Radio Milwaukee, Inc.

Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

WIPFLI

Radio Milwaukee, Inc.

Years Ended December 31, 2023 and 2022

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WIPFLI

Independent Auditor's Report

Board of Directors
Radio Milwaukee, Inc.
Milwaukee, Wisconsin

Opinion

We have audited the accompanying consolidated financial statements of Radio Milwaukee, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Radio Milwaukee, Inc. as of December 31, 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 (''GAAP'').

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Radio Milwaukee, Inc. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Radio Milwaukee, Inc.'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Radio Milwaukee, Inc.'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.

Wipfli LLP

Wipfli LLP

Milwaukee, Wisconsin
August 13, 2024

Radio Milwaukee, Inc.

Consolidated Statements of Financial Position

December 31, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and cash equivalents	$ 617,364	$ 1,416,455
Investments	567,978	712,764
Accounts receivable, net of allowances for credit losses of $6,073 and $0 as of December 31, 2023 and 2022, respectively	146,844	188,222
Current portion of promises to give, net	322,934	355,236
Prepaid expenses	44,714	49,147
Total current assets	1,699,834	2,721,824
Other assets:		
Promises to give, less current portion, net	30,440	58,334
Unemployment reserve	22,085	22,085
Property and equipment, net	2,224,760	2,382,738
Right-of-use lease assets - Finance	11,500	14,954
Total other assets	2,288,785	2,478,111
TOTAL ASSETS	$ 3,988,619	$ 5,199,935

Liabilities and Net Assets	2023	2022
Current liabilities:		
Accounts payable	$ 98,722	$ 104,114
Accrued payroll	107,896	96,223
Accrued expenses	36,117	7,470
Current portion of finance lease obligations	3,947	3,453
Deferred revenue	14,029	10,533
Total current liabilities	260,711	221,793
Long-term liabilities:		
Finance lease obligations, less current portion	7,646	11,594
Total liabilities	268,357	233,387
Net assets:		
Without donor restrictions	3,180,384	4,350,475
With donor restrictions	539,878	616,073
Total net assets	3,720,262	4,966,548
TOTAL LIABILITIES AND NET ASSETS	$ 3,988,619	$ 5,199,935

See accompanying notes to consolidated financial statements.

Radio Milwaukee, Inc.

Consolidated Statements of Activities

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions of cash and other financial assets:						
Individual gifts and memberships	$ 828,363	$ 12,934	$ 841,297	$ 993,341	$ 30,792	$ 1,024,133
Grants	238,116	449,454	687,570	137,121	654,198	791,319
Public funding	110,403	45,000	155,403	31,162	144,000	175,162
Underwriting	561,401	-	561,401	693,722	-	693,722
Trade and barter	886,310	-	886,310	814,061	-	814,061
Event revenues	111,747	-	111,747	-	-	-
Investment income, net	40,831	-	40,831	7,604	-	7,604
Other income	36,996	12,827	49,823	29,163	17,500	46,663
Net assets released from restrictions	596,410	(596,410)	-	673,460	(673,460)	-
Total support and revenue	3,410,577	(76,195)	3,334,382	3,379,634	173,030	3,552,664
Expenses:						
Program	2,972,518	-	2,972,518	2,702,256	-	2,702,256
Management and general	517,956	-	517,956	601,254	-	601,254
Fundraising	1,090,194	-	1,090,194	691,316	-	691,316
Total expenses	4,580,668	-	4,580,668	3,994,826	-	3,994,826
Changes in net assets	(1,170,091)	(76,195)	(1,246,286)	(615,192)	173,030	(442,162)
Net assets at beginning of year	4,350,475	616,073	4,966,548	4,965,667	443,043	5,408,710
Net assets at end of year	$ 3,180,384	$ 539,878	$ 3,720,262	$ 4,350,475	$ 616,073	$ 4,966,548

See accompanying notes to consolidated financial statements.

Radio Milwaukee, Inc.

