



Iowa Public Radio, Inc.

Audited Financial Statements for the Years Ended June 30, 2024 and 2023
And Independent Auditor's Report

IOWA PUBLIC RADIO, INC.

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June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Iowa Public Radio, Inc.

Opinion

We have audited the accompanying financial statements of Iowa Public Radio, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

6200 Aurora Avenue
Suite 402W
Urbandale, IA 50322-2800

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Public Radio, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Iowa Public Radio, 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 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.

Members:

PCPS Section of the
American Institute of
Certified Public Accountants

Iowa Society of Certified
Public Accountants

Forensic Accountants
Society of North America

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 Iowa Public Radio, 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls 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 Iowa Public Radio, 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 Iowa Public Radio, 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.



Nearmyer & Associates, P.C.
Certified Public Accountants
Urbandale, Iowa

October 10, 2024

IOWA PUBLIC RADIO, INC.

Statements of Financial Position As of June 30, 2024 and 2023

	2024	2023
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,266,362	\$ 5,959,354
Investments	4,557,407	150,001
Accounts receivable	6,804	22,154
Grants receivable	28,748	26,461
Underwriting receivable, net	168,040	186,902
Unconditional promises to give, net	341,510	656,127
Prepaid expenses	179,470	199,185
Inventory	50,361	60,251
Total current assets	6,598,702	7,260,435
PROPERTY AND EQUIPMENT, NET	1,793,341	1,773,174
RIGHT OF USE ASSETS	1,646,474	1,917,903
OTHER ASSETS		
Restricted cash and cash equivalents	2,207,000	2,235,989
Unconditional promises to give, net	601,021	998,322
Broadcast licenses	100,000	-
Endowment investments	2,967,706	1,295,889
Endowment unconditional promises to give	110,100	382,000
Total other assets	5,985,827	4,912,200
Total assets	\$ 16,024,344	\$ 15,863,712
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 187,325	\$ 190,249
Current portion of lease liability	458,664	424,373
Deferred underwriting revenue	82,646	96,528
Refundable advances	-	155,099
Accrued compensated absences	545,239	504,068
Total current liabilities	1,273,874	1,370,317
NONCURRENT LIABILITIES		
Lease liability, net of current portion	1,264,657	1,544,671
Total liabilities	2,538,531	2,914,988
NET ASSETS		
Without donor restrictions	8,374,162	7,756,073
With donor restrictions	5,111,651	5,192,651
Total net assets	13,485,813	12,948,724
Total liabilities and net assets	\$ 16,024,344	\$ 15,863,712

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

IOWA PUBLIC RADIO, INC.

Statements of Activities

For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS						
Contributions and memberships	\$ 4,952,456	\$ 7,294	\$ 4,959,750	\$ 4,782,227	\$ 4,650	\$ 4,786,877
Major gifts and grants	1,488,639	59,200	1,547,839	978,444	125,316	1,103,760
Campaign contributions	40,830	474,113	514,943	107,387	3,598,182	3,705,569
Underwriting and digital sponsorships	1,800,056	-	1,800,056	1,855,335	-	1,855,335
Corporation for Public Broadcasting grants	930,718	-	930,718	1,242,557	-	1,242,557
Special events	9,382	-	9,382	16,729	-	16,729
Other income	37,904	-	37,904	40,509	-	40,509
Investment return, net	184,974	77,028	262,002	36,145	37,706	73,851
Gain on disposal of assets	6,425	-	6,425	-	-	-
Net assets released from restrictions	698,635	(698,635)	-	160,414	(160,414)	-
Total revenue, support and gains	10,150,019	(81,000)	10,069,019	9,219,747	3,605,440	12,825,187
EXPENSES AND OTHER						
Program services expense						
Programming and production	4,104,663	-	4,104,663	4,080,930	-	4,080,930
Broadcasting and engineering	2,249,434	-	2,249,434	2,233,623	-	2,233,623
Program information and promotion	323,023	-	323,023	161,732	-	161,732
Total program services expense	6,677,120	-	6,677,120	6,476,285	-	6,476,285
Support services expense						
Management and general	1,228,419	-	1,228,419	1,061,265	-	1,061,265
Fundraising and underwriting	1,622,737	-	1,622,737	1,780,310	-	1,780,310
Total support services expense	2,851,156	-	2,851,156	2,841,575	-	2,841,575
Total expenses	9,528,276	-	9,528,276	9,317,860	-	9,317,860
Loss on uncollectible underwriting	3,654	-	3,654	2,555	-	2,555
License transfer loss of endowment	-	-	-	22,398	-	22,398
Total expenses and other	9,531,930	-	9,531,930	9,342,813	-	9,342,813
Change in net assets	618,089	(81,000)	537,089	(123,066)	3,605,440	3,482,374
Net assets - beginning of year	7,756,073	5,192,651	12,948,724	7,879,139	1,587,211	9,466,350
Net assets - end of year	\$ 8,374,162	\$ 5,111,651	\$ 13,485,813	\$ 7,756,073	\$ 5,192,651	\$ 12,948,724

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

IOWA PUBLIC RADIO, INC.

