WESTERN NORTH CAROLINA
PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Asheville, North Carolina

Financial Statements

Years Ended September 30, 2023 and 2022

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

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WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Western North Carolina Public Radio, Inc.
d/b/a Blue Ridge Public Radio

Opinion

We have audited the accompanying financial statements of Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio as of September 30, 2023 and 2022, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio 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 Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio'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 Western North Carolina Public Radio, Inc. d/b/a Blue Ridge Public Radio'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.

Carter, P.C.

Asheville, North Carolina
April 2, 2024

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statements of Financial Position
September 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and equivalents	$ 923,044	$ 741,234
Accounts receivable, net	133,193	135,687
Promises to give	32,935	16,191
Prepaid expenses	55,080	48,640
Total current assets	1,144,252	941,752
Investments		1,797
Property and equipment	896,836	901,910
Operating lease right-of-use assets	141,548	
Intangible assets, net	186,302	186,980
Beneficial interest in endowment funds	1,053,035	1,269,305
Total assets	$ 3,421,973	$ 3,301,744
Liabilities and net assets		
Current maturities of operating lease liabilities	$ 89,548	$
Accounts payable	160,565	48,724
Accrued expenses	143,076	112,765
Deferred revenue	44,412	49,932
Total current liabilities	437,601	211,421
Operating lease liabilities, net of current maturities	44,592	
Total liabilities	482,193	211,421
Net assets:		
Without donor restrictions	2,831,845	3,074,132
With donor restrictions	107,935	16,191
Total net assets	2,939,780	3,090,323
Total liabilities and net assets	$ 3,421,973	$ 3,301,744

The accompanying notes are an integral part of the financial statements.

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statement of Activities
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Listener and other support	$ 1,470,682	$ 107,935	$ 1,578,617
Business sponsorship	1,004,379		1,004,379
Grants	312,342		312,342
Special events	178,674		178,674
Rental income	39,027		39,027
In-kind contributions	54,638		54,638
Investment income, net	20,413		20,413
Other income	27,373		27,373
Net assets released from restrictions	16,191	(16,191)	
Total revenues and other support	3,123,719	91,744	3,215,463
Expenses			
Program services	1,726,688		1,726,688
Supporting services	1,658,066		1,658,066
Total expenses	3,384,754		3,384,754
Increase (decrease) in net assets before other gains	(261,035)	91,744	(169,291)
Other gains			
Net gains on investments	119		119
Net gains on beneficial interest in endowment funds	18,629		18,629
Total other gains	18,748		18,748
Increase (decrease) in net assets	(242,287)	91,744	(150,543)
Net assets at beginning of year	3,074,132	16,191	3,090,323
Net assets at end of year	$ 2,831,845	$ 107,935	$ 2,939,780

The accompanying notes are an integral part of the financial statements.

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statement of Activities
Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Listener and other support	$ 1,640,703	$ 16,191	$ 1,656,894
Business sponsorship	952,652		952,652
Grants	317,133		317,133
Rental income	56,814		56,814
In-kind contributions	41,518		41,518
Investment income, net	2,239		2,239
Other income	575		575
Net assets released from restrictions	37,427	(37,427)	
Total revenues and other support	3,049,061	(21,236)	3,027,825
Expenses			
Program services	1,648,837		1,648,837
Supporting services	1,452,508		1,452,508
Total expenses	3,101,345		3,101,345
Decrease in net assets before other losses	(52,284)	(21,236)	(73,520)
Other losses			
Net losses on investments	(1,048)		(1,048)
Net losses on beneficial interest in endowment funds	(84,764)		(84,764)
Total other losses	(85,812)		(85,812)
Decrease in net assets	(138,096)	(21,236)	(159,332)
Net assets at beginning of year	3,212,228	37,427	3,249,655
Net assets at end of year	$ 3,074,132	$ 16,191	$ 3,090,323

The accompanying notes are an integral part of the financial statements.

