

**WSLU-FM - NORTH COUNTRY PUBLIC RADIO
(AN OPERATING SEGMENT OF
ST. LAWRENCE UNIVERSITY)**

**Financial Statements
as of June 30, 2023
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

January 4, 2024

To the Board of Trustees of
St. Lawrence University:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of WSLU-FM – North Country Public Radio (an operating segment of St. Lawrence University) (the Station), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Station and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Station's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

171 Sully's Trail
Pittsford, NY 14534
p (585) 381-1000
f (585) 381-3131

www.bonadio.com

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Report on Summarized Comparative Information

We have previously audited the Station's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

WSLU-FM - NORTH COUNTRY PUBLIC RADIO
(AN OPERATING SEGMENT OF ST. LAWRENCE UNIVERSITY)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 1,566,299	\$ 1,733,528
Accounts receivable	21,949	49,009
Contributions receivable, net	450,780	540,049
Prepaid expenses	96,049	92,973
Investments	1,514,563	1,433,180
Funds held for deferred giving	27,459	26,675
Intangible asset	19,000	19,000
Broadcasting facilities and equipment, net of accumulated depreciation of \$820,481 and \$816,186 in 2023 and 2022, respectively	<u>17,080</u>	<u>21,375</u>
Total assets	<u><u>\$ 3,713,179</u></u>	<u><u>\$ 3,915,789</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Deferred revenue	\$ 85,954	\$ 85,707
Charitable gift annuities payable	<u>15,078</u>	<u>15,793</u>
Total liabilities	<u>101,032</u>	<u>101,500</u>
NET ASSETS:		
Without donor restrictions:		
Board designated for endowment	87,705	82,990
Undesignated	<u>2,049,633</u>	<u>2,307,761</u>
Total without donor restrictions	2,137,338	2,390,751
With donor restrictions	<u>1,474,809</u>	<u>1,423,538</u>
Total net assets	<u>3,612,147</u>	<u>3,814,289</u>
Total liabilities and net assets	<u><u>\$ 3,713,179</u></u>	<u><u>\$ 3,915,789</u></u>

The accompanying notes are an integral part of these statements.

WSLU-FM - NORTH COUNTRY PUBLIC RADIO
(AN OPERATING SEGMENT OF ST. LAWRENCE UNIVERSITY)

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
OPERATING SUPPORT AND REVENUES:				
Contributions	\$ 1,236,552	\$ -	\$ 1,236,552	\$ 1,342,334
Contributions from St. Lawrence University	644,923	-	644,923	678,275
Federal, state, and county grants	409,614	-	409,614	416,028
Underwriting contracts	376,448	-	376,448	352,407
Donated facilities	158,174	-	158,174	158,174
Investment income allocated to operations	72,550	-	72,550	67,548
Net assets released from restrictions	28,945	(28,945)	-	-
Other	9,168	-	9,168	11,759
Total operating support and revenues	2,936,374	(28,945)	2,907,429	3,026,525
OPERATING EXPENSES:				
Program services -				
Programming and production	1,551,063	-	1,551,063	1,452,470
Broadcasting	440,428	-	440,428	451,557
Program information	46,342	-	46,342	50,456
Supporting services -				
Management and general	738,775	-	738,775	750,186
Fundraising	417,892	-	417,892	405,428
Total operating expenses	3,194,500	-	3,194,500	3,110,097
Change in net assets from operating activities	(258,126)	(28,945)	(287,071)	(83,572)
NONOPERATING ACTIVITIES:				
Changes in value of charitable gift annuities, net	-	3,546	3,546	(5,115)
Investment income (loss), net of amounts allocated to operations	4,713	76,670	81,383	(238,612)
Paycheck Protection Program loan forgiveness	-	-	-	261,407
Change in net assets from nonoperating activities	4,713	80,216	84,929	17,680
CHANGE IN NET ASSETS	(253,413)	51,271	(202,142)	(65,892)
NET ASSETS - beginning of year	2,390,751	1,423,538	3,814,289	3,880,181
NET ASSETS - end of year	\$ 2,137,338	\$ 1,474,809	\$ 3,612,147	\$ 3,814,289

The accompanying notes are an integral part of these statements.