Statement of Functional Expenses For the Year Ended June 30, 2024

	Program Services				Support Services			
	Programming and Production	Broadcasting and Engineering	Program Information & Promotion	Total Program Services	Management and General	Fundraising and Underwriting	Total Support Services	Total
Salaries and benefits	\$ 2,456,687	\$ 952,561	\$ 97,152	\$ 3,506,400	\$ 689,357	\$ 984,520	\$ 1,673,877	\$ 5,180,277
Travel	43,720	18,133	-	61,853	4,365	13,214	17,579	79,432
Supplies	42,006	201,194	-	243,200	20,459	81,307	101,766	344,966
Services	115,198	12,876	218,008	346,082	328,907	53,399	382,306	728,388
Fundraising	-	-	-	-	-	319,876	319,876	319,876
Recruitment	-	-	-	-	11,333	-	11,333	11,333
Printing	-	-	7,863	7,863	-	75,021	75,021	82,884
Postage	-	1,477	-	1,477	7,519	39,030	46,549	48,026
Repairs and maintenance	-	38,275	-	38,275	34,107	-	34,107	72,382
Telecommunications	-	188,147	-	188,147	-	-	-	188,147
Programming fees	1,236,948	-	-	1,236,948	-	-	-	1,236,948
Facilities	117,107	692,471	-	809,578	17,606	52,733	70,339	879,917
Professional development	4,639	61	-	4,700	5,209	3,637	8,846	13,546
Depreciation	88,358	144,239	-	232,597	109,557	-	109,557	342,154
Total expenses	\$ 4,104,663	\$ 2,249,434	\$ 323,023	\$ 6,677,120	\$ 1,228,419	\$ 1,622,737	\$ 2,851,156	\$ 9,528,276

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

IOWA PUBLIC RADIO, INC.

Statement of Functional Expenses For the Year Ended June 30, 2023

	Program Services				Support Services			
	Programming and Production	Broadcasting and Engineering	Program Information & Promotion	Total Program Services	Management and General	Fundraising and Underwriting	Total Support Services	Total
Salaries and benefits	\$ 2,392,427	\$ 826,395	\$ 96,503	\$ 3,315,325	\$ 545,975	\$ 935,662	\$ 1,481,637	\$ 4,796,962
Travel	38,619	11,263	1,212	51,094	4,376	11,250	15,626	66,720
Supplies	32,130	160,521	-	192,651	21,942	99,059	121,001	313,652
Services	182,250	10,940	62,670	255,860	304,253	209,612	513,865	769,725
Fundraising	-	-	-	-	-	369,248	369,248	369,248
Recruitment	-	-	-	-	7,897	-	7,897	7,897
Printing	-	-	1,347	1,347	180	61,435	61,615	62,962
Postage	-	562	-	562	5,073	36,025	41,098	41,660
Repairs and maintenance	98	161,659	-	161,757	32,340	-	32,340	194,097
Telecommunications	200	208,772	-	208,972	-	-	-	208,972
Programming fees	1,229,312	-	-	1,229,312	-	-	-	1,229,312
Facilities	110,106	694,678	-	804,784	17,401	52,151	69,552	874,336
Professional development	4,504	-	-	4,504	3,787	5,868	9,655	14,159
Depreciation	91,284	158,833	-	250,117	118,041	-	118,041	368,158
Total expenses	<u>\$ 4,080,930</u>	<u>\$ 2,233,623</u>	<u>\$ 161,732</u>	<u>\$ 6,476,285</u>	<u>\$ 1,061,265</u>	<u>\$ 1,780,310</u>	<u>\$ 2,841,575</u>	<u>\$ 9,317,860</u>

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

IOWA PUBLIC RADIO, INC.