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statement of Functional Expenses
Year Ended September 30, 2023

		Supporting Services			
	Program Services	General and Administration	Fundraising	Total Supporting	Total
Salaries	$ 605,190	$ 237,976	$ 588,265	$ 826,241	$ 1,431,431
Employee benefits	83,979	18,833	69,633	88,466	172,445
Payroll taxes	47,043	16,350	40,333	56,683	103,726
Total salaries and related expenses	736,212	273,159	698,231	971,390	1,707,602
Contract labor	11,225				11,225
Programming fees	548,691				548,691
Professional fees	38,999	164,144	52,514	216,658	255,657
Occupancy	46,783	139,259		139,259	186,042
Utilities	60,278	1,468		1,468	61,746
Travel	6,956	3,169	4,183	7,352	14,308
Insurance		20,591		20,591	20,591
Supplies and equipment	45,968	11,839	2,704	14,543	60,511
Software and technology	52,560	2,027	18,588	20,615	73,175
Promotion and outreach		1,323	52,990	54,313	54,313
Recruiting	9,890	2,298		2,298	12,188
Training and education	316	6,500	10,019	16,519	16,835
Banking fees		1,379	59,521	60,900	60,900
Parking	5,893	1,287	3,217	4,504	10,397
Communications	17,117		6,153	6,153	23,270
Repairs and maintenance	11,171	1,500		1,500	12,671
Memberships and dues	7,700	1,620	13,565	15,185	22,885
Advertising	53,318				53,318
Special events	100		41,977	41,977	42,077
Postage and shipping	299	1,122	17,727	18,849	19,148
Hospitality	1,388	8,341	5,213	13,554	14,942
Total expenses before depreciation and amortization	1,654,864	641,026	986,602	1,627,628	3,282,492
Depreciation	71,146	10,146	20,292	30,438	101,584
Amortization	678				678
Total expenses	$ 1,726,688	$ 651,172	$ 1,006,894	$ 1,658,066	$ 3,384,754

The accompanying notes are an integral part of the financial statements.

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statement of Functional Expenses
Year Ended September 30, 2022

	Program Services	Supporting Services: General and Administration	Supporting Services: Fundraising	Supporting Services: Total Supporting	Total
Salaries	$ 594,483	$ 206,362	$ 436,527	$ 642,889	$ 1,237,372
Employee benefits	86,875	29,000	59,190	88,190	175,065
Payroll taxes	42,510	16,349	33,343	49,692	92,202
Total salaries and related expenses	723,868	251,711	529,060	780,771	1,504,639
Programming fees	521,049				521,049
Professional fees	35,767	195,671	33,709	229,380	265,147
Occupancy	45,800	132,612		132,612	178,412
Utilities	37,047	507		507	37,554
Travel	460	10,491	1,694	12,185	12,645
Insurance	9,677	25,185		25,185	34,862
Supplies and equipment	40,646	12,715	355	13,070	53,716
Software and technology	49,257		20,394	20,394	69,651
Promotion and outreach	2,652	249	52,593	52,842	55,494
Training and education	1,099	300	2,245	2,545	3,644
Banking fees	15	2,028	52,540	54,568	54,583
Parking	5,641	1,982	3,040	5,022	10,663
Communications	19,344		7,825	7,825	27,169
Repairs and maintenance	13,896	3,371		3,371	17,267
Memberships and dues	7,486	1,605	14,280	15,885	23,371
Advertising	39,379				39,379
Special events	4,400		36,273	36,273	40,673
Postage and shipping	831	1,391	2,941	4,332	5,163
Hospitality	1,056	10,539	15,211	25,750	26,806
Bad debt	18,793				18,793
Total expenses before interest, depreciation, and amortization	1,578,163	650,357	772,160	1,422,517	3,000,680
Interest	17				17
Depreciation	69,978	9,997	19,994	29,991	99,969
Amortization	679				679
Total expenses	$ 1,648,837	$ 660,354	$ 792,154	$ 1,452,508	$ 3,101,345

The accompanying notes are an integral part of the financial statements.

