

ALL CLASSICAL PUBLIC MEDIA, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2024



ALL
CLASSICAL
RADIO

KERN  THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

ALL CLASSICAL PUBLIC MEDIA, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
All Classical Public Media, Inc.
Portland, Oregon

Opinion

We have audited the accompanying financial statements of All Classical Public Media, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All Classical Public Media, Inc. as of June 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of All Classical Public Media, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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.

To the Board of Trustees
All Classical Public Media, Inc

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 All Classical Public Media, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about All Classical Public Media, 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.

Report on Summarized Comparative Information

We have previously audited All Classical Public Media, Inc.'s 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
January 9, 2025

ALL CLASSICAL PUBLIC MEDIA, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2024

(With Comparative Totals as of June 30, 2023)

ASSETS

	2024	2023
Cash and cash equivalents	\$ 3,520,387	\$ 2,022,878
Accounts receivable, net of allowance of \$7,500 for 2024 and 2023	93,513	47,412
Pledges receivable, net	2,968,318	1,185,923
Prepaid expenses and other assets	476,932	334,613
Property and equipment, net	770,305	1,618,956
Construction in progress	8,025,338	195,293
Investments	3,061,943	2,853,612
Beneficial interest in assets held by others	419,966	395,525
Broadcast licenses	5,687,113	5,687,113
Operating lease right-of-use asset	10,238,792	458,754
Total assets	\$ 35,262,607	\$ 14,800,079

LIABILITIES AND NET ASSETS

Accounts payable	\$ 124,678	\$ 249,238
Construction payable	2,600,884	-
Accrued payroll and related liabilities	191,435	169,887
Deferred revenue	46,751	45,286
Loans payable	4,342,115	-
Operating lease liability	10,238,792	458,754
Total liabilities	17,544,655	923,165
Net assets		
Without donor restrictions		
Undesignated	5,822,886	4,118,287
Board designated endowments	1,618,054	1,474,039
Board designated capital campaign	-	502,482
Net property, equipment, and broadcast licenses	10,140,641	7,501,362
Total without donor restrictions	17,581,581	13,596,170
With donor restrictions	136,371	280,744
Total net assets	17,717,952	13,876,914
Total liabilities and net assets	\$ 35,262,607	\$ 14,800,079

See notes to financial statements.

ALL CLASSICAL PUBLIC MEDIA, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
Support and revenue:				
Contributions and grants	\$ 3,924,949	\$ 147,236	\$ 4,072,185	\$ 4,559,427
Underwriting	690,999	-	690,999	625,164
Contributed services and materials	124,196	-	124,196	117,534
Program revenue	42,533	-	42,533	45,322
Investment income (loss), net	295,379	-	295,379	142,293
Change in value of beneficial interest in assets held by OCF	41,130	-	41,130	22,676
Other income	46,431	-	46,431	46,821
	<u>5,165,617</u>	<u>147,236</u>	<u>5,312,853</u>	<u>5,559,237</u>
Net assets released from restrictions	<u>222,599</u>	<u>(222,599)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>5,388,216</u>	<u>(75,363)</u>	<u>5,312,853</u>	<u>5,559,237</u>
Expenses				
Program services				
Platforms	1,419,177	-	1,419,177	1,143,176
Production	2,369,445	-	2,369,445	1,938,656
Promotion	408,354	-	408,354	364,102
Total program services	<u>4,196,976</u>	<u>-</u>	<u>4,196,976</u>	<u>3,445,934</u>
Supporting services				
Management and general	468,260	-	468,260	462,201
Fundraising	674,260	-	674,260	636,494
Underwriting	390,605	-	390,605	435,272
Total expenses	<u>5,730,101</u>	<u>-</u>	<u>5,730,101</u>	<u>4,979,901</u>
Change in net assets before other revenue (expenses)	<u>(341,885)</u>	<u>(75,363)</u>	<u>(417,248)</u>	<u>579,336</u>
Other revenue (expenses)				
Capital campaign contributions	482,497	4,075,411	4,557,908	571,492
Capital campaign expenses	(299,622)	-	(299,622)	(28,692)
Net assets released from restrictions	<u>4,144,421</u>	<u>(4,144,421)</u>	<u>-</u>	<u>-</u>
Total other revenue (expenses)	<u>4,327,296</u>	<u>(69,010)</u>	<u>4,258,286</u>	<u>542,800</u>
Change in net assets	3,985,411	(144,373)	3,841,038	1,122,136
Net assets				
Beginning of year	<u>13,596,170</u>	<u>280,744</u>	<u>13,876,914</u>	<u>12,754,778</u>
End of year	<u>\$ 17,581,581</u>	<u>\$ 136,371</u>	<u>\$ 17,717,952</u>	<u>\$ 13,876,914</u>

See notes to financial statements.