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from contributions and memberships	\$ 4,950,378	\$ 4,780,005
Cash received from major gifts and grants	1,506,171	1,091,486
Cash received from campaign contributions, net of contributions restricted for endowment	1,130,111	1,450,321
Cash received from underwriting and digital sponsorships	1,801,382	1,870,883
Cash received from Corporation for Public Broadcasting	815,790	1,364,216
Cash received from special events and other income	49,254	55,196
Cash received from interest and dividends	118,690	58,172
Cash payments to employees for salaries and benefits	(5,141,306)	(4,745,558)
Cash payments to suppliers for goods and services	<u>(3,947,868)</u>	<u>(4,172,813)</u>
Net cash flows provided by operating activities	<u>1,282,602</u>	<u>1,751,908</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(372,945)	(357,744)
Proceeds from sales of property and equipment	17,050	-
Purchases of investments	(7,086,255)	(15,193)
Proceeds from sales of investments	1,208,467	-
Purchases of broadcast licenses	(100,000)	-
Proceeds from the license transfer	-	2,597,560
Net cash flows provided (used) by investing activities	<u>(6,333,683)</u>	<u>2,224,623</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Cash received from contributions restricted for endowment	<u>329,100</u>	<u>60,000</u>
Net cash flows provided by financing activities	<u>329,100</u>	<u>60,000</u>
Net change in cash, cash equivalents and restricted cash	(4,721,981)	4,036,531
Cash, cash equivalents and restricted cash - beginning of year	<u>8,195,343</u>	<u>4,158,812</u>
Cash, cash equivalents and restricted cash - end of year	<u><u>\$ 3,473,362</u></u>	<u><u>\$ 8,195,343</u></u>

Continued.....

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

IOWA PUBLIC RADIO, INC.

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET</u>		
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 537,089	\$ 3,482,374
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	342,154	368,158
Contributions restricted to endowment	(114,727)	(606,650)
Contributions received directly in investment account	(596)	(1,602)
Realized and unrealized gains on operating investments	(78,529)	(442)
Increase in CSV of life insurance policy	(424)	(375)
Donor-restricted endowment net investment return, net of interest allocated for current period expenditure	(64,360)	(13,855)
(Gain) on sale of property and equipment	(6,425)	-
License transfer loss of endowment	-	22,398
(Increase) decrease in operating assets:		
Accounts receivable	15,350	(9,080)
Grants receivable	(2,287)	3,441
Underwriting receivable	18,862	(6,631)
Unconditional promises to give	711,918	(1,653,867)
Prepaid expenses	19,715	(69,072)
Inventory	9,890	(2,242)
Right of use assets	271,429	(68,549)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(2,924)	(5,109)
Deferred underwriting revenue	(13,882)	16,549
Refundable advances	(155,099)	114,927
Accrued compensated absences	41,171	48,856
Lease liability	(245,723)	132,679
Net cash flows provided by operating activities	<u>\$ 1,282,602</u>	<u>\$ 1,751,908</u>

Concluded.

DISCLOSURE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS:

Endowment contributions added to investment fund by donors	\$ 57,527	\$ 164,650
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The accompanying notes are an integral part of these financial statements.

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Iowa Public Radio, Inc. (the Organization) is organized as a public benefit corporation under the Revised Iowa Non-Profit Corporation Act, chapter 504 of the Code of Iowa. The Organization is organized exclusively for charitable and educational purposes within the meaning of Section of 501(c)(3) of the Internal Revenue Code of 1986 and is governed by a board consisting of eighteen community directors. As a community licensee, the Organization is also advised by a community advisory board to ensure it serves the educational and cultural needs of Iowans.

The Organization's mission is to connect listeners to news, music, information and ideas that shape their world every day. The Organization's statewide network includes three programming streams – News, Studio One and Classical – broadcasting from 27 stations that reach the State of Iowa and beyond serving more than 205,000 listeners weekly. The award-winning programming is also available via the website, podcasts, email newsletters and mobile app.

More than 86% of the Organization's funding comes from individuals, businesses and organizations in local communities across the State of Iowa.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in conformity with U.S. generally accepted accounting principles (GAAP). Assets and liabilities have been presented in order of liquidity. Net assets, revenues, expenses, and gains and losses have been classified based on the existence or absence of donor-imposed restrictions. The Organization's net assets 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-imposed restrictions. The Board of Directors has designated, from net assets without donor restrictions, a portion of net assets from all unrestricted estate or bequest gifts received, for the Second Century Fund, a board-designated endowment fund. The Board of Directors has designated a portion of unrestricted campaign gifts to a board-designated endowment fund.

Net Assets With Donor Restrictions – Net assets subject to donor-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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Contributions of cash or other assets to be used to acquire equipment are reported as revenues within the net assets with donor restrictions asset class. The restrictions are considered to be released at the time of acquisition of such long-lived asset.

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2024 and 2023

Cash, Cash Equivalents and Restricted Cash

All cash, money market funds and highly liquid instruments with original maturities of three months or less are considered cash and cash equivalents. Cash and highly liquid instruments restricted to capital projects, endowments that are perpetual in nature, or other long-term purposes are excluded from the definition of cash and are reported in the statements of financial position as restricted cash and cash equivalents.