Consolidated Statements of Functional Expenses

Years Ended December 31, 2023 and 2022

	2023				2022			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	$ 1,148,854	$ 343,347	$ 638,199	$ 2,130,400	$ 959,922	$ 319,194	$ 467,885	$ 1,747,001
Employee benefits	114,938	38,635	65,909	219,482	95,389	31,719	46,494	173,602
Payroll taxes	108,392	28,245	48,184	184,821	72,246	23,281	34,127	129,654
Professional fees	5,947	55,950	139,540	201,437	400	112,193	675	113,268
Station programming and related	277,117	-	-	277,117	294,141	-	2,135	296,276
Community outreach	1,008,386	-	2,927	1,011,313	694,189	-	9,341	703,530
Fundraising and member events	6,442	-	101,407	107,849	300,722	-	33,340	334,062
Costs of direct benefits to donors	-	-	46,192	46,192	-	-	49,758	49,758
Postage and shipping	-	2,053	6,161	8,214	-	2,574	7,722	10,296
Office supplies	7,644	6,332	2,456	16,432	1,700	13,747	1,459	16,906
Telephone and internet	18,301	6,152	10,494	34,947	19,594	6,515	9,551	35,660
Equipment	25,812	7,691	3,731	37,234	9,926	5,090	1,113	16,129
Occupancy	86,641	4,813	4,813	96,267	70,651	3,925	3,925	78,501
Travel, conferences, and meetings	17,329	16,564	5,844	39,737	20,883	74,371	11,394	106,648
Other operating	-	-	6,163	6,163	6,874	-	3,752	10,626
Bad debt recoveries	(427)	-	-	(427)	-	-	-	-
Depreciation	147,142	8,174	8,174	163,490	155,619	8,645	8,645	172,909
Total expenses	$ 2,972,518	$ 517,956	$ 1,090,194	$ 4,580,668	$ 2,702,256	$ 601,254	$ 691,316	$ 3,994,826

See accompanying notes to consolidated financial statements.

Radio Milwaukee, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (1,246,286)	$ (442,162)
Adjustment to reconcile change in net assets to net cash, cash equivalents, and restricted cash used in operating activities:		
Bad debt recoveries	(427)	-
Net realized and unrealized (gains) losses on investments	(3,092)	769
Loss on disposal of property and equipment	(180)	-
Depreciation	163,490	172,909
Amortization of right-of-use lease assets - Finance	3,454	3,208
Changes in operating assets and liabilities:		
Accounts receivable	41,805	50,576
Promises to give	60,196	(85,374)
Prepaid expenses	4,433	3,481
Accounts payable	13,992	84,730
Accrued payroll	11,673	18,908
Accrued expenses	28,647	7,262
Refundable advances	-	(310,000)
Deferred revenue	3,496	(6,275)
Net cash used in operating activities	(918,799)	(501,968)
Cash flows from investing activities:		
Purchases of investments	(267,356)	(708,891)
Proceeds from the sale of investments	415,234	704,771
Purchases of property and equipment	(24,716)	(75,861)
Net cash provided by (used in) investing activities	123,162	(79,981)
Cash flows from financing activities - Principal payments on finance lease obligations	(3,454)	(3,115)
Decrease in cash, cash equivalents, and restricted cash	(799,091)	(585,064)
Cash, cash equivalents, and restricted cash at beginning of year	1,438,540	2,023,604
Cash, cash equivalents, and restricted cash at end of year	$ 639,449	$ 1,438,540

Radio Milwaukee, Inc.

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2023 and 2022

		2023		2022
Reconciliation of cash, cash equivalents, and restricted cash:				
Cash and cash equivalents	$	617,364	$	1,416,455
Unemployment reserve		22,085		22,085
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	$	639,449	$	1,438,540
Supplemental disclosure of cash flow information - Cash paid for interest	$	225	$	212
Noncash investing activities - Property and equipment additions included in accounts payable	$	-	$	19,384

See accompanying notes to consolidated financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Radio Milwaukee, Inc. ("Radio Milwaukee") is organized as a non-profit corporation in Milwaukee, Wisconsin. Through music and stories created for a culturally open-minded community, Radio Milwaukee is a catalyst for creating a better, more inclusive and engaged Milwaukee. Radio Milwaukee reaches a new generation of radio listeners with Milwaukee's most entertaining and adventurous selection of music and public affairs programming. It champions Milwaukee - our music, arts and culture, neighborhoods, and community organizations - by celebrating diversity and encouraging community engagement while promoting a positive global identity for Milwaukee.