ALL CLASSICAL PUBLIC MEDIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

	PROGRAM SERVICES				SUPPORTING SERVICES			Total	
	Platforms	Production	Promotion	Total Program	Management and General	Fundraising	Underwriting	2024	2023
Salaries and related expenses	\$ 439,360	\$ 1,319,953	\$ 143,207	\$ 1,902,520	\$ 279,860	\$ 354,702	\$ 288,810	\$ 2,825,892	\$ 2,697,452
Professional fees	49,498	196,479	7,152	253,129	53,476	21,151	30,085	357,841	403,317
Supplies	14,717	27,814	2,429	44,960	3,486	21,910	13,388	83,744	93,649
Telephone and internet	74,904	47,561	1,986	124,451	4,889	5,957	3,462	138,759	131,519
Printing and mailing costs	4,462	12,843	1,069	18,374	2,634	73,971	1,659	96,638	78,538
Rent and utilities	218,449	228,232	12,449	459,130	33,197	33,197	12,449	537,973	400,280
Repairs and maintenance	27,354	52	3	27,409	158	8	3	27,578	42,960
Travel, conferences, and training	7,553	11,863	1,262	20,678	8,342	2,842	1,001	32,863	65,029
Affiliation fees/program purchases	1,298	54,201	3,306	58,805	569	592	347	60,313	56,420
Advertising and marketing	-	22,307	198,855	221,162	-	-	-	221,162	166,229
Donor/corporate cultivation	-	2,478	-	2,478	1,800	23,270	5,040	32,588	35,799
Insurance	14,589	23,713	1,539	39,841	11,238	4,027	1,901	57,007	56,353
Bank fees	-	-	-	-	3,081	55,808	9,554	68,443	62,612
Miscellaneous	12,631	12,771	12,778	38,180	6,014	17,308	587	62,089	65,715
Depreciation	157,279	116,089	6,332	279,700	16,885	16,886	6,332	319,803	345,374
Accelerated depreciation on leasehold improvements	397,083	293,089	15,987	706,159	42,631	42,631	15,987	807,408	278,655
	<u>\$ 1,419,177</u>	<u>\$ 2,369,445</u>	<u>\$ 408,354</u>	<u>\$ 4,196,976</u>	<u>\$ 468,260</u>	<u>\$ 674,260</u>	<u>\$ 390,605</u>	<u>\$ 5,730,101</u>	<u>\$ 4,979,901</u>

See notes to financial statements.

ALL CLASSICAL PUBLIC MEDIA, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,841,038	\$ 1,122,136
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,127,211	624,029
Change in beneficial interest in assets held by OCF	(41,130)	(22,676)
Realized/unrealized (gains) losses on investments	(152,831)	(61,986)
Changes in assets and liabilities:		
Accounts and pledges receivable	(1,828,496)	(941,002)
Prepaid expenses and other assets	(142,319)	(172,318)
Accounts and construction payable and accrued expenses	2,497,872	139,453
Deferred revenue	1,465	(51,193)
Capital campaign contributions restricted for long-term purpose	(4,075,411)	-
Net cash provided by (used in) operating activities	<u>1,227,399</u>	<u>636,443</u>
Cash flows from investing activities:		
Proceeds from contributions restricted for investments in capital campaign	4,075,411	-
Purchase of property and equipment	(8,108,605)	(536,480)
Proceeds from beneficial interest in assets held by OCF	16,689	16,104
Purchases of investments	(55,500)	(534,862)
Net cash provided by (used in) investing activities	<u>(4,072,005)</u>	<u>(1,055,238)</u>
Cash flows from financing activities:		
Change in operating lease liability	-	(6,137)
Proceeds from notes payable	4,342,115	-
Net cash provided by (used in) financing activities	<u>4,342,115</u>	<u>(6,137)</u>
Net change in cash and cash equivalents	1,497,509	(424,932)
Cash and cash equivalents, beginning of year	<u>2,022,878</u>	<u>2,447,810</u>
Cash and cash equivalents, end of year	<u>\$ 3,520,387</u>	<u>\$ 2,022,878</u>