Following is a reconciliation of cash, cash equivalents and restricted cash as reported within the statements of financial position and the statements of cash flows:

	2024	2023
Cash and cash equivalents	\$ 1,266,362	\$ 5,959,354
Restricted cash and cash equivalents		
Cash for donor-restricted endowment	486,972	647,983
Cash for board-designated endowment	-	245,072
Cash for campaign initiatives	1,720,028	1,342,934
Total restricted cash and cash equivalents	2,207,000	2,235,989
Total cash, cash equivalents and restricted cash	\$ 3,473,362	\$ 8,195,343

Receivables and Credit Policies

Receivables consist of noninterest-bearing amounts due for underwriting, grants, and other operating activities. Accounts receivable and grants receivable are reported at the amount management expects to collect from balances outstanding at year-end. Based on management's historical experience and review of subsequent collections, an allowance for doubtful accounts was not considered necessary for accounts receivable or grants receivable.

Underwriting receivables are stated at original invoice amount less an estimate made for doubtful accounts. Management determines an appropriate allowance by identifying past due accounts and using historical collections experience applied to an aging of account balances. Underwriting receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recognized when received. The allowance for uncollectible underwriting receivable totaled \$20,239 and \$8,448 as of June 30, 2024 and 2023, respectively.

Promises to Give

The Organization records unconditional promises to give due within the next year at net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their future cash flows using a discount rate of 4.13%. U.S. Treasury Daily Curve Yield rates are used as a discount rate that approximates the risk-free interest rate at the time of the pledge. Amortization of the discounts is included in campaign contribution revenue in the statements of activities in subsequent years.

The Organization determines an allowance for uncollectible promises to give based on payment history with the donor, time elapsed since the pledge was received, and the number of collection attempts the Organization has made. Promises to give are written off when deemed uncollectible. The allowance for uncollectible promises to give totaled \$520 and \$134 as of June 30, 2024 and 2023, respectively.

Inventory

Inventory is stated at the lower of cost or market determined by the first-in first-out method, and consists of merchandise held for sale and premium items used in fundraising.

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2024 and 2023

Property and Equipment

The Organization capitalizes expenditures for property and equipment with a cost of at least \$1,000 and an estimated useful life of greater than one year. Property and equipment are recorded at cost at the date of acquisition, or if donated, at fair value on the date of donation. Improvements to leased property are charged to operations in the year in which the expense is incurred unless the improvement is significant and determined to meet the capitalization policy. Cost of repairs and maintenance that do not improve or extend the useful lives of the respective assets are charged to operations in the year in which the expense is incurred.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets, generally 5-10 years for furniture and fixtures, 3-15 years for equipment, 20-30 years for buildings and towers and the lesser of 20 years or the remaining lease term for leasehold improvements.

Broadcast Licenses

Costs associated with the acquisition of broadcast licenses are capitalized. The Organization acquired a broadcast license for K231DI with approval from the Federal Communications Commission (FCC). The broadcast license is renewable every eight years if the Organization provides an average level of service and complies with the applicable FCC rules and policies. The Organization intends to renew the license indefinitely and evidence supports its ability to do so, as historically there has been no compelling challenge to renewal. Broadcast licenses are considered to have an indefinite life, and therefore, are not amortized. The value of broadcast licenses are assessed for impairment on an annual basis.

Investments

Investments are recorded at cost on the date of purchase, or at fair value on the date of donation. Thereafter, investments in equity securities with readily determinable fair values and debt securities are measured at fair value. The Organization sells donated securities upon receipt. Pooled investments are recorded at fair value based on values provided by an external investment manager. The fair value (net asset value per share) of alternative investments are estimated utilizing information provided by the funds' manager and an investment manager in the absence of readily determinable fair market values. The investment in a life insurance policy is reported at the cash surrender value. Net investment return (loss) consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

The Organization has donor-restricted endowments invested in the long-term growth portfolio at the Community Foundation of Greater Des Moines (Community Foundation). The pooled investments are managed at the discretion of the Community Foundation. The Organization is entitled to quarterly spending distributions of 5%. Distributions are reported as net assets released from restrictions in the period the distributions are used for their intended purpose. The Organization's investment in pooled assets is reported at fair value based on the market price obtained from external investment managers.

The Organization had operating investments, a board-designated endowment and a donor-restricted endowment invested at the Iowa State University Foundation (ISU Foundation) in the long-term pool. The Organization had operating investments at the University of Iowa Foundation (UI Foundation) invested in short-term investments. The pooled investments were managed at the discretion of the ISU Foundation and the UI Foundation. The Organization was entitled to quarterly or annual spending distributions from each investment, with spending rates ranging from 3.5% to 4.25%. Distributions are reported as net assets released from restrictions in the period the distributions are used for their intended purpose. The Organization's investment in pooled assets were reported at fair value based on the market price obtained from external investment managers.

Leases

The Organization determines if an agreement is a lease at inception. Both classifications of leases, operating and financing, are reported in the statements of financial position as right of use (ROU) assets and lease

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2024 and 2023

liabilities. The Organization leases office and studio space and broadcast transmission sites. Right of use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right of use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms include options to extend or terminate the lease when it is reasonably certain the Organization will exercise the option. The Organization has determined that available lease term extensions are reasonably certain to be exercised for broadcast transmission sites, but not for office and studio space. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Organization elected the short-term lease exemption to not recognize the ROU asset and lease liability for all leases with a term of 12 months or less. Lease payments for short-term leases are recognized as expense when incurred.