Radio Milwaukee broadcasts on 88.9 FM, WYMS. In June 2022, Radio Milwaukee launched its second urban alternative channel called "HYFIN", which is streamed on HD2. The stations are licensed by the Federal Communications Commission to the Milwaukee Board of School Directors. Radio Milwaukee provides programming for the station, which also broadcasts school board meetings and other promotions of Milwaukee Public Schools.

Sound Foundation, LLC, ("Sound Foundation"), a Wisconsin limited liability corporation, was created in February 2013 for the purpose of purchasing property for studios and other functions of Radio Milwaukee. Radio Milwaukee is the sole member of Sound Foundation.

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of Radio Milwaukee and Sound Foundation (collectively the "Organization"). All material intercompany balances and transactions have been eliminated in the consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP").

Change in Accounting Principle

Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, requires the Organization to present financial assets measured at amortized cost (including accounts receivables) at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts.

The Organization adopted ASU No. 2016-13 on January 1, 2023. The net impact to beginning net assets would have been immaterial, thus no adjustment was made to beginning net assets. Results for the year ended December 31, 2023, are presented under Accounting Standards Codification (ASC) 326 while prior period amounts continue to be reported in accordance with previously applicable accounting standards generally accepted in the United States (US GAAP). See Accounts Receivable for changes to accounting policies.

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates in Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect certain reported amounts of disclosures. Accordingly, actual results may differ from these estimates.

Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments and Investment Income

Investments are measured at fair value in the accompanying consolidated statements of financial position. Donated investments are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which is considered a fair measure of the value at the date of the donation.)

Investment income (including realized and unrealized gains and losses, interest, and dividends) is reported as revenue without donor restrictions unless the income is restricted by donor or law. Realized gains or losses are determined by specific identification. Investment expenses, including direct internal investment expenses, if any, are netted with return on the consolidated statements of activities.

Accounts Receivable

Accounts receivable are generally uncollateralized underwriting contract obligations due upon performance. Payments of accounts receivable are allocated to the specific invoices identified on the client's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable (Continued)

Beginning January 1, 2023, the carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the current expected credit losses. The estimate of the allowance for credit losses is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. The Organization uses an aging method to estimate allowances for credit losses. Management assesses collectability by pooling receivables with similar risk characteristics and evaluates receivables individually when specific customer balances no longer share those risk characteristics. The expense associated with the allowance for credit losses is recognized in bad debt expense in the consolidated statements of functional expenses. An allowance for credit losses was not considered necessary at December 31, 2022.

Changes in the allowance for credit losses are as follows:

Years Ended December 31,	**2023**	**2022**
Balance at beginning	$ -	$ -
Provision for credit losses	12,573	-
Recoveries	(6,500)	-
Balance at end	$ 6,073	$ -

Promises to Give

Promises to give are recorded as receivables in the year the promise was made. Promises to give whose eventual uses are restricted by the donor are recorded as increases in net assets with donor restrictions. Promises without donor restrictions to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received.

Promises to give are reported in the consolidated statements of financial position net of unamortized discounts and an allowance for uncollectible promises. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate commensurate with the risk to the Organization. Amortization of the discount is recorded as an increase in contribution revenue. The effective discount rates applied were 7.0% for promises received in both 2023 and 2022. Management individually reviews all promises to give and estimates the portion, if any, of the balance that will not be collected.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, improvements, and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gains or losses are included in income.

Property and equipment are depreciated using the straight-line method over their estimated useful lives (see Note 4).

The Organization reviews its investment in property and equipment periodically to determine potential impairment by comparing the carrying value of property and equipment with the estimated future undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected cash flows be less than the carrying value, the Organization would recognize an impairment loss at that time. The Organization determined that no evaluations of recoverability were necessary during the years ended December 31, 2023 and 2022.

Leases

The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset and lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Organization uses a risk-free rate determined using a period comparable with that of the lease term. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The right-of-use asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is subsequently measured based on the present value of its future lease payments. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

Right-of-use lease assets are subsequently measured as follows:

- *Operating Leases*: The right-of-use asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

- *Finance Leases*: The right-of-use asset is amortized on a straight-line basis over the lease term.

Note 1: Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Organization has elected the package of practical expedients permitted in FASB ASC 842. The Organization does not allocate consideration between lease and non-lease components. For all underlying classes of assets, the Organization has elected to not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

Unemployment Reserve

The Organization has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Unemployment claims are paid to the State of Wisconsin as incurred. The Organization has an unemployment reserve established with an area financial institution of $22,085 at December 31, 2023 and 2022, to meet state funding requirements.