WSLU-FM - NORTH COUNTRY PUBLIC RADIO
(AN OPERATING SEGMENT OF ST. LAWRENCE UNIVERSITY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (202,142)	\$ (65,892)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	4,295	4,010
Net realized and unrealized loss (gain) on investments	(153,933)	171,064
Changes in value of charitable gift annuities	221	6,835
Contributions for long-lived assets	-	(40,000)
Paycheck Protection Program loan forgiveness	-	(261,407)
Changes in:		
Accounts receivable	27,060	5,873
Prepaid expenses	(3,076)	(9,115)
Deferred revenue	247	1,689
Contributions receivable, net	<u>89,269</u>	<u>89,247</u>
Net cash flow from operating activities	<u>(238,059)</u>	<u>(97,696)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	72,550	67,548
Purchases of broadcasting facilities and equipment	<u>-</u>	<u>(21,349)</u>
Net cash flow from investing activities	<u>72,550</u>	<u>46,199</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on charitable gift annuities to beneficiaries	(1,720)	(1,720)
Cash receipt of contributions for long-lived assets	<u>-</u>	<u>40,000</u>
Net cash flow from financing activities	<u>(1,720)</u>	<u>38,280</u>
CHANGE IN CASH	(167,229)	(13,217)
CASH - beginning of year	<u>1,733,528</u>	<u>1,746,745</u>
CASH - end of year	<u>\$ 1,566,299</u>	<u>\$ 1,733,528</u>

The accompanying notes are an integral part of these statements.

WSLU-FM - NORTH COUNTRY PUBLIC RADIO (AN OPERATING SEGMENT OF ST. LAWRENCE UNIVERSITY)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

1. THE STATION

WSLU-FM - North Country Public Radio (the Station) is an operating segment of St. Lawrence University (the University) and is included in the University's consolidated financial statements. The Station functions as a non-commercial public FM radio station in Canton, New York.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Station have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Reporting

The Station classifies its activities into the following net asset categories:

- Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the University's Board of Trustees.
- Net assets with donor restrictions are those net assets whose use by the Station is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Station pursuant to those stipulations. Generally, the donors of these assets permit the Station to use all or a part of the investment return on amounts to be maintained in perpetuity to support program activities.

Comparative Information

The 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Station's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Operations

The statements of activities and change in net assets presents the change in net assets of the Station from operating and nonoperating activities. Operating revenues and expenses relate primarily to programs provided by the Station, underwriting and contributions.

Cash

The Station's cash balances are maintained with the University's accounts. At times, cash balances may exceed federally insured limits. The Station and the University have not experienced any losses in these accounts and do not believe they are exposed to any significant credit risk with respect to cash.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consists of underwriting commitments and amounts due from grantors. The Station records an allowance for doubtful accounts based on prior collection experience and review of existing receivables. Accounts for which no payments have been received for a period of time, which varies by the nature of the receivable, are considered delinquent and written-off or sent to collections, as appropriate. No allowance for doubtful accounts was considered necessary as of June 30, 2023 or 2022.

Investments

Investments represent the Station's units within the University's pooled investment portfolio, which consists of various types of investment securities stated at fair value. Unrealized gains or losses on such securities result from differences between the cost and fair value of securities on a specified valuation date. Investment securities are exposed to various risks, such as interest rate, market, currency, and credit risk.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

Endowment

The Station's endowment consists of individual funds established for a variety of purposes in support of the Station's mission. Its endowment includes both endowment funds with donor restrictions and funds designated by the University's Board of Trustees to function as endowment. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the University's Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Funds Held for Deferred Giving Arrangements

The Station's deferred giving arrangements consist of gift annuities that are invested in various types of investment securities, which are stated at fair value and held by the University in a pooled portfolio. Deferred giving assets are managed by external investment managers that are monitored by the University. Contribution revenue is recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets and changes in the estimated present value of future cash outflows and other changes in the estimates of future benefits. The annuities and deferred giving obligations represent the net present value of future cash outflows over the beneficiary's life expectancy as required by the deferred gift agreements. Discount rates used to calculate the net present value of the obligations are commensurate with the life expectancy of the beneficiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Station utilized the net asset value (NAV) reported by the University as a practical expedient for determining the fair value of the Station's investment in the University's pooled investment portfolio. The Station's investments are redeemable at NAV upon request. The University also holds funds held for deferred giving on behalf of the Station in a pooled account. These funds are invested in the University's funds held for deferred giving investment portfolio and are not available to the Station until the required conditions of the gift annuity are met. The Station utilized the NAV reported by the University as a practical expedient for determining the fair value of the Station's funds held for deferred giving. There have been no changes in valuation methodologies used at June 30, 2023 and 2022.

Broadcasting Facilities and Equipment

Broadcasting facilities and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to ten years. Fixed assets equal to or greater than \$5,000, which have a useful life greater than two years are capitalized. Depreciation expense is included in the statement of activities and change in net assets and is allocated to functional classifications based on the functional program the assets are principally utilized in. All gifts of broadcasting facilities and equipment are recorded as unrestricted operating resources, unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted operating resources.