The Organization uses rates published by the U.S. Department of Treasury, including the Daily Treasury Long-Term Composite Rate and Daily Treasury Par Yield Curve Rate, to calculate the present value of lease payments. The rate selected for use varies based on the length of the lease term.

Financial Instruments and Credit Risk

The Organization maintains checking and money market accounts at financial and investment institutions.

Deposits with financial institutions are protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. Deposits in excess of the FDIC insured limit are swept into a collateralized overnight repurchase account with the same financial institution, eliminating the risk of uninsured cash balances.

Deposits with investment institutions are protected by the Securities Investor Protection Corporation (SIPC) up to \$500,000, of which up to \$250,000 can be uninvested cash. Deposits in excess of \$250,000 at investment institutions are not collateralized. In addition to SIPC protection, our investment manager provides additional supplemental insurance to protect uninvested cash balances up to \$1.9 million.

As of June 30, 2024 and 2023, the Organization had approximately \$2,773,132 and \$0 in uncollateralized cash. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

The Organization's financial instruments are exposed to various risks, such as interest rate, credit and overall market volatility. Investments are diversified and managed by investment managers whose performance is monitored by the Organization and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes the investment policies and guidelines are prudent for the long-term welfare of the Organization.

As of June 30, 2023, the Organization's investments were highly concentrated in the ISU Foundation long-term pool. The ISU Foundation manages credit risk by diversification to multiple counterparties. Financial statements for the ISU Foundation can be obtained from the ISU Foundation at 2505 University Boulevard, Ames, IA 50010-2230.

Revenue Recognition

Contributions and Major Gifts – Contributions are recognized as revenue when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not included as support until the conditions on which they depend are substantially

IOWA PUBLIC RADIO, INC.

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met. Sustaining donations are recognized when payment is received. Contributions of assets other than cash are recorded at their estimated fair value.

Grants and Corporation for Public Broadcasting – The Organization receives both general operating grants and cost reimbursement grants. Operating grants are recognized as revenue when cash or an unconditional promise to give is received. Revenue from the Corporation for Public Broadcasting (CPB) community service grants are recognized when awarded and any unspent portion of the current year award is reported as an increase in net assets with donor restrictions. Cost reimbursement grants are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant revisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. As of June 30, 2024 and 2023, the Organization received an additional \$0 and \$284,942, respectively, in grants that were not recognized because qualifying expenditures had not yet been incurred. Advance payments of \$0 and \$155,099 were recognized in the statements of financial position as refundable advances as of June 30, 2024 and 2023, respectively.

Campaign Contributions – Contributions are recognized as revenue when cash, securities, other assets or an unconditional promise to give is received. Campaign contributions are restricted by the donor for a specific campaign initiative, 1) journalism excellence, 2) next generation radio, 3) endowment, or 4) undesignated general campaign donations that can be used to fulfill any of the campaign priorities or cover campaign related expenses. Campaign donations are reported as increases in net assets with donor restrictions. Net assets will be released from restrictions when expenditures are incurred for the specific campaign initiative or when undesignated contributions are allocated for endowment by the Board of Directors.

Underwriting and Digital Sponsorships – The Organization receives conditional support from underwriters who are acknowledged with on-air messaging during the Organization's programming. Underwriting support is recognized over the term of the related underwriting contract as performance obligations are satisfied, based on when the on-air acknowledgements occur. Digital sponsorships are sold for advertising space on the Organization's website, in newsletters or podcasts. Digital sponsorships are recognized as revenue over the term of the related contract as performance obligations are satisfied, based on digital impressions used on the website and spots placed in podcasts. Payments for underwriting or digital sponsorships received in advance of the performance obligations being satisfied are reported as deferred underwriting revenue in the statements of financial position.

Special Events – Special events includes revenue from sponsorships and ticket sales. Sponsorships are comprised of a contribution element and an exchange element based on the value of benefit provided. The Organization recognizes revenue from sponsorships, both the exchange and contribution portions, when the event being sponsored takes place. Sponsorships collected in advance of an event are refundable to the sponsor if the event is not held. Ticket sales are recognized as revenue at the time of admission.

Other Income – Other income consists of the sale of branded merchandise, rent and miscellaneous other receipts. Revenue from the sale of branded merchandise is recognized when goods are shipped to the customer. Merchandise sales are ordinarily fulfilled the same day cash is received from the customer. Rent is recognized as revenue based on the terms of the lease agreement, or as space and services are provided for hourly studio rental. Lease agreements for rental income are all short-term agreements, with terms of 12 months or less. Other miscellaneous receipts are recognized as revenue when services are performed or when the product is provided.