Contributions

Individual gifts, memberships, and grants are considered to be contributions as the donor does not receive a reciprocal benefit. Contributions, including promises to give, are evaluated to determine if they contain conditions prior to recognizing revenue. A contribution contains a donor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized as revenue when the barriers to entitlement are overcome. Assets received for which the condition has not been satisfied are recorded as refundable advance liability.

Unconditional contributions are recognized as revenue when cash or other assets are received. Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

The Organization has a sustainer pledge program whereby individuals pledge a monthly contribution on an ongoing basis. The revenue is recognized when the cash is received since members have no obligation to renew and can cancel their sustaining pledge at any time.

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization receives services from volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

The Organization receives grant awards from the Corporation of Public Broadcasting that are classified as contributions. The grant awards are subject to certain conditions and are recognized as revenue when the conditions in the award are satisfied.

Underwriting, Trade, and Barter

The Organization recognizes revenue when or as it satisfies a performance obligation by transferring a promised good or service to a customer. The Organization receives payments from customers based on billing schedules that are established in its contracts, and deferred revenue is recorded when payment is received from a customer before the Organization has satisfied the performance obligation or a non-cancelable contract has been billed in advance in accordance with the Organization's normal billing terms.

The primary source of underwriting revenue is the sale of spots and advertisement on the Organization's broadcast radio station, its mobile application, station website, and local live events. Revenues for spots are recognized at the point in time when the spot is broadcast or streamed, while revenues for online display advertisements are recognized over time based on impressions delivered or time elapsed, depending upon the terms of the contract. Revenues for event sponsorships are recognized over the period of the event. The Organization's contracts with underwriters are typically a year or less in duration and are generally billed monthly upon satisfaction of the performance obligations.

The Organization also enters into nonmonetary trade transactions to provide program underwriting in exchange for operating expenses such as advertising and supplies in addition to sponsorships. Revenue and expenses are recognized at fair value of the item or service being received. Revenue or expense and a corresponding asset or liability are reported when announcements are aired or when goods and services are received or provided. The Organization recognized no gains or losses associated with trade and barter transactions for the years ended December 31, 2023 and 2022. Additionally, there were no assets or liabilities associated with trade and barter transactions as of December 31, 2023 and 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

Underwriting, Trade, and Barter (Continued)

The Organization recognizes revenue in amounts that reflect the consideration it expects to receive in exchange for transferring goods or services to customers, excluding sales taxes and other similar taxes collected on behalf of governmental authorities (the "transaction price"). When this consideration includes a variable amount, the Organization estimates the amount of consideration it expects to receive and only recognizes revenue to the extent that it is probable it will not be reversed in a future reporting period.

In order to appropriately identify the unit of accounting for revenue recognition, the Organization determines which promised goods and services in a contract with an underwriter are distinct and are therefore separate performance obligations. If a promised good or service does not meet the criteria to be considered distinct, it is combined with other promised goods or services until a distinct bundle of goods or services exists. Certain of the Organization's contracts with underwriters include options for the underwriter to acquire additional goods or services for free or at a discount, and management judgment is required to determine whether these options are material rights that are separate performance obligations.

For revenue arrangements that contain multiple distinct goods or services, the Organization allocates the transaction price to these performance obligations in proportion to their relative standalone selling prices or the best estimate of their fair values. The Organization has concluded that the contractual prices for the promised goods and services in its standard contracts generally approximate management's best estimate of standalone selling price as the rates reflect various factors such as the size and characteristics of the target audience, market location and size, and recent market selling prices. However, where the Organization provides underwriters with free or discounted services as part of contract negotiations, management uses judgment to determine how much of the transaction price to allocate to these performance obligations.

Event Revenues

Event revenues consist of concerts, gala events, and other fundraising activities. The exchange portion of events is equal to the cost of the direct benefit to the donors which approximates fair value and includes entertainment, apparel, and food and beverages. The contribution component of event revenues is the difference between the proceeds received and the exchange portion. Generally, payment is due from attendees upon registration for an event or by the date of the event. The performance obligation of the Organization is to provide entertainment, apparel, or other benefits at the event which is recognized over time as the event performance obligations are satisfied. The Organization rarely has material unsatisfied or partially unsatisfied performance obligations at fiscal year-end.