WESTERN NORTH CAROLINA PUBLIC RADIO, INC.
D/B/A BLUE RIDGE PUBLIC RADIO

Statements of Cash Flows
Years Ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Decrease in net assets	$ (150,543)	$ (159,332)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	101,584	99,969
Amortization	678	679
Receipt of donated stock	(39,233)	(52,312)
Net (gains) losses on investments	(119)	1,048
Net (gains) losses on beneficial interest in endowment funds	(18,629)	84,764
Provision for bad debts		18,793
Amortization of operating lease right-of-use assets	91,789	
Changes in working capital - sources (uses):		
Accounts receivable	2,494	(27,296)
Promises to give	(16,744)	21,236
Sales tax receivable		2,611
Prepaid expenses	(6,440)	20,874
Accounts payable	111,841	27,408
Accrued expenses	30,311	(51,520)
Deferred revenue	(5,520)	(6,089)
Operating lease liabilities	(99,197)	
Net cash provided (used) by operating activities	2,272	(19,167)
Cash flows from investing activities		
Proceeds from sale of donated stock	41,149	49,467
Distributions from beneficial interest in endowment funds	250,000	
Change in beneficial interest in endowment funds	(15,101)	(1,994)
Purchases of property and equipment	(96,510)	(57,397)
Net cash provided (used) by investing activities	179,538	(9,924)
Net increase (decrease) in cash and equivalents	181,810	(29,091)
Cash and equivalents at beginning of year	741,234	770,325
Cash and equivalents at end of year	$ 923,044	$ 741,234
Schedule of noncash investing and financing activities		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 233,337	$
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$	$ 17

The accompanying notes are an integral part of the financial statements.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization

Western North Carolina Public Radio, Inc. (Organization) was incorporated on April 9, 1984, as a nonprofit corporation. In June 2017, the Organization began doing business as Blue Ridge Public Radio. The Organization is dedicated to operating a community-based, fine arts public radio station with a commitment to the cultural well-being of Western North Carolina offering radio and digital streaming programs that include news, music, and other content.

Income Tax Status

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under section 509(a)(2). The Organization has also been classified as a publicly-supported charitable organization and is exempt from state taxes under North Carolina General Statute 105-130.11(a).

Basis of Presentation

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 (U.S. GAAP), which require the Organization to report 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 Board of Directors.

- *Net assets with donor restrictions*: Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Organization has a fiduciary responsibility to follow the donors’ instructions. Net assets with donor restrictions generally result from donor-restricted contributions and restricted grants. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions. The Organization has adopted a policy to classify donor restricted support as without donor restrictions to the extent that donor restrictions were met in the reporting period the support was recognized.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Non-operating activities are limited to resources that generate return from investments and beneficial interest in endowment funds and other activities considered to be more unusual or nonrecurring in nature.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than accounts receivable, investments, beneficial interest in endowment funds, operating lease right-of-use assets, and lease liabilities approximates fair value due to the relatively short-term nature of the financial instruments.

Amounts recognized as accounts receivable approximate fair value due to the allowance for doubtful accounts applied to outstanding balances.

The fair value of investments and beneficial interest in endowment funds is discussed in Notes 7 and 8.

Amounts recognized for operating lease right-of-use assets and lease liabilities approximate fair value due to present value adjustments determined by the Organization's incremental borrowing rate.

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consist of uncollateralized customer obligations for on-air public announcements and other services provided on behalf of customers. The Organization provides credit to customers and bills them as services are provided or on a monthly basis. Receipts of payments are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Management believes its billing and collection policies are adequate to minimize potential credit risk. In reviewing aged receivables, management considers their knowledge of customers, historical losses, and current economic conditions in establishing the allowance for doubtful accounts. The Organization writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited back to the allowance account in the period the payment is received.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. 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 in more than one year are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in listener and other support. A provision of uncollectible promises to give has not been established, as management believes that all amounts are collectible.