Investment Return – Interest and dividend income are recognized when earned. Realized gains and losses are recognized when investments are sold. Unrealized gains and losses represent the change in fair value between reporting periods.

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As of and for the Years Ended June 30, 2024 and 2023

Contributed Services and Nonfinancial Assets – Contributed nonfinancial assets include donated professional services, donated equipment and other in-kind contributions which are recorded at the fair value of the goods or services received. In addition to contributed nonfinancial assets, volunteers assist the Organization with fundraising and other events throughout that year, but their services have not been recognized as contributions in the financial statements because the criteria for recognition was not met. No significant contributions of goods or services were received for the years ended June 30, 2024 and 2023.

Functional Allocation of Expenses

The cost of providing program and support services are summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated between program and support services based on benefits received. Facilities are allocated based on the percentage of space used for program or support functions. Depreciation is allocated based on the function primarily served by each major category of depreciable assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$157,399 and \$25,329 for the years ended June 30, 2024 and 2023, respectively.

Income Taxes

The Organization is an Iowa nonprofit corporation and has been recognized by the Internal Revenue Service as exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), qualifying for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation.

The Organization was engaged in activities that are unrelated to its tax-exempt purpose, including the sale of branded merchandise and digital sponsorships. These activities could result in unrelated business income tax, and no estimated tax expense was recorded for the years ended June 30, 2024 and 2023.

The Organization has evaluated its tax positions for all open tax years and has determined there are no uncertain tax positions that require recognition. The statute of limitations on the Organization's U.S. federal returns remains open for the years ended June 30, 2021 through the present.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Subsequent Events

The Organization has evaluated subsequent events through October 10, 2024, the date the financial statements were available to be issued.

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As of and for the Years Ended June 30, 2024 and 2023

2. LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the statements of financial position date for general expenditure are comprised of the following:

	2024	2023
Cash and cash equivalents	\$ 1,266,362	\$ 5,959,354
Investments	4,557,407	150,001
Accounts receivable	6,804	22,154
Grants receivable	28,748	26,461
Underwriting receivable, net	168,040	186,902
Unconditional promises to give, net	341,510	656,127
	6,368,871	7,000,999
Less: amounts restricted by donor	(336,826)	(654,926)
Financial assets available for expenditure	<u>\$ 6,032,045</u>	<u>\$ 6,346,073</u>

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, and therefore, is not available for general expenditure.

The Organization has board-designated endowments of \$1,518,585 and \$663,839 as of June 30, 2024 and 2023, respectively. The board-designated endowments allow for a spending distribution of 3.5%. Spending distributions are reinvested in periods where cash balances are sufficient to cover operating expenses. Although the Organization does not intend to spend from the board-designated endowments these funds could be made available, if necessary.

As part of a liquidity management plan, the Organization invests cash in excess of daily requirements in a money market fund. The Organization's goal is generally to maintain cash and cash equivalents on hand to meet three months of normal operating expenses, \$800,000 per month on average.

3. FAIR VALUE

The Organization follows the established framework for measuring fair value in accordance with GAAP. Accordingly, certain investments and other assets reported at fair value are classified based on the inputs used to determine the value, as follows:

Level 1 – valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 – valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – valuation that requires inputs that are both significant to the fair value measurement and unobservable in the market.

The Organization uses net asset value (NAV) per share, or its equivalent, as a practical expedient to estimate the fair values of certain hedge funds, which do not have readily determinable fair values. Investments measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

IOWA PUBLIC RADIO, INC.

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As of and for the Years Ended June 30, 2024 and 2023

The carrying amounts of cash and cash equivalents, receivables, prepaid expenses, accounts payable, deferred underwriting revenue and refundable advances approximates fair value because of the short maturity of those financial instruments, and are considered to fall within Level 1 of the fair value hierarchy. The carrying amount of promises to give are based on the discounted net present value of expected future cash receipts and approximates fair value. The carrying amount of lease liabilities are based on discounted cash flows using risk-free rates and approximates fair value. These estimates are considered to fall within Level 2 of the fair value hierarchy.

Fair value estimates for investments and endowment investments are made at a specific time based on relevant market information. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Fair value of pooled investments held by external parties is based on the values obtained from external investment managers.