Income Taxes

Radio Milwaukee is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Radio Milwaukee is also exempt from state income taxes on related income.

Sound Foundation is considered a disregarded entity for income tax purposes.

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Organization recognizes the benefits of a tax position only after determining whether it is more likely than not that the taxing authority would sustain the tax position upon examination of the technical merits of the tax position assuming the taxing authority has full knowledge of all information. The Organization has recorded no assets or liabilities related to uncertain tax positions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses have been allocated based upon time spent, utilization, and square footage.

Program expenses relate to the development of radio programming, music, and music education.

Subsequent Events

Subsequent events have been evaluated through August 13, 2024, which is the date the consolidated financial statements were available to be issued.

See Notes 16 and 17 for disclosures of significant subsequent events.

Note 2: Promises to Give

Promises to give consist of the following:

As of December 31,	**2023**	**2022**
Less than one year	$ 330,434	$ 362,736
One to five years	35,000	65,000
Total promises to give	365,434	427,736
Less:		
Allowance for uncollectible promises to give	(7,500)	(7,500)
Unamortized present value discount	(4,560)	(6,666)
Promises to give, net	353,374	413,570
Less - Current portion	(322,934)	(355,236)
Promises to give, less current portion, net	$ 30,440	$ 58,334

Note 3: Investments and Fair Value Measurements

The following is a description of the valuation methodologies used for each investment asset measured at fair value on a recurring basis:

- *Money market funds* are valued using a net asset value (NAV) of $1.
- *Certificates of deposit* are valued at amortized cost plus accrued interest which approximates fair value.
- *U.S. Treasury notes* are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 tables set forth by level within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis:

	Recurring Fair Value Measurements Using			
As of December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Assets at Fair Value
Money market funds	$ -	$ 160,050	$ -	$ 160,050
Certificates of deposit	-	407,337	-	407,337
Total investment assets measured at fair value	$ -	$ 567,387	$ -	$ 567,387

	Recurring Fair Value Measurements Using			
As of December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Assets at Fair Value
Money market funds	$ -	$ 4,826	$ -	$ 4,826
Certificates of deposit	-	554,965	-	554,965
U.S. Treasury notes	152,973	-	-	152,973
Total investment assets measured at fair value	$ 152,973	$ 559,791	$ -	$ 712,764

Note 3: Investments and Fair Value Measurements (Continued)

The following table reconciles the investment assets measured at fair value to total investments presented in the accompanying consolidated statements of financial position:

As of December 31,	2023	2022
Investment assets measured at fair value	$ 567,387	$ 712,764
Cash held by brokers in investments	591	-
Total investments	$ 567,978	$ 712,764

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the consolidated financial statements.

Investment income consists of the following:

Years Ended December 31,	2023	2022
Interest	$ 37,739	$ 13,886
Net realized gains and unrealized (losses)	3,092	(769)
Investment management fees	-	(5,513)
Net investment income	$ 40,831	$ 7,604

Note 4: Property and Equipment

Property and equipment consists of the following:

As of December 31,	Depreciable Lives	2023	2022
Land	Not applicable	$ 285,000	$ 285,000
Building and building improvements	5 to 35 years	2,509,245	2,519,245
Furniture, fixtures, and equipment	3 to 10 years	232,667	221,170
Studio equipment	7 to 10 years	668,426	668,606
Software and information technology	3 to 7 years	389,488	387,005
Construction in progress	Not applicable	1,266	-
Total property and equipment		4,086,092	4,081,026
Less - Accumulated depreciation		(1,861,332)	(1,698,288)
Property and equipment, net		$ 2,224,760	$ 2,382,738

Note 5: Leases

The Organization leases office equipment under the terms of lease agreements classified as finance leases, which expire through January 2027 and require monthly payments ranging from $32 to $275. The Organization does not have any leases classified as operating leases as of December 31, 2023 or 2022.