Intangible Asset

Intangible asset represents the cost related to the broadcasting license associated with a radio station that the Station purchased in 2015. The cost assigned to the broadcasting license is evaluated annually by the Station to determine if it has a finite life. It has been determined that this cost has an indefinite life and, as such, was not subject to amortization in 2023 or 2022.

Contributions and Contributions Receivable

The Station records contributions, including unconditional promises to give, as revenues when donors' commitments are received, or conditions have been satisfied. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. Unconditional promises to give are recognized at the estimated net present value, net of an allowance for uncollectible amounts, and are classified as with donor restrictions. Gifts whose restrictions are met in the same fiscal year as their receipt are reported as contributions without donor restrictions.

Contributions receivable consists of commitments and amounts due from contributors. The Station records an allowance for doubtful accounts based on prior collection experience and review of existing receivables. Accounts for which no payments have been received for a period of time, which varies by the nature of the receivable, are considered delinquent and written-off or sent to collections, as appropriate. No allowance for doubtful accounts was considered necessary as of June 30, 2023 or 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Underwriting Contracts

The Station enters into contracts with underwriters, whereby the Station credits the underwriters on air in exchange for payment. Revenue for underwriting contracts that span across fiscal years is recognized to the extent that the performance obligations have been met. Unearned revenue relating to the portion of underwriting revenue pertaining to the following fiscal year is reported as deferred revenue in the statements of financial position.

Federal, State, and County Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit 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. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement (the Communications Act).

According to the Communications Act, funds may be used at the discretion of recipients. The grants are reported on the accompanying financial statements as operating revenues without donor restrictions; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and adhere to compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

Revenue from grants is recognized when conditions from the grantor are met and there are no barriers to be overcome. Amounts received in advance of such conditions being met are reported as deferred revenues.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets include gifts-in-kind and donated services recorded at their estimated fair value at the date of receipt.

A substantial number of volunteers have donated time in support of the Station's program activities. The value of these services is not reflected in the financial statements as they do not meet the criteria for recognition under U.S. GAAP.

Allocation of Certain Expenses

The disclosure regarding functional expenses (Note 11) presents expenses by both functional and natural classification. Certain categories of expenses are attributable to one or more program or supporting functions, and as a result it is necessary to allocate these expenses amongst the functional categories. Allocated expenses are salaries and benefits, which are allocated based on employees' time and effort.

Income Taxes

The Station is an operating segment of the University and maintains the same tax-exempt status as the University, which is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. The University has also been classified as an organization that is not a private foundation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. LIQUIDITY

The Station regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Station considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Station maintains an endowment that consists of donor-restricted contributions and a Board designated quasi-endowment fund. The endowment consists of investments that are invested in the University's pooled investment portfolio, which is managed by the University to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. On an annual basis, the University's Board of Trustees has authorized the Station to use a spending rate of 5.0% of the weighted average of the endowment investments over the prior twelve quarters. In the event of an unanticipated liquidity need, the University's Board of Trustees could authorize the University to provide financial support to the Station.

The Station's financial assets available to meet cash needs for general expenditures within one year from the statements of financial position date are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,566,299	\$ 1,733,528
Accounts receivable	21,949	49,009
Current portion of contributions receivable	112,500	126,000
Less: Donor restricted for capital projects	(35,570)	(52,466)
Less: Donor restricted for operations	-	(10,000)
Add: Spending policy appropriation for next fiscal year	<u>73,266</u>	<u>72,550</u>
	<u>\$ 1,738,444</u>	<u>\$ 1,918,621</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

The Station's net assets with donor restrictions consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Net Assets Restricted by Time or Purpose		
Charitable gift annuities	\$ 12,381	\$ 10,882
Gifts and other unexpended revenues for capital projects	35,570	52,466
Gifts and other unexpended revenues for operations	-	10,000
Endowment earnings	<u>486,356</u>	<u>409,688</u>
Total net assets restricted by time or purpose	<u>534,307</u>	<u>483,036</u>
Net Assets With Perpetual Restrictions		
Endowment	<u>940,502</u>	<u>940,502</u>
	<u>\$ 1,474,809</u>	<u>\$ 1,423,538</u>

4. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from restrictions were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Gifts and other unexpended revenues for capital projects	\$ 18,945	\$ 52,534
Gifts and other unexpended revenues for operations	<u>10,000</u>	<u>-</u>
	<u>\$ 28,945</u>	<u>\$ 52,534</u>

5. CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions from St. Lawrence University

A portion of the Station's general overhead costs are provided by the University and are allocated to the Station. These costs include administration, salaries and benefits, space, and other services. These amounts are reported as operating support and revenues and operating expenses in the accompanying statement of activities and change in net assets, which amounted to \$644,923 and \$678,275 for the years ended 2023 and 2022, respectively, and were valued based on the University's actual costs. There were no donor-imposed restrictions associated with these contributed nonfinancial assets.