Financial assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient, as of June 30, 2024 are as follows:

	2024				
	Total	Level 1	Level 2	Level 3	NAV
Investments					
Corporate fixed income	\$ 1,954,417	\$ -	\$ 1,954,417	\$ -	\$ -
Government securities	2,403,013	2,403,013	-	-	-
Open-ended mutual funds	150,567	150,567	-	-	-
Cash and cash equivalents (at cost)	35,271	-	-	-	-
CSV of life insurance policy	14,139	-	-	14,139	-
Total investments	4,557,407	2,553,580	1,954,417	14,139	-
Endowment investments					
Exchange-traded funds	379,607	379,607	-	-	-
Open-ended mutual funds	697,973	697,973	-	-	-
Corporate fixed income	78,227	-	78,227	-	-
Government securities	453,069	147,596	305,473	-	-
Hedge funds	270,876	-	-	-	270,876
Cash and cash equivalents (at cost)	746,873	-	-	-	-
Endowment funds held by					
Community Foundation	341,081	-	-	341,081	-
Total endowment investments	2,967,706	1,225,176	383,700	341,081	270,876
Total	\$ 7,525,113	\$ 3,778,756	\$ 2,338,117	\$ 355,220	\$ 270,876

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As of and for the Years Ended June 30, 2024 and 2023

Financial assets measured at fair value on a recurring basis as of June 30, 2023 are as follows:

	2023
	Level 3
Investments	
Investments held by ISU Foundation	\$ 134,684
Investments held by UI Foundation	1,602
CSV of life insurance policy	13,715
Total investments	<u>150,001</u>
Endowment investments	
Board-designated endowment held by ISU Foundation	418,767
Operating endowment held by ISU Foundation	631,427
Endowment held by Community Foundation	245,695
Total endowment investments	<u>1,295,889</u>
Total	<u>\$1,445,890</u>

Following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2024 and 2023:

2024	Investments	Endowments	Total
Balance at June 30, 2023	\$ 150,001	\$ 1,295,889	\$ 1,445,890
Purchases / contributions	596	65,972	66,568
Investment return, net	1,880	49,349	51,229
Distributions	(138,338)	(1,070,129)	(1,208,467)
Balance at June 30, 2024	<u>\$ 14,139</u>	<u>\$ 341,081</u>	<u>\$ 355,220</u>
2023	Investments	Endowments	Total
Balance at June 30, 2022	\$ 148,008	\$ 1,101,765	\$ 1,249,773
Purchases / contributions	2,304	179,843	182,147
Investment return, net	5,479	53,730	59,209
Distributions	(5,790)	(39,449)	(45,239)
Balance at June 30, 2023	<u>\$ 150,001</u>	<u>\$ 1,295,889</u>	<u>\$ 1,445,890</u>

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows as of June 30, 2024:

2024	Number of Investments	NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund	1	\$ 135,000	\$ -	Quarterly	20 days
Hedge fund	1	135,876	-	Quarterly	30 days
		<u>\$ 270,876</u>	<u>\$ -</u>		

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Hedge funds provide unique exposure to a diversified private equity portfolio. The funds offer diversification by manager, stage, vintage year and industry through a single allocation. Hedge funds redemptions are subject to 5% of the total funds NAV on a quarterly basis.

4. PROMISES TO GIVE

Unconditional promises to give are comprised of the following as of June 30, 2024 and 2023:

	2024	2023
General membership donations	\$ 5,205	\$ 1,335
Campaign donations	1,133,351	2,208,500
	1,138,556	2,209,835
Less: discount to present value at 4.13%	(85,404)	(173,252)
Less: allowance for uncollectible promises to give	(521)	(134)
Total unconditional promises to give	<u>\$ 1,052,631</u>	<u>\$ 2,036,449</u>
Amount due in		
Less than one year	\$ 393,910	\$ 948,527
One to five years	658,721	1,087,922
	<u>\$ 1,052,631</u>	<u>\$ 2,036,449</u>

Four donors accounted for approximately 38% and six donors accounted for approximately 57% of the total unconditional promises to give as of June 30, 2024 and 2023, respectively. Three donors accounted for approximately 31% and six donors accounted for approximately 37% of total campaign contributions for the years ended June 30, 2024 and 2023, respectively. Three donors accounted for approximately 45% and 37% of total major gifts and grants revenue for the years ended June 30, 2024 and 2023, respectively.

The Organization has received notification of deferred gifts totaling approximately \$6 million as of June 30, 2024 and 2023, primarily in the form of revocable wills and bequests. These are considered conditional pledges and will not be recorded in the financial statements until the conditions are met.

IOWA PUBLIC RADIO, INC.