See notes to financial statements.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – DESCRIPTION OF ORGANIZATION

All Classical Public Media, Inc. (the Organization or All Classical Radio) (formerly KBPS Public Radio Foundation) is a non-profit corporation. The original articles of incorporation with Oregon were in 1989, and they were amended in 1991 to develop sustained financial support for radio station KQAC-FM Portland with 501(c)(3) status. The radio station is Portland's only classical radio station, and it has evolved into a comprehensive arts and culture network. Its mission is to advance knowledge of and appreciation for classical music; to build and sustain culturally vibrant local and global communities around this art form; to reflect the spirit of the Pacific Northwest; and to foster integrity, quality, and innovation in all that they do. Support is provided primarily by contributions from individuals, businesses, and foundations, and grants from the Corporation for Public Broadcasting (CPB).

All Classical Radio exists to bring the unique powers of classical music to everyone. Music is programmed with personality and love from the sparkling Pacific Northwest, performed with passion by diverse artists for an equally diverse audience, all traversing life together on Earth.

KQAC-FM (formerly KBPS-FM) is a non-commercial public broadcasting station formerly owned and operated by School District No. 1, Multnomah County, Oregon (Portland Public Schools or the District). In December 2003, the license to KBPS-FM and the radio station assets were purchased from the District by the Organization, which now operates as KQAC-FM. In addition, the Organization owns and operates KQHR-FM in Hood River, Oregon, and KQOC-FM in Lincoln County. The Organization also operates all-classical K242AX in The Dalles, KSLC in McMinnville, KQMI in Manzanita, 95.7 FM in Corvallis, and streams worldwide at www.allclassical.org.

In 2023, All Classical Radio launched a 11.5-million-dollar capital campaign to secure the funds needed to move the organization into KOIN Tower in downtown Portland. This new location in the heart of Portland allows All Classical to continue providing the beautiful music and high-quality programming listeners rely on, while expanding opportunities to create new and engaging programming experiences and ensure the long-term success of the station. This comprehensive media arts center was carefully designed and developed to realize the station's vision and strategic goals and to empower All Classical Radio to grow its service and impact, stimulate the economy, and help lead community rejuvenation through the arts.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

Program Services

Through regional FM radio frequencies, and worldwide via its online streaming service and free mobile app, All Classical Radio provides daily programming that is 98% locally produced, curated for the community and available to the world. The network is recognized for its bold collaborations and outreach, as well as innovative music playlists, interviews, live broadcasts, and arts and culture specials. Programs include in-studio concerts, special interviews and performances, historical and contextual information about compositions and composers, and news about local arts organizations. Specialty programs include *On Deck with Young Musicians* featuring young regional musicians, *Club Mod* focused on the music of living composers, and *Sunday Brunch* which explores cultures through delicious music. In addition, All Classical Radio created new series to highlight the intersection of literature and music including *Notebook*, *Sound in Print*, and the *Poetry Sessions*. All Classical Radio also produces and nationally syndicates *The Score*, a radio show about film music, and *Played in Oregon* featuring performances recorded in and around Oregon and SW Washington. As of early 2024, *On Deck* has been on the air for over 10 years, *Played in Oregon* has aired nearly 900 episodes, and *The Score* has aired over 800 episodes. As many as 250,000 weekly listeners tune in to All Classical Radio's FM broadcast in the Portland metro area alone (source: Nielsen Audio), and thousands of listeners access our online stream each month, representing nearly 100 countries.

A recognized leader in the classical music public radio industry for listenership, innovation, and creative collaboration, All Classical Radio is consistently ranked annually in the top 3 classical music radio stations in the nation.