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized as incurred. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed. The Organization has adopted an accounting policy to capitalize all property and equipment with a cost greater than $5,000. Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally two to thirty-nine years.

Donated Property and Equipment

Donations of property and equipment are recorded in-kind contributions at the estimated fair value at the date of the gift. The Organization reports gifts of property and equipment as in-kind contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are recognized in the statements of activities.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements and Disclosures

The Organization applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities within the fair value hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Organization's assessment of the significance of an input requires judgment, which may affect the valuation and classification within the fair value hierarchy.

Donated Assets

Donated marketable securities are recorded as listener and other support at their estimated fair value at the date of donation. Donated materials and equipment are reflected as in-kind contributions at their estimated fair value at the date of donation. Noncash donated assets are described in Note 11.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Donated Services

Donated services are recognized as in-kind contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are described in Note 11.

Revenue Recognition

Business sponsorships are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services for businesses. These services consist of radio sponsorships, impressions on the Organization's internet sites, and other forms of agreed upon sponsorships. The Organization has concluded that they have a right to consideration for services provided in accordance with the underlying contracts. Payments received in advance of business sponsorships being provided are recorded as deferred revenue in the statements of financial position.

Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return of the asset or right of release of the obligation - are not recognized until the conditions on which they depend have been met. A portion of the Organization's revenue is also derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

The Organization also recognizes revenue from acting as a lessor in operating leases. Revenue is recorded as rental income in the statements of activities and is accounted for on the straight-line basis over the lease term.

Functional Allocation of Expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to programs and support. All expenses except for contract labor, programming fees, advertising, bad debt, interest, and amortization are allocated based on estimates of time and effort. Contract labor, programming fees, advertising, bad debt, interest, and amortization expenses are directly related to program services.

Advertising

The Organization uses advertising to promote various programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the years ended September 30, 2023 and 2022, was $53,318 and $39,379, respectively.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

During the year ended September 30, 2023, the Organization adopted the requirements of Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, (ASU 2016-02) which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; and ASU 2021-05, *Lessors—Certain Leases with Variable Lease Payments*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to adopt these ASUs effective October 1, 2022. The Organization did not adjust the prior period statement of financial position.

The Organization applied the package of practical expedients allowed by the standard, upon adoption of ASU 2016-02. The Organization did not reassess:

- Whether any expired or existing contracts are or contain leases under the new definition;
- The lease classification of any expired or existing leases; or
- Whether previously capitalized costs continue to qualify as initial direct costs.

An election has been made to apply the short-term lease exception to all leases with a term of 12 months or less. Short-term lease costs do not reflect ongoing short-term lease commitments, which are described in Note 10.

As a result of the adoption of the new lease accounting guidance, on October 1, 2022, the Organization recognized operating lease liabilities of $199,742, which represents the present value of the remaining operating lease payments, discounted using the Organization's incremental borrowing rate of 6.25%. A right-of-use asset in the amount of $199,742, was also recorded at that time.

Recently Issued Accounting Pronouncement

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 is intended to improve financial reporting about credit losses on certain receivable balances. The new standard will be effective beginning October 1, 2023. The Organization is in the process of evaluating the effect this guidance will have on its financial statements and related disclosures.

Note 2 - Net Assets

Net assets are described as follows:

At September 30	2023	2022
Net assets without donor restrictions:		
Undesignated	$ 295,831	$ 797,086
Investment in property and equipment	896,836	901,910
Board designated:		
Innovation fund	286,430	60,196
Journalism fund	45,849	45,635
Operating reserves	1,051,386	1,032,845
Endowment reserve	255,513	236,460
Total board designated	1,639,178	1,375,136
Net assets without donor restrictions	2,831,845	3,074,132
Net assets with donor restrictions:		
Subject to expenditure for specified purpose or period:		
Promises to give	32,935	16,191
Innovation fund	75,000	
Net assets with donor restrictions	107,935	16,191
Total net assets	$ 2,939,780	$ 3,090,323

Note 3 - Liquidity and Availability of Financial Assets

The Organization receives significant contributions and promises to give restricted by donors and considers those program contributions, which are ongoing, major, and central to its operations, to be available to meet cash needs for general expenditures.