Contributions of nonfinancial assets from the University were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Administration	\$ 541,545	\$ 559,107
Salaries and benefits	65,690	105,280
Space	12,308	11,088
Other services	<u>25,380</u>	<u>2,800</u>
	<u>\$ 644,923</u>	<u>\$ 678,275</u>

Donated Facilities

The Station also recognized donated facilities from unrelated third parties as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Office space	\$ 115,880	\$ 115,880
Tower rentals	<u>42,294</u>	<u>42,294</u>
	<u>\$ 158,174</u>	<u>\$ 158,174</u>

Donated office space consists of space at a nearby hospital, valued at fair value based on other rental agreements for similar space, which are based on a calculation provided by the hospital. The Station utilizes the space for both program and management and general purposes.

Donated tower rentals consist of various towers used for the Station's programmatic broadcasting activities, which are provided for the Station's use free of charge. The tower rentals are recognized by the Station at their estimated fair value using rates provided by the donors, which are based on the rates they would typically charge for similar use of the towers.

6. INVESTMENTS

Investments consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
University Pooled Investment Portfolio	\$ <u>1,514,563</u>	\$ <u>1,433,180</u>

Investments are stated at fair value using net asset value as a practical expedient and represent the Station's units within the University's pooled investment portfolio. Realized and unrealized net gains and losses are determined based upon the unit market value within the investment pool.

7. CHARITABLE GIFT ANNUITIES

The Station has received two charitable gift annuities for a total of \$30,000. Under the terms of the agreements, the Station is to make fixed annual payments from the trust assets to the donors until their dates of death, upon which the Station becomes the beneficiary of the remaining assets. The University manages the charitable gift annuities on behalf of the Station, and the funds are held in the University's funds held for deferred giving portfolio. Upon death of the donors, the University will remit the remaining assets to the Station.

The Station has recorded funds held for deferred giving of \$27,459 and \$26,675, and a corresponding charitable gift annuities payable liability of \$15,078 and \$15,793, at June 30, 2023 and 2022, respectively. The liability represents the estimated present value of future payments using discount rates ranging from 2.20% to 2.80%.

8. ENDOWMENT

The Station follows the New York Prudent Management of Institutional Funds Act (NYPMIFA) and its own governing documents. Management has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on endowment gifts with donor restrictions, beyond the original gift amount, follows the donor's restrictions on the use of the related income. As a result of this interpretation, the University classifies as net assets with donor restrictions (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Accumulated earnings on the endowment fund are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the University's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Station to retain as a fund of perpetual duration.

In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. Deficiencies would result from unfavorable market fluctuations that occur after the investment of contributions with donor restrictions. The Station follows the University's policy of permitting spending from underwater endowment funds, unless specifically prohibited by the donor or relevant laws and regulations. The Station did not have any funds with deficiencies at June 30, 2023 and 2022.

8. ENDOWMENT (Continued)

Endowment Investment and Spending Policies

The Station follows the University's endowment spending policy. It is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. The amount of endowment investment return (yield and appreciation) used annually to support operations was equivalent to 5.0% of the weighted average of these investments over the prior twelve quarters for the years ended June 30, 2023 and 2022. Investment returns equal to the annual spending rate are reflected as operating support and revenues and investment returns in excess of the spending rate are reflected as nonoperating activities in the statement of activities and change in net assets. Spending in excess of investment return is reflected as a decrease in net assets without donor restrictions.