In April 2019, All Classical Radio launched a new radio station for children, the **International Children's Arts Network (ICAN)**. ICAN is a commercial-free network available on All Classical Radio's HD-2 channels, online at icanradio.org and via the free mobile All Classical Radio app. It is designed to educate, foster cross-cultural awareness, stimulate creativity and playfulness, awaken the imagination, and promote emotional literacy. ICAN's musical programming takes a broadened and inclusive approach to the classical canon to highlight traditions from around the globe, providing children with an entry point to learning about world cultures and traditions through music and literature. Daily programming consists of storytelling and poetry shared with music, imagined adventures in children's voices, and a bedtime hour featuring nature sounds of the Pacific Northwest and lullabies from around the globe. In 2020, ICAN expanded to a full 24 hours/day and launched the podcast titled *Screenshot*. A new program developed in 2023, *ICAN Become*, now in its 3rd season, gives children the opportunity to interview experts in the field that they want to pursue as a career; season 1 experts included a NASA astronaut and BBC newscaster, and Season 2 featured Dame Julie Andrews, alongside a star chef, baseball player, and more.

Another way All Classical Radio engages and uplifts youth in the community is through **Youth Roving Reporters (YRR)**, an arts journalism training and mentorship program. Through the YRR educational program, All Classical Radio and ICAN on-air hosts mentor students providing them with guidance and insight on what it is to be a broadcaster and how to tell the stories of their communities effectively, authentically, and creatively.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

Other station initiatives include:

Artist in Residence (AIR) program started in 2019. AIR is designed to foster creative and professional growth for young, emerging, and established performing artists. Residents have access to All Classical Radio's world-class facilities and studios. They are offered on-air and performance opportunities, including appearances on radio programs, at station events and concerts, and on special broadcasts. Residents are encouraged to pursue artistic research projects and to publish related articles about their work and findings through All Classical Radio's wide-reaching platforms. Residents receive a scholarship award to assist in their creative projects and performances and/or continued studies. The residency encourages artists to pursue new projects and ideas, take creative risks, and to equitably support local performers and composers. In 2021, All Classical Radio added three residencies for composers and in 2022 the program was expanded to include a new role for **Young Artist Ambassadors**. Since its start in 2019, All Classical Radio residency program has included over 25 artists.

Recording Inclusivity Initiative (RII) seeks to address the gap of classical music composers and musicians from underrepresented communities that make it onto the airwaves. All Classical Radio is producing new, high-quality recordings of music by composers from communities who have been historically excluded in classical music. All Classical Radio has challenged public radio stations across the United States to launch their own regional initiatives, providing a how-to kit based on lessons learned from our own inaugural Recording Inclusivity Initiative. In addition, All Classical Radio created an online database for national distribution of these recordings. RII received the national "Local That Works" media award in 2021. The first two albums of the initiative, *Amplify* and *Elevate*, are available now, and a third album is in the works.

Artist Anthology is a groundbreaking collection of 40+ of the Pacific Northwest's trailblazing contemporary artists—the culture bearers of this region's thriving arts community. Through this initiative, supported in part by a grant from the NEA, All Classical aims to document the artistic moment by amplifying regional contemporary artists, with profiles penned by notable northwest writers and portraits by prominent local photographers. Each featured artist represents a unique medium and perspective, and the entire collection will culminate in a limited-edition book to be released in 2025.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and included in investments.

Accounts Receivable

Accounts receivable are unsecured and are reported at the amount management expects to collect on balances outstanding at year-end.

Contributions Revenue

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

Revenue Recognition

Revenue streams applicable to the Organization that qualify as exchange transactions (primarily underwriting) are recognized as the on-air announcements are completed. Amounts received in advance are recorded as deferred revenue until the Organization has satisfied the requirements of the contract.

Allowance for Uncollectible Accounts

Management provides for probable uncollectible amounts for accounts receivable through a charge to losses and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts and pledges receivable. Amounts past due over 90 days are immaterial.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at fair value.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their fair market values on the date received. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 20 years.

Intangible Assets – Broadcast Licenses

Broadcast licenses are recorded at cost or fair value at time of donation and are not subject to amortization.

Income Tax Status

All Classical Public Media, Inc. is a nonprofit corporation exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax.

Contributed Services and Materials

The Organization records various types of contributed services and materials. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible materials are recognized at fair value when received.

The Organization's policy related to gifts-in-kind is to utilize the assets received to carry out its mission. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value, donated to another charitable organization, returned to the donor, or discarded.