Finance lease cost is as follows:

Years Ended December 31,	2023	2022
Finance lease cost:		
Amortization of right-of-use assets	$ 3,454	$ 3,208
Interest on lease liabilities	225	212
Total finance lease cost	$ 3,679	$ 3,420

Other information regarding leases is as follows:

Years Ended December 31,	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ 225	$ 212
Financing cash flows from finance leases	$ 3,454	$ 3,115
Right-of-use assets obtained in exchange for new finance lease liabilities	$ -	$ 18,162
Weighted average discount rate - Finance leases	1.69 %	1.69 %
Weighted average remaining lease term - Finance leases	3.25 years	4.25 years

Future minimum rental payments due under the terms of finance leases are as follows:

Years Ending December 31,	
2024	$ 3,679
2025	3,679
2026	3,679
2027	901
Total future minimum finance lease payments	11,938
Less - Amount representing interest and discounting	(345)
Total finance lease obligations	11,593
Less - Current portion	(3,947)
Total long-term portion of finance lease obligations	$ 7,646

Note 6: Net Assets With Donor Restrictions

Net assets with donor restrictions include assets set aside in accordance with donor restrictions as to time and use. Net assets with donor restrictions consist of the following:

As of December 31,	**2023**	**2022**
Subject to expenditure for specified purpose:		
Grace Weber's Music Lab	$ -	$ 7,555
Urban Alternative / HYFIN	170,900	122,070
88Nine Amplifier	15,604	72,878
Promises to give, the proceeds from which have been restricted by donors for:		
Community Stories	5,000	-
Grace Weber's Music Lab	-	13,634
Urban Alternative / HYFIN	160,000	272,046
88Nine Amplifier	18,800	42,346
Total subject to expenditure for specified purpose	370,304	530,529
Subject to the passage of time - Promises to give that are not restricted by donors but which are unavailable for expenditure until received	169,574	85,544
Total net assets with donor restrictions	$ 539,878	$ 616,073

Reclassifications from net assets with donor restrictions to net assets without donor restrictions occur when Radio Milwaukee fulfills the purpose for which the net assets were restricted by the donor, the donor−imposed restrictions expire with the passage of time, or a restriction is withdrawn. Net assets released from restrictions as reported on the consolidated statements of activities were as follows:

Years Ended December 31,	**2023**	**2022**
Satisfaction of purpose restrictions:		
Community Stories	$ 5,000	$ 4,679
Grace Weber's Music Lab	75,037	65,994
Urban Alternative / HYFIN	373,997	286,910
88Nine Amplifier	82,274	93,682
Expiration of time restrictions	60,102	222,195
Net assets released from restrictions	$ 596,410	$ 673,460

Note 7: Line of Credit

Radio Milwaukee has a $100,000 line of credit with an area bank which is collateralized by a general business security agreement. Interest is payable monthly at the greater of the CME Term SOFR 3-month rate plus 3.05% or 9.60% (effective rate of 9.60% at December 31, 2023). There was no balance outstanding on the line of credit at December 31, 2023 and 2022. The line of credit is due on demand and matures in August 25, 2028.

Note 8: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date comprise the following:

As of December 31,	**2023**	**2022**
Financial assets available for expenditure within one year:		
Cash and cash equivalents	$ 617,364	$ 1,416,455
Investments	567,978	712,764
Accounts receivable, net	146,844	188,222
Current portion of promises to give	322,934	355,236
Total financial assets available for expenditure within one year	1,655,120	2,672,677
Less:		
Cash and cash equivalents restricted by donors for specified purposes	(186,504)	(202,503)
Promises to give restricted by donors for purpose	(183,800)	(291,434)
Total financial assets available for general expenditure within one year	$ 1,284,816	$ 2,178,740

The Organization seeks to maintain financial assets in liquid form such as cash and cash equivalents for at least six months of operating expenditures. The Organization invests cash in excess of daily requirements in certificates of deposit and money market accounts with maturities of 12 months or less.

The Organization also has a line of credit available for cash flow needs up to $100,000 as further described in Note 7.

Note 9: Contingencies

The Organization is occasionally involved in various legal proceedings, claims, and administrative actions arising in the normal course of business. While any proceeding or litigation has an element of uncertainty, management of the Organization believes that the outcome of any pending or threatened actions will not have a material adverse effect on the financial condition of the Organization.

Note 9: Contingencies (Continued)

The Organization's operations are concentrated in the broadcast industry and are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including the Federal Communications Commission and the Corporation for Public Broadcasting. Reviews and audits from these agencies could lead to fines for noncompliance with the types of compliance requirements of these administrative directives, rules, and regulations. Management of the Organization is unaware of any pending or threatened actions.