The Organization manages liquidity and reserves utilizing three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Monitoring expenses closely.

Board designated reserves and endowment reserves are available for appropriation by the Board. However, the Organization does not intend to spend from these board designated reserves, unless necessary.

Note 3 - Liquidity and Availability of Financial Assets (continued)

The following reflects the liquidity and availability of the Organization's financial assets:

At September 30	2023	2022
Financial assets:		
Cash and equivalents	$ 923,044	$ 741,234
Accounts receivable, net	133,193	135,687
Promises to give	32,935	16,191
Investments		1,797
Beneficial interest in endowment funds	1,053,035	1,269,305
Total financial assets	2,142,207	2,164,214
Amounts not available for general expenditure:		
Board designated innovation fund	(286,430)	(60,196)
Board designated journalism fund	(45,849)	(45,635)
Board designated operating reserves	(1,051,386)	(1,032,845)
Board designated endowment reserve	(255,513)	(236,460)
Net assets with donor restrictions	(107,935)	(16,191)
Add back: promises to give	32,935	16,191
Total amounts not available for general expenditure	(1,714,178)	(1,375,136)
Net financial assets available to meet cash needs for general expenditures within one year	$ 428,029	$ 789,078

Note 4 - Contract Assets and Liabilities

Accounts receivable and promises to give represent the Organization's contract assets with an unconditional right to receive consideration from customers or contributors. Accounts receivable are recorded at the amount the Organization has a right to invoice less an allowance for doubtful accounts. Promises to give are recorded at amounts expected to be received based on contractual terms without conditions.

The following table provides information about contract assets:

At September 30	2023	2022	2021
Accounts receivable:			
Business sponsorship receivables	$ 138,193	$ 159,480	$ 132,184
Less: allowance for doubtful accounts	(5,000)	(23,793)	(5,000)
Accounts receivable, net	133,193	135,687	127,184
Promises to give	32,935	16,191	37,427
Total contract assets	$ 166,128	$ 151,878	$ 164,611

Note 4 - Contract Assets and Liabilities (continued)

Contract liabilities are recorded when a customer pays consideration, or the Organization has a right to an amount of consideration that is unconditional, before the transfer of a good or performance of a service to the customer. Thus, the Organization has an obligation to transfer the good or service to the customer at a future date. The Organization's contract liabilities consist of deferred revenue which are comprised of amounts received for business sponsorship contracts which will be satisfied in the following fiscal year.

Significant changes in contract liabilities from contracts with customers are as follows:

Years Ended September 30	2023	2022
Deferred revenue, beginning of year	$ 49,932	$ 56,021
Revenue recognized that was included in deferred revenue at the beginning of the year	(49,932)	(56,021)
Increase in deferred revenue due to cash received during year	44,412	49,932
Deferred revenue, end of year	$ 44,412	$ 49,932

Note 5 - Property and Equipment

A description of property and equipment is as follows:

At September 30	2023	2022
Broadcasting and tower equipment	$ 1,604,443	$ 1,495,546
Building and improvements	377,807	377,807
Office equipment	149,671	149,671
Vehicle	37,146	37,146
Land	11,579	11,579
Construction in progress		12,387
	2,180,646	2,084,136
Less: accumulated depreciation	(1,283,810)	(1,182,226)
Property and equipment, net	$ 896,836	$ 901,910

Depreciation expense for the years ended September 30, 2023 and 2022, was $101,584 and $99,969, respectively.