The amounts reflected in the accompanying financial statements as contributed services and materials are offset by like amounts included in expenses or additions to property and equipment.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases, and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort or square footage.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed in the period in which they are incurred. Advertising expense approximated \$221,000 and \$166,000 for the years ended June 30, 2024 and 2023, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically for the exercise of the right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to contract and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as fixed common area and other fixed maintenance costs, in calculating the Right-of-Use (ROU) assets and lease liabilities for its office buildings, apartments and vehicles. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses a risk free discount rate for its leases.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise.

ALL CLASSICAL PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

Summarized Financial Information for 2023

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

NOTE C – FAIR VALUE MEASUREMENTS

Valuation techniques used to measure fair values are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities and bonds, mutual fund investments, exchange traded funds, and cash equivalents.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

Level 3 – Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include beneficial interest in assets held by others.

Fair value of the beneficial interest in assets held by others is determined by the Organization's endowment partner, Oregon Community Foundation (OCF), and is based upon the Organization's proportionate interest in OCF's endowment partner fund liability after adjustments for contributions and distributions made during the year. OCF's endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners.

Realized and unrealized gains and losses from investments are reported in the Statement of Activities as investment income as they occur. There have been no changes in valuation techniques and related inputs.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value of assets measured on a recurring basis are as follows:

	June 30, 2024		
	Level 1	Level 3	Total
Cash and cash equivalents	\$ 467,618	\$ -	\$ 467,618
Equity ETF's and Mutual Funds	879,782	-	879,782
Fixed Income Bonds	1,270,269	-	1,270,269
Fixed Income Mutual Funds	372,005	-	372,005
Other Investments	43,716	-	43,716
Beneficial interest in assets held by others	-	419,966	419,966
Total assets in FV hierarchy	<u>\$ 3,033,390</u>	<u>\$ 419,966</u>	<u>3,453,356</u>
Real Estate Investment Trusts (REIT) measured at NAV (a)			<u>28,553</u>
Total investments and beneficial interest at fair value			<u>\$ 3,481,909</u>

	June 30, 2023		
	Level 1	Level 3	Total
Cash and cash equivalents	\$ 331,742	\$ -	\$ 331,742
Equity ETF's and Mutual Funds	752,991	-	752,991
Fixed Income Bonds	1,311,881	-	1,311,881
Fixed Income Mutual Funds	378,766	-	378,766
Other Investments	45,393	-	45,393
Beneficial interest in assets held by others	-	395,525	395,525
Total assets in FV hierarchy	<u>\$ 2,820,773</u>	<u>\$ 395,525</u>	<u>3,216,298</u>
Real Estate Investment Trusts (REIT) measured at NAV (a)			<u>32,839</u>
Total investments and beneficial interest at fair value			<u>\$ 3,249,137</u>

- (a) In accordance with FASB ASC 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Financial Position.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

For the year ended June 30, the changes in investments classified as Level 3 are as follows:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 395,525	\$ 388,953
Total gains and (losses)	41,130	22,676
Distributions	<u>(16,689)</u>	<u>(16,104)</u>
Balance at June 30	<u><u>\$ 419,966</u></u>	<u><u>\$ 395,525</u></u>

NOTE D – PLEDGES RECEIVABLE

Pledges receivable at June 30, 2024 and 2023 represent unconditional promises to give as follows:

	<u>2024</u>	<u>2023</u>
Receivable within one year	\$ 1,990,840	\$ 1,185,923
Receivable in two to five years	977,478	-
Thereafter	<u>-</u>	<u>331,404</u>
	2,968,318	1,517,327
Less allowance for uncollectible pledges	<u>-</u>	<u>(331,404)</u>
	<u><u>\$ 2,968,318</u></u>	<u><u>\$ 1,185,923</u></u>

The Organization has determined that all pledges are collectible and the present value adjustment of the long term pledges is immaterial.

NOTE E – BENEFICIAL INTEREST IN ASSETS HELD BY OCF

The Organization maintains an endowment fund that is held by the Oregon Community Foundation (OCF). The Organization's fund is pooled with other assets managed by OCF. Variance power was not granted to OCF unless the Organization ceases to exist or loses its tax-exempt status, and distributions in the amount of a reasonable rate of return determined by OCF will be distributed to the Organization each year. OCF may make additional distributions from the fund to the Organization upon a majority vote of all of the directors of the Organization, if, in the sole judgment of the board of OCF, the requested distribution is consistent with the objectives and purposes of the Organization. The beneficial interest in assets totaled \$419,966 and \$395,525 at June 30, 2024 and 2023, respectively. The fund consists of both board-designated and donor restricted endowments (See Note J).

