71,452 and \$51,430, respectively, has been deferred, which would otherwise have been recognized according to legacy GAAP.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Notes to Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note B - Summary of Significant Accounting Policies (Continued)

9. Revenue Recognition (Continued): The Organization recognizes revenue from underwriting sales when the performance obligation is satisfied which typically occurs upon the Organization's provision of on-air acknowledgments. Membership dues which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between total dues paid and the exchange element. The Organization recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately. The exchange portion of membership dues includes immediate benefits such as a subscription to Louisville Magazine, Organization logo items and tickets to events. The Organization assigns a value to the event admission based on the ticket price of the event and recognizes revenue when the event occurs.

Deferred revenue reflected on the statements of financial position consists of dues to be recognized over the remaining term of the membership as well as advanced underwriting sales (see Note J).

Underwriting revenues include \$52,493 and \$34,860 of revenues from barter transactions for the years ended June 30, 2022 and 2021, respectively.

The Organization also receives revenue from contributions and investment income, which are outside the scope of Topic 606. The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give, is received.

10. Advertising: Advertising and promotion costs are expensed as incurred. These expenses were \$48,175 and \$31,149 for 2022 and 2021, respectively.
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, such as personnel, occupancy, depreciation, insurance, outside services and utilities, have been allocated among the program and supporting services benefited.
12. Recent Accounting Pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities and changes in net assets. The standard will be effective for the fiscal year ending June 30, 2023. The Organization has commenced its evaluation of the standard and anticipates a material impact to the financial statements upon adoption by recognition of a material right-of-use asset and lease liability on the statement of financial position.

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 2016-13 on the financial statements.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Notes to Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

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. Reclassification: Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 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 financial assets available within one year of the statements of financial position date for general expenditures as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,398,066	\$ 1,594,203
Underwriting and other accounts receivable, net	538,638	428,212
Pledges and grants receivable, net	748,172	695,631
Investments	<u>2,530,915</u>	<u>3,497,012</u>
Total financial assets	5,215,791	6,215,058
Less amounts not available to be used within one year restricted by donors due to purpose	<u>1,573,772</u>	<u>1,399,413</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,642,019</u></u>	<u><u>\$ 4,815,645</u></u>

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, 2022 and 2021

Note D - Pledges and Grants Receivable

Pledges and grants receivable consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 555,597	\$ 352,132
Due in one to five years	<u>198,333</u>	<u>346,666</u>
Total gross pledges and grants receivable	753,930	698,798
Less discount to present value	<u>(5,758)</u>	<u>(3,167)</u>
Net pledges and grants receivable	<u>\$ 748,172</u>	<u>\$ 695,631</u>

Pledges and grants receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rates ranging from .46% to 2.99%.

Note E - 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, 2022 and 2021.

Corporate Bonds and Notes, Foreign Bonds and U.S. Government and Agency Securities: Valued based on yields currently available on identical securities in active markets.

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.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Notes to Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note E - Investments and Fair Value Measurements (Continued)

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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

	June 30, 2022			Total
	Level 1	Level 2	Level 3	
Investments				
Money market funds	\$ 37,936	\$ -	\$ -	\$ 37,936
Corporate bonds and notes	661,310	-	-	661,310
Mutual funds	547,686	-	-	547,686
Exchange traded funds	595,132	-	-	595,132
Common stocks	688,851	-	-	688,851
	<u>\$ 2,530,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,530,915</u>

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

	June 30, 2021			Total
	Level 1	Level 2	Level 3	
Investments				
Money market funds	\$ 87,808	\$ -	\$ -	\$ 87,808
Corporate bonds and notes	782,408	-	-	782,408
Mutual funds	521,016	-	-	521,016
Exchange traded funds	409,519	-	-	409,519
Common stocks	1,696,261	-	-	1,696,261
	<u>\$ 3,497,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,497,012</u>

Investment (loss) income consists of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	\$ 87,796	\$ 67,635
Realized gains (losses)	336,882	(88,636)
Unrealized (loss) gain	(767,951)	768,964
Investment fees	(32,309)	(29,643)
	<u>\$ (375,582)</u>	<u>\$ 718,320</u>