Note 6 - Intangible Assets

Intangible assets include radio station broadcasting licenses and high definition (HD) broadcasting rights that have indefinite useful lives and are not amortized, but instead are reviewed for impairment on an annual basis or other times during the year if events or circumstances indicate that it is more likely than not that the fair value, as defined by professional standards, is below the carrying amount. No impairment loss was recognized for the years ended September 30, 2023 and 2022.

Intangible assets also include a domain name which is subject to amortization. The domain name is being amortized over its useful life of fifteen years.

A description of intangible assets is as follows:

At September 30	2023	2022
Indefinite-lived intangible assets:		
Mars Hill station broadcasting rights	$ 124,122	$ 124,122
WZQS broadcasting rights	95,000	95,000
Mars Hill station HD broadcasting rights	5,000	5,000
	224,122	224,122
Less: accumulated impairment loss	(43,417)	(43,417)
Total indefinite-lived intangible asset	180,705	180,705
Definite-lived intangible asset:		
Domain name	10,176	10,176
Less: accumulated amortization	(4,579)	(3,901)
Total definite-lived intangible asset	5,597	6,275
Intangible assets, net	$ 186,302	$ 186,980

Amortization expense for the years ended September 30, 2023 and 2022, was $678 and $679, respectively.

Future amortization expense is as follows:

Years Ending September 30	
2024	$ 678
2025	678
2026	678
2027	678
2028	678
Thereafter	2,207
Total	$ 5,597

Note 7 - Beneficial Interest in Endowment Funds

The beneficial interest in endowment funds is managed by the Community Foundation of Western North Carolina, Inc. (Foundation). The fund agreements grant variance power to the Foundation. This power allows the Board of Directors of the Foundation to modify any condition or restriction on the distribution of funds, if, in its sole judgment (without the approval of any trustee, custodian, or agent), such condition or restriction becomes in effect unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundation. Under the terms of the agreements, the Organization can withdraw all or a portion of the original principal provided the governing board of the Organization and the Foundation approve the withdrawal. The Organization's beneficial interest in endowment funds is invested in an allocated investment pool at the Foundation and are presented in the financial statements in the aggregate at fair value.

The Organization is also the specified beneficiary for an additional endowment fund (McGuire Endowment Fund) held by the Foundation. The fair value of the fund at September 30, 2023 and 2022, was $407,751 and $395,568, respectively. In accordance with professional standards, the balance of the McGuire Endowment Fund is not reflected in the Organization's financial records. For the years ended at September 30, 2023 and 2022, the fund distributed grants to the Organization in the amounts of $20,400 and $20,740, respectively, which are reflected in the accompanying statements of activities.

Note 8 - Fair Value Measurements

Investments and beneficial interest in endowment funds are reported in the accompanying financial statements at estimated fair value in accordance with the fair value hierarchy. The following is a description of the valuation methodologies used for assets measured at fair value:

Equity Investments
Equity investments consist of common stock. These investments are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Beneficial Interest in Endowment Funds
The fair value of the beneficial interest in endowment funds is provided by the Foundation. Due to the inputs being unobservable, the instruments are categorized as Level 3.

The following table sets forth estimated fair values for financial instruments:

At September 30, 2023	Level 1	Level 2	Level 3	Total
Beneficial interest in endowment funds	$	$	$ 1,053,035	$ 1,053,035

Note 8 - Fair Value Measurements (continued)

At September 30, 2022	Level 1	Level 2	Level 3	Total
Investments:				
Equity investments:				
Common stock	$ 1,797	$	$	$ 1,797
Beneficial interest in endowment funds			1,269,305	1,269,305
Total fair value measurements	$ 1,797	$	$ 1,269,305	$ 1,271,102

A reconciliation of changes in Level 3 inputs is as follows:

Years Ended September 30	2023	2022
Level 3 inputs, beginning of year	$ 1,269,305	$ 1,352,075
Interest and dividends	23,692	12,211
Net gains (losses) on beneficial interest in endowment funds	18,629	(84,764)
Distributions	(250,000)	
Management fees	(8,591)	(10,217)
Level 3 inputs, end of year	$ 1,053,035	$ 1,269,305