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Antennas	\$ 1,499,190	\$ 1,499,190
Broadcasting equipment	1,584,606	1,383,710
Furniture and equipment	1,208,676	1,191,254
Vehicles	37,556	37,556
Intangible assets	144,211	95,337
Leasehold improvements	<u>-</u>	<u>2,264,627</u>
	4,474,239	6,471,674
Less accumulated depreciation	<u>(3,703,934)</u>	<u>(4,852,718)</u>
	<u>\$ 770,305</u>	<u>\$ 1,618,956</u>

The Organization had construction in progress of \$8,025,338 at June 30, 2024, which consisted primarily of leasehold improvements not yet placed in service.

NOTE G – LINE OF CREDIT

The Organization has a \$825,000 line of credit that expires March 20, 2027. Interest is payable monthly at the Wall Street Journal prime rate plus .25 percentage points. Substantially all assets of the Organization are pledged as security on the line of credit. The balance at June 30, 2024 is zero.

NOTE H – LOANS PAYABLE

The following obligations were outstanding at June 30, 2024:

Loan payable to Heritage Bank, monthly installments of interest only at a variable rate (Prime + .25%) until 2/2026; then all outstanding principal and interest due 3/2026. Interest rate 8.75% at 6/30/24.	\$ 2,500,000
Loan payable to Heritage Bank, maximum draws of \$1,450,000. Payable in monthly installments of interest only at 6.81% until 2/2025; then payable in monthly installments of principal and interest of \$28,654 until 3/2030. Collateralized by substantially all assets.	1,342,115
Subordinated loan payable to an individual, due in full in 3/2026. Interest at 0% until 3/2025, then interest at a rate not yet determined.	<u>500,000</u>
Total	<u>\$ 4,342,115</u>

ALL CLASSICAL PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE H – LOANS PAYABLE (CONTINUED)

Required principal payment are as follows:

Year Ending June 30,	
<u> </u>	
2025	\$ 63,472
2026	3,264,942
2027	283,558
2028	303,483
2029	324,807
Thereafter	<u>101,853</u>
	<u>\$ 4,342,115</u>

The loans to Heritage Bank are subject to certain financial covenants. The Organization was in compliance with these covenants at June 30, 2024.

NOTE I – LEASE COMMITMENTS

The Organization has multiple leases on transmitters and office and production space ranging from 1-25 years.

In March 2023, the Organization signed a new 15 year lease with two five year options to extend, at KOIN Tower in downtown Portland which commenced on February 1, 2024. Construction began in September 2023 and is expected to be complete at the end of 2024. Base rent under the lease starts at \$43,018 a month, with 3% annual escalating payments. Base rent includes base operating costs (utilities, janitorial, maintenance, property management, security, etc.), as well as property taxes which the Organization intends to recoup given tax-exempt status. The lease stipulates that the rent will be abated for the first 10 months, followed by a 50% reduction in rent for the succeeding 6 months.

The Organization recognized an ROU asset and liability of \$10,238,792 using risk free 1-20 year rates ranging from 1.72% to 4.21%.

	<u>Operating Leases</u>
Annual Lease Cost	\$ <u>406,584</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from leases	\$ <u>406,771</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ <u>10,468,985</u>
Weighted-average remaining lease term	15 years
Weighted-average discount rate	2.61%

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE I – LEASE COMMITMENTS (CONTINUED)

Future minimum lease payments and the reconciliation to the statement of financial position at June 30, 2024 are as follows:

Year Ending June 30,	Operating Leases
2025	\$ 425,573
2026	586,611
2027	605,003
2028	622,404
2029	622,517
Thereafter	<u>14,419,362</u>
Total future undiscounted lease payments	17,281,470
Less present value discount	<u>(7,042,678)</u>
Lease liabilities	<u>\$ 10,238,792</u>

NOTE J – BOARD-DESIGNATED NET ASSETS

Board-designated net assets at June 30, 2024 and 2023 consist of the following:

	2024	2023
Board designated endowment held at OCF	\$ 302,156	\$ 283,816
Board designated endowment funds held elsewhere	1,315,898	1,190,223
Board designated capital campaign	<u>-</u>	<u>502,482</u>
Total Board designated net assets	<u>\$ 1,618,054</u>	<u>\$ 1,976,521</u>

NOTE K – RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions are subject to the following purpose or time restrictions:

	2024	2023
Subject to purpose restrictions	\$ <u>18,561</u>	\$ <u>169,033</u>
Principal restricted in perpetuity	93,494	90,796
Unappropriated accumulated endowment earnings	<u>24,316</u>	<u>20,915</u>
	<u>117,810</u>	<u>111,711</u>
Total net assets with donor restrictions	<u>\$ 136,371</u>	<u>\$ 280,744</u>

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE L – ENDOWMENT

The Organization's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The donor restricted endowment is held at OCF in perpetuity, with income earned on the fund classified as subject to restrictions until appropriated for expenditure. The Board designated endowments are held at OCF and First Republic Bank.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the establishment of a set of prudent management and investment standards for boards to follow when managing endowment funds. A donor's intent to maintain an endowment in perpetuity must be considered and the fund managed accordingly.

As a result of this interpretation, the Organization classifies restricted net assets-corpus not subject to expiration:

- The original value of gifts donated to the perpetual endowment,
- The original value of subsequent gifts to the endowment,
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument, and
- The portion of investment return added to maintain purchasing power. For purpose of determining this portion, each year the Organization adds to restricted net assets-corpus not subject to expiration the change in the Consumer Price Index (CPI) for that year.

Return Objectives, Risk Parameters, and Strategies for Achieving Objectives

The goal of the Organization's investment program for funds held as endowment is to achieve a total rate of return that will allow the Organization to respond to today's needs and the long-term growth necessary to respond to future needs. The investment objective for endowed funds is to retain (at a minimum) when possible an increase in the purchasing power of the funds, while at the same time producing a reasonable return for distribution to meet current needs.

To meet this investment objective, the Organization follows a strategy in which investment decisions are made with the intent of achieving, at minimum, 5% annualized return after inflation on a rolling 12-quarter basis. This is to satisfy the objectives of preserving capital, allowing flexibility for the Organization's spending policy and protecting the real purchasing power of assets. Organization endowment assets are invested in The Oregon Community Foundation (OCF) as an endowment partner, or at First Republic Bank.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE L – ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

For the OCF funds, the Organization has adopted a spending policy based on the policies of its endowment partner, OCF, to determine the annual amount available for distributions from funds held as permanent endowment. Each year, OCF sets an annual payout rate for the coming year based on a 10-year projection of investment return. The payout rate ranges from 4% to 5%. Determination of the rate is based on reasonable expectations for investment portfolio returns over the coming decade. In general, if returns are expected to be above historical averages, the payout rate may be raised to the high end of the policy range. If returns are expected to be below average, the payout rate may be lowered to be at the low end of the range. Market value is determined using a 13-quarter trailing average of fund market value.

For the First Republic Bank funds, the Board has determined a targeted spending rate of 3.5% calculated based on a 13-quarter rolling average of the market value of funds held at First Republic Bank. Unless otherwise determined by the Board, there will be no distributions from the funds unless the value of the funds exceeds the prior year value by more than the CPI for the year. If the value increase is in excess of the CPI, then distribution will be made to the extent there is growth up to 3.5%, in excess of the CPI.

The composition of and changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	Without Donor Restrictions- Board Designated	With Donor Restrictions Accumulated Earnings, Subject to Expiration	Corpus, Not Subject to Expiration	Total Net Endowment Assets
Balance at June 30, 2022	\$ 928,596	\$ 21,907	\$ 88,178	\$ 1,038,681
Contributions	478,561	-	-	478,561
Interest income	22,525	634	-	23,159
Investment gains (losses)	86,638	5,891	-	92,529
Fees	(8,326)	(915)	-	(9,241)
Distributions	(33,955)	(3,984)	-	(37,939)
Transfer	-	(2,618)	2,618	-
Balance at June 30, 2023	1,474,039	20,915	90,796	1,585,750
Contributions	-	-	-	-
Interest income	35,629	808	-	36,437
Investment gains (losses)	163,588	10,400	-	173,988
Fees	(11,875)	(944)	-	(12,819)
Distributions	(43,327)	(4,165)	-	(47,492)
Transfer	-	(2,698)	2,698	-
Endowment net assets, end of year June 30, 2024	\$ 1,618,054	\$ 24,316	\$ 93,494	\$ 1,735,864

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE M – PENSION PLAN

The Organization has a 401(k) retirement plan covering substantially all employees. The Organization may make elective contributions to the plan. Employer matching contributions to the plan for 2024 and 2023 totaled \$37,926 and \$33,500, respectively.