Endowment net asset composition by type of fund as of June 30, 2023 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Time/Purpose</u>	<u>With Donor Restrictions - Perpetual</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 486,356	\$ 940,502	\$ 1,426,858
Board-designated funds	87,705	-	-	87,705
	<u>\$ 87,705</u>	<u>\$ 486,356</u>	<u>\$ 940,502</u>	<u>\$ 1,514,563</u>

Endowment net asset composition by type of fund as of June 30, 2022 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Time/Purpose</u>	<u>With Donor Restrictions - Perpetual</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 409,688	\$ 940,502	\$ 1,350,190
Board-designated funds	82,990	-	-	82,990
	<u>\$ 82,990</u>	<u>\$ 409,688</u>	<u>\$ 940,502</u>	<u>\$ 1,433,180</u>

Changes in endowment net assets for the year ended June 30, 2023 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Time/Purpose</u>	<u>With Donor Restrictions - Perpetual</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 82,990	\$ 409,688	\$ 940,502	\$ 1,433,180
Net appreciation	8,250	145,683	-	153,933
Amount appropriated for expenditure	(3,535)	(69,015)	-	(72,550)
Endowment net assets, end of year	<u>\$ 87,705</u>	<u>\$ 486,356</u>	<u>\$ 940,502</u>	<u>\$ 1,514,563</u>

Changes in endowment net assets for the year ended June 30, 2022 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Time/Purpose</u>	<u>With Donor Restrictions - Perpetual</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 96,807	\$ 634,483	\$ 940,502	\$ 1,671,792
Net depreciation	(9,897)	(161,167)	-	(171,064)
Amount appropriated for expenditure	(3,920)	(63,628)	-	(67,548)
Endowment net assets, end of year	<u>\$ 82,990</u>	<u>\$ 409,688</u>	<u>\$ 940,502</u>	<u>\$ 1,433,180</u>

9. FUNDS HELD BY THE ADIRONDACK FOUNDATION

The Station is the income beneficiary of funds established with the Adirondack Foundation (the Foundation). The funds' fair value was \$2,100,151 and \$1,987,009 at June 30, 2023 and 2022, respectively. These funds are considered assets of the Foundation and, therefore, are not included in the Station's financial statements. The Foundation distributes a portion of income earned on these endowment funds to the Station annually. There were no distributions for the year ended June 30, 2023. For the year ended June 30, 2022, there were distributions of \$97,100 and are included in contributions without donor restrictions in the statement of activities and change in net assets.

10. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give and consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Contributions receivable	\$ 513,672	\$ 627,685
Less: Present value discount	<u>(62,892)</u>	<u>(87,636)</u>
	<u>\$ 450,780</u>	<u>\$ 540,049</u>

Contributions receivable are expected to be received as follows during the years ending June 30:

2024	\$ 112,500
2025	100,293
2026	100,293
2027	100,293
2028	<u>100,293</u>
	<u>\$ 513,672</u>

Contributions receivable due in future years are reflected at the present value of estimated future cash flows using risk adjusted discount rates commensurate with the term of the contributions, which range from 1.97% to 2.26%. The Station determined that an allowance for doubtful accounts was not necessary at June 30, 2023 or 2022 based on a review of the collectability of contributions receivable considering historical experience and prevailing economic conditions.

11. FUNCTIONAL EXPENSES

The Station's expenses on both a natural and functional basis for year ended June 30, 2023 were as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 1,156,739	\$ 145,389	\$ 295,002	\$ 1,597,130
Supplies and other	538,707	5,999	35,865	580,571
Institutional support	-	541,545	-	541,545
Donated facilities	134,998	23,176	-	158,174
Computer services	61,211	-	24,463	85,674
Leases and rentals	72,222	-	-	72,222
Contracted services	27,860	12,500	20,902	61,262
Dues, licenses, memberships	18,909	639	22,931	42,479
Travel	22,401	2,508	1,357	26,266
Postage, printing and copying	771	6,739	17,372	24,882
Depreciation	<u>4,015</u>	<u>280</u>	<u>-</u>	<u>4,295</u>
	<u>\$ 2,037,833</u>	<u>\$ 738,775</u>	<u>\$ 417,892</u>	<u>\$ 3,194,500</u>

The Station's expenses on both a natural and functional basis for year ended June 30, 2022 were as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 1,104,947	\$ 135,753	\$ 285,175	\$ 1,525,875
Institutional support	-	559,107	-	559,107
Supplies and other	513,564	6,154	28,375	548,093
Donated facilities	134,998	23,176	-	158,174
Leases and rentals	84,941	-	-	84,941
Contracted services	31,859	18,438	20,175	70,472
Computer services	53,571	-	11,796	65,367
Dues, licenses, memberships	18,496	196	31,022	49,714
Postage, printing and copying	1,590	5,973	28,338	35,901
Travel	6,788	1,108	547	8,443
Depreciation	<u>3,729</u>	<u>281</u>	<u>-</u>	<u>4,010</u>
	<u>\$ 1,954,483</u>	<u>\$ 750,186</u>	<u>\$ 405,428</u>	<u>\$ 3,110,097</u>

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 4, 2024, which is the date the financial statements were available to be issued.