Note 9 - Accrued Expenses

Accrued expenses are described as follows:

At September 30	2023	2022
Accrued payroll	$ 55,211	$ 36,639
Accrued compensated absences	72,233	61,063
Accrued commissions	7,007	6,421
Federal tax payable	8,625	8,642
Accrued expenses	$ 143,076	$ 112,765

Note 10 - Leases

The Organization leases office space and translator/tower space under non-cancellable operating lease agreements with remaining lease terms of one to nine years and a weighted average remaining lease term of three years as of September 30, 2023. The discount rate for the operating leases was determined using the Organization's incremental borrowing rate of 6.25% - 7.00%. The weighted average discount rate for the year ended September 30, 2023 was 6.43%. The lease agreements include variable payments based on maintenance and other common area expenses which are not determinable at lease commencement and are not included in the measurement of the lease assets and liabilities. In addition, the Organization subleases certain tower space to third party companies.

Note 10 - Leases (continued)

Some of the lease agreements include one or more options to renew, with renewal terms that can extend the lease term from one to ten years. Only lease options that the Organization believes are reasonably certain to be exercised are included in the measurement of lease assets and liabilities.

The following is a schedule of future minimum lease payments under the operating lease liabilities agreements:

Years Ending September 30	Payments
2024	$ 94,743
2025	16,676
2026	6,665
2027	4,480
2028	4,704
Thereafter	21,289
Total payments	148,557
Less: imputed interest	(14,417)
Total operating lease liabilities	$ 134,140

The following summarizes cash flow information related to leases:

Year Ended September 30	2023
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flow from operating leases	$ 110,951
Assets obtained in exchange for operating lease obligations	$ 233,337

The Organization also leases additional office space, translator/tower space, and office equipment under non-cancelable operating lease agreements. The Organization assessed whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) during the year ended September 30, 2023, when FASB ASU 2016-02, *Leases* was adopted. The Organization has elected to apply the short-term lease exception to all leases with a term of 12 months or less. Leases with a remaining term of 12 months or less, or those that are considered immaterial, are not recorded in the statement of financial position. Management has determined all remaining operating leases meet this criterion and has not recognized operating lease agreements as operating lease liabilities. Lease expense is recognized for these leases on a straight-line basis over the lease term. These leases require various monthly payments and expire through December 2027.

Note 10 - Leases (continued)

The following summarize the line items in the accompanying statements of activities and functional expenses which include the components of lease costs:

Year Ended September 30	2023
Short-term and immaterial operating leases included in occupancy and supplies & equipment	$ 49,508
Operating lease costs included in occupancy	103,544
Variable lease costs included in occupancy	38,112
Sublease income included in rental income	(39,027)
Total lease costs	$ 152,137

The following is a schedule of future minimum lease payments under short-term and immaterial lease agreements:

Years Ending September 30	Payments
2024	$ 31,273
2025	5,719
2026	2
2027	2
2028	
Total	$ 36,996

Sublease Income

The Organization subleases tower space use as the lessor to various companies under operating lease agreements. The subleases expire at various dates through March 2026. The leases contain various renewal options ranging from one to five additional years. At lease inception, the Organization determines whether an arrangement qualifies as a lease under ASC 842 (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Organization only reassess if the terms and conditions of the contract are changed.

Future minimum payments to be received under these sublease agreements are as follows:

Years Ending September 30	
2024	$ 20,637
2025	15,616
2026	5,544
2027	
2028	
Total future rental income	$ 41,797

Note 10 - Leases (continued)

Previous Guidance

Total lease expense under all non-cancellable leases for the year ended September 30, 2023, was $183,711.