NOTE N – IN-KIND CONTRIBUTIONS

The Organization receives services and materials from individuals and from various organizations to help further its mission. These include underwriting trade services, professional services related to productions of programs, and other services.

The Organization received contributed services and materials for the year ended June 30, 2024, used and recognized as follows:

Promotion	\$	82,913
Underwriting		5,040
Production		11,295
Fundraising & Membership		2,250
General & Administrative		19,340
Platforms		<u>3,358</u>
Total contributed services and materials	\$	<u><u>124,196</u></u>

All gifts-in-kind received by the Organization for the years ended June 30, 2024 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

NOTE O – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash and cash equivalent balances in three separate financial institutions located in Portland, one of which includes an Insured Cash Sweep (ICS) account that divides excess cash in increments of less than \$250,000 and allocates each increment to participating banks in the ICS network. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, and the cash equivalent balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. Cash and investment balances may, at times exceed coverage, the Organization has not experienced any losses.

Investment securities, including investments held by OCF, are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Pledges and accounts receivable are unsecured and are substantially all receivables from organizations and individuals located within the same geographic region.

Over half of the Organization's employees are members of the International Brotherhood of Electrical Workers Local 48. The Organization's contract with the union is in effect through June 30, 2025. The Organization's other employees are not represented by a union.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE P – LIQUIDITY

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2024:

Financial assets at year-end	
Cash and cash equivalents	\$ 3,520,387
Pledges receivable	2,968,318
Accounts receivables	93,513
Investments	3,061,943
Beneficial interest held by others	<u>419,966</u>
Total financial assets	<u>10,064,127</u>
Less amounts unavailable for general expenditure within one year:	
Donor-imposed restrictions:	
Restricted by donor for endowment	(117,810)
Restricted by donor for purpose	(18,561)
Receivables due beyond one year	(977,478)
Board designations:	
Board designated endowment fund	<u>(1,618,054)</u>
Total unavailable financial assets	<u>(2,731,903)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>7,332,224</u></u>

The Organization's endowment funds consist of donor-restricted and board-designated endowment. Income from donor-restricted endowments is not restricted and, therefore, is available for general expenditure after appropriation for expenditure. The Organization's spending policy is described in Note L.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary to manage unanticipated liquidity needs.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE Q – DEFERRED REVENUE

Deferred revenue consists of underwriting fees and carriage income paid in advance. Underwriting fees are recognized as revenue as the on-air announcements are completed. Carriage income is recognized over the term of the underlying contract.

Deferred revenue at June 30, 2023, was \$45,286. During the year ended June 30, 2024, \$45,286 of deferred revenue from June 30, 2023 was recognized as revenue and \$46,751 of deferred revenue was recorded due to cash received during the year.

NOTE R – CAPITAL CAMPAIGN

In 2023, the Organization signed a 15-year lease, with two five-year options to extend for a new space in Portland, Oregon. The lease commenced in February 2024. The Organization began a capital campaign in May 2023 to raise funds for leasehold improvements. Depreciation of leasehold improvements in the current space have been accelerated to coincide with the termination date of the existing lease. Leasehold improvements for the new space were put into service in July 2024.

The new headquarters for the Organization will increase the square footage by approximately 3,000 square feet and will enable it to:

- Increase the range of activities offered with added audio and video studios.
- Create and manage a unique performance and events space.
- Build a new state-of-the-art recording studio to document the artists of our time and make the studio available to local performers and composers.
- Bring the Organization to the heart of downtown Portland to serve as a beacon for arts-based urban regeneration.
- Move from being a great classical radio station, to a truly integrated arts and cultural network.
- Align with its newly created brand identity, envisioned to depict the vibrancy of the Organization and strengthen its digital presence.

NOTE S – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 9, 2025, which is the date the financial statements were available to be issued.