Note 10: Concentrations

Radio Milwaukee maintains depository relationships with area financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured.

Concentrations of promises to give are as follows:

As of December 31,	**2023**	**2022**
Donor A	12.3 %	33.7 %
Donor B	6.8 %	11.7 %
Donor C	10.9 %	15.2 %
Donor D	27.4 %	23.4 %
Donor E	28.7 %	- %

Note 11: Disaggregation of Revenues from Contracts with Customers

The following is a breakdown of the Organization's revenue by source:

Years Ended December 31,	**2023**	**2022**
Revenue from contracts with customers - Recognized over time:		
Underwriting	$ 561,401	$ 693,722
Trade and barter	886,310	814,061
Event revenues and other income	46,192	49,758
Total revenue from contracts with customers	1,493,903	1,557,541
Other support and revenue	1,840,479	1,995,123
Total support and revenue	$ 3,334,382	$ 3,552,664

Note 12: Contract Balances

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time, such as work in process or unbilled receivables. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. As of December 31, 2023 and 2022, and as of January 1, 2022, the Organization did not have any contract assets. Contract liabilities represent the Organization's obligation to transfer goods or services to a customer when consideration has already been received from the customer, such as customer deposits and deferred revenue. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized.

Opening and closing balances for contract assets, contract liabilities, and accounts receivable arising from contracts with customers consist of the following:

As of	**December 31, 2023**	**December 31, 2022**	**January 1, 2022**
Accounts receivable, net	$ 145,138	$ 167,248	$ 185,588
Contract liabilities - Deferred revenue	$ 14,029	$ 10,533	$ 16,808

Note 13: Retirement Plan

Radio Milwaukee sponsors a 401(k) plan covering substantially all employees which provides for employer matching contributions of up to 3% of employee wages plus one half of the next 2% of deferrals. Radio Milwaukee may also extend an annual profit-sharing contribution to all participating employees at its discretion. For the years ended December 31, 2023 and 2022, retirement plan expense was $36,400 and $34,399, respectively.

Note 14: Trade and Barter

Trade and barter received by the Organization consists of the following:

Years Ended December 31,	**2023**	**2022**
Fundraising and member events	$ 1,700	$ 295,244
Community outreach	884,610	518,817
Total trade and barter	$ 886,310	$ 814,061

Note 15: Advertising and Marketing

Advertising and marketing costs are expensed as incurred and are included in community outreach in the consolidated statements of functional expenses. Advertising and marketing costs consist of the following:

Years Ended December 31,	2023	2022
Direct advertising and marketing	$ 76,020	$ 126,184
Advertising and marketing from trade and barter agreements	884,610	518,817
Total advertising and marketing	$ 960,630	$ 645,001

Note 16: Lessor Activity

Effective January 1, 2024, the Organization leases space within its facilities to a for-profit company under an operating lease requiring monthly rental payments at the greater of $2,500 or 11% of all net sales in a given calendar month by the lessee. The lease term expires December 31, 2030. The Organization did not engage in lessor activity during the years ended December 31, 2023 and 2022.

Expected future minimum lease revenues are as follows:

Years Ending December 31,	
2024	$ 30,000
2025	30,000
2026	30,000
2027	30,000
2028	30,000
Thereafter	60,000
Total future minimum lease revenues	$ 210,000

Note 17: Financial Viability

The Organization incurred net losses of $1,246,286 and $442,162 for the years ended December 31, 2023 and 2022, respectively. The Organization's operations have been negatively impacted by the coronavirus pandemic, declining memberships and underwriting sales, and other factors. Management and the board of directors of the Organization have been monitoring the impact of these issues and are implementing measures to improve the financial sustainability of the Organization.

Note 17: Financial Viability (Continued)

Management and the board of directors are implementing certain actions to improve the Organization's financial position, including implementing cost-cutting initiatives and deferring non-revenue generating expenditures. The Organization's plans also include increasing digital sales, continuing to cultivate sustaining memberships, and hiring seasoned underwriting sales executives to improve revenue generation. The Organization has reached out to major donors with whom the Organization has ongoing relationships and has received commitments and pledges in 2024 to enable the Organization to replenish cash reserves and continue operations during this period of recovery.

Management and the board of directors of the Organization believe the response discussed above will set the Organization on a path to improved financial viability.