Note 11 - In-kind Contributions

In-kind gifts are acknowledged for the furtherance of the various programs and mission of the Organization. The Organization regularly trades underwriting spots for goods and services. This underwriting is generally included in the Organization's in-kind contributions and related expenses. Volunteers also provided a variety of tasks that assist the Organization with specific objectives throughout the fiscal year that are not recognized as in-kind contributions in the financial statements since the recognition criteria were not met.

In-kind contributions are summarized as follows:

Year Ended September 30, 2023

	Fair Value	Usage in Program	Donor Restriction
Barter underwriting spots	$ 52,418	Program services	None
Tower rent	2,220	Program services	None
Total contributions of nonfinancial assets	$ 54,638		

Year Ended September 30, 2022

	Fair Value	Usage in Program	Donor Restriction
Barter underwriting spots	$ 39,379	Program services	None
Tower rent	2,139	Program services	None
Total contributions of nonfinancial assets	$ 41,518		

Fair value techniques - Barter underwriting spots are valued at the donor provided amount of the goods or services being traded, or the price that would be paid to purchase comparable goods or services. Tower rent is valued at the landlord provided amount of the rental discount.

Note 12 - Retirement Plan

The Organization participates in a 403(b) defined contribution retirement plan (the Plan). Employees that meet criteria as defined by the Plan are eligible for participation in the Plan after attaining age eighteen and completing ninety days of service. The Organization matches employee contributions up to 5% of the employee's eligible compensation as defined by the Plan. Retirement benefit expenses under the Plan for the years ended September 30, 2023 and 2022, were $43,928 and $46,297, respectively.

Note 13 - Commitments and Contingencies

Federal Assisted Programs

The Organization has received proceeds from several federal grants. Periodic audits of these grants and third-party reimbursements are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in a refund or reimbursement to the grantor or third-party agencies. Management believes that refunds or reimbursements, should any be determined, would be immaterial. No provisions have been made in the accompanying financial statements for the repayment of any grant monies or third-party reimbursements.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Organization carries commercial insurance coverage for risks of loss.

Note 14 - Concentration of Credit Risk

Uninsured Cash and Investment Balances

The Organization maintains its cash and equivalents at financial institutions that are insured by the Federal Deposit Insurance Corporation up to $250,000. There were no uninsured cash balances as of September 30, 2023.

The Organization's beneficial interest in endowment funds are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the fair value of investments, it is at least reasonably possible that changes in the various risk factors could occur in the near term and materially affect the Organization's beneficial interest in endowment funds account balances and amounts reported in the accompanying financial statements.

Major Grantor

Major grantors exist when revenue from a single source equals 10% or more of the Organization's total revenue. Grants from one such grantor were $268,942 and $271,593 during the years ended September 30, 2023 and 2022, respectively.

Note 15 - Income Taxes

Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Management believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Open Tax Years

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended September 30, 2022, 2021, and 2020, are subject to examination by the IRS, generally, for three years after they were filed.

Note 16 - Related Party Transactions

The Organization operates as a local affiliate of National Public Radio (NPR) and pays dues for its affiliation and programming fees for subscribed programs offered by NPR. During the years ended September 30, 2023 and 2022, the Organization paid NPR $407,036 and $299,718 for dues and programs. Accounts payable due to NPR as of September 30, 2023, is $98,644.

During the years ended September 30, 2023 and 2022, the Organization received contributions of $198,506 and $117,533, respectively, from members of the Board of Directors. Outstanding promises to give from members of the Board of Directors was $15,855 as of September 30, 2023.

During the years ended September 30, 2023 and 2022, the Organization paid for information technology services to a company owned by an employee in the amount of $6,000 each year.

Note 17 - Subsequent Events

Management has evaluated subsequent events through April 2, 2024, which is the date the financial statements were available to be issued.

In January 2024, the Organization amended a lease agreement for one of their tower leases extended the lease through March 2036. At lease commencement, an operating lease liability and corresponding right-of-use asset were recorded for approximately $30,000, which represents the present value of the remaining operating lease payments, discounted using the Organization's incremental borrowing rate of 8.5%.