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Notes to Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note F - Property and Equipment

Property and equipment at June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 6,435,110	\$ 6,431,110
Production equipment	418,513	418,513
Transmitter equipment	1,048,632	1,029,292
Computers and software	63,069	60,169
Web and app design	109,025	109,025
Furniture and fixtures	474,521	474,521
Construction in process	<u>27,500</u>	<u>-</u>
	8,576,370	8,522,630
Less accumulated depreciation	<u>(4,888,570)</u>	<u>(4,485,459)</u>
	<u><u>\$ 3,687,800</u></u>	<u><u>\$ 4,037,171</u></u>

Note G - Refundable Advance - Paycheck Protection Program

The Organization received a refundable advance of \$804,400 in April 2020 from the SBA Paycheck Protection Program ("PPP"). In February 2021, under the provisions of the CARES Act, the Organization was notified the loan was fully forgiven, and the Organization has been legally released by the U.S. Small Business Administration ("SBA"). As such, the loan forgiveness was recognized as revenue in the statement of activities and changes in net assets during the year ended June 30, 2021. In accordance with the related PPP loan guidelines, the SBA reserves the right to audit any PPP loan at any time during the loan process, including after the loan is fully forgiven and the Organization has been legal released.

Note H - Contributed Goods

Donated materials and equipment are shown as gifts, valued at their estimated fair value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation. A large number of volunteers have given significant amounts of their time for the operation of the Organization throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

The Organization received the following contributions of nonfinancial assets as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Software	<u>\$ -</u>	<u>\$ 18,876</u>
	<u><u>\$ -</u></u>	<u><u>\$ 18,876</u></u>

Kentucky Public Radio, Inc.
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Notes to Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note H - Contributed Goods (Continued)

The Organization receives donated goods in new or useable condition that are utilized to support the accounting function of the Organization. Donated goods consist of software. The Organization uses the software vendor's pricing to determine the fair value of donated goods. There were no donor-imposed restrictions associated with donated goods.

Note I - Net Assets with Donor Purpose Restrictions

Net assets with donor purpose restrictions at June 30, 2022 and 2021 are available for the following:

	<u>2022</u>	<u>2021</u>
Newsroom expansion	\$ 1,208,286	\$ 1,111,833
American Journalism Project	161,355	140,523
Programming and marketing	201,466	107,057
Strategic plan initiatives	-	20,000
Education outreach	<u>2,665</u>	<u>20,000</u>
	<u>\$ 1,573,772</u>	<u>\$ 1,399,413</u>

Note J - Revenue from Contracts with Customers

The following table provides information about significant changes in deferred membership dues (included in deferred revenue on the statement of financial position) for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred membership dues, beginning of year	\$ 51,430	\$ 46,339
Revenue recognized that was included in deferred membership dues at the beginning of the year	(51,430)	(46,339)
Increase in deferred membership revenue due to cash received during the period	<u>71,452</u>	<u>51,430</u>
Deferred membership dues, end of year	<u>\$ 71,452</u>	<u>\$ 51,430</u>

Note K - Operating Lease

The Organization leases a transmission tower for approximately \$6,000 per month under a noncancelable operating lease that expires in February 2025. The lease was amended in January 2012 to include rent escalation of 3% which takes effect on March 1st of each lease year. The lease is renewable for four additional terms of five years upon each termination date (currently February 28, 2025) 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 \$66,668 and \$64,726 for the years ended June 30, 2022 and 2021, respectively.

Kentucky Public Radio, Inc.
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Notes to Financial Statements (Continued)
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Note K - Operating Lease (Continued)

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

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 68,668
2024	70,728
2025	<u>48,086</u>
Total	<u>\$ 187,482</u>

Note L - 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 \$90,720 and \$78,096 for the years ended June 30, 2022 and 2021, respectively.

Note M - Concentrations

At June 30, 2022, four donors had outstanding pledges which represent 67% of pledges and grants receivable. At June 30, 2021, four donors had outstanding grants which represents 82% of pledges and grants receivable.