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As of and for the Years Ended June 30, 2024 and 2023

5. INVESTMENTS

Investment and endowment investments are comprised of the following as of June 30, 2024 and 2023:

	2024	2023
Equity		
Exchange-traded and closed-end funds	\$ 379,607	\$ -
Open-ended mutual funds	597,684	-
Fixed income and preferreds		
Corporate fixed income	2,032,644	-
Government securities	2,856,082	-
Open-ended mutual funds	250,856	-
Hedge funds	270,876	-
Cash and cash equivalents held by investment manger	782,144	-
Interest in pooled investments		
Public equity	216,279	702,098
Diversifying equity	-	130,337
Private equity	22,784	300,586
Fixed income	54,539	156,816
Real assets	8,732	112,972
Alternatives	38,406	27,518
Cash and cash equivalents	341	1,848
Other investments		
CSV of life insurance policy	14,139	13,715
Total investments and endowed investments	<u>\$ 7,525,113</u>	<u>\$ 1,445,890</u>

Investment return for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Dividends and interest	\$ 175,594	\$ 61,157
Net realized gains (losses)	16,350	977
Net unrealized gains (losses)	83,302	12,260
Investment management fees	(13,244)	(543)
Total investment return, net	<u>\$ 262,002</u>	<u>\$ 73,851</u>

6. ENDOWMENTS

The Organization's endowment consists of donor-restricted gifts (net assets with restrictions) plus certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization will retain in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the

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accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors when making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund
- The purpose of the Organization and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Organization
- The investment policy of the Organization

The Organization has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding for programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. The primary financial objective is to preserve the investments inflation-adjusted purchasing power net of all investment management costs, while providing funds for current spending. The primary investment objective is to achieve a net total return equal to or in excess of 4% plus inflation, as measured over rolling ten-year periods.

As of June 30, 2023, the Organization had invested endowment assets in the long-term pool at the ISU Foundation. The stated investment objective of the ISU Foundation's investment policy is to attain an average annual real total return (net of all investment related fees) in excess of total expenditures (spending and overhead expenses), as measured over rolling ten-year periods.

From time to time, certain donor-restricted endowment funds may have a fair value less than the amount required to be maintained by the donor or by law. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Organization has no underwater endowment funds as of June 30, 2024 and 2023.

The Organization's spending policy provides for quarterly distributions to be expended in accordance with applicable donor-restricted purposes. The current spending rate ranges from 4% to 5% of the average fair value of the endowments over the preceding three-year period.

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	2024		
	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 663,839	\$ 1,907,105	\$ 2,570,944
Contributions	824,120	114,727	938,847
Investment return			
Interest and dividends	14,226	25,198	39,424
Net appreciation (realized and unrealized)	17,771	54,899	72,670
Investment management fees	(1,371)	(3,069)	(4,440)
Total investment return	30,626	77,028	107,654
Appropriated for expenditure	-	(12,668)	(12,668)
Endowment net assets - end of year	<u>\$ 1,518,585</u>	<u>\$ 2,086,192</u>	<u>\$ 3,604,777</u>

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As of and for the Years Ended June 30, 2024 and 2023

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

	2023		
	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 484,766	\$ 1,340,267	\$ 1,825,033
Contributions	163,049	606,650	769,699
Investment return			
Interest and dividends	15,598	26,461	42,059
Net appreciation (realized and unrealized)	426	11,784	12,210
Investment management fees	-	(539)	(539)
Total investment return	16,024	37,706	53,730
Appropriated for expenditure	-	(55,120)	(55,120)
Other earnings and adjustments	-	(22,398)	(22,398)
Endowment net assets - end of year	<u>\$ 663,839</u>	<u>\$ 1,907,105</u>	<u>\$ 2,570,944</u>

Endowment net assets are comprised of the following as of June 30, 2024 and 2023:

	2024		
	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,518,585	\$ -	\$ 1,518,585
Donor-restricted endowment funds			
Original gift amount required to be maintained in perpetuity by donor	-	1,648,446	1,648,446
Accumulated gains subject to endowment spending policy and appropriation	-	437,746	437,746
Total endowment net assets	<u>\$ 1,518,585</u>	<u>\$ 2,086,192</u>	<u>\$ 3,604,777</u>

	2023		
	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 663,839	\$ -	\$ 663,839
Donor-restricted endowment funds			
Original gift amount required to be maintained in perpetuity by donor	-	1,533,719	1,533,719
Accumulated gains subject to endowment spending policy and appropriation	-	373,386	373,386
Total endowment net assets	<u>\$ 663,839</u>	<u>\$ 1,907,105</u>	<u>\$ 2,570,944</u>

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2024 and 2023

7. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following as of June 30, 2024 and 2023:

	2024	2023
Broadcast and transmission equipment	\$ 6,635,646	\$ 6,611,575
Studio and production equipment	1,139,698	1,178,664
Office and network equipment	811,257	860,475
Vehicles	131,566	112,599
Furniture and fixtures	70,648	11,630
Leasehold improvements	15,625	15,624
Construction in process - WOI transmitter	-	115,125
	8,804,440	8,905,692
Accumulated depreciation	(7,011,099)	(7,132,518)
Property and equipment, net	<u>\$ 1,793,341</u>	<u>\$ 1,773,174</u>

A significant portion of the broadcast and transmission equipment and studio and production equipment was transferred to the Organization from the Board of Regents with an effective date of June 30, 2022. In the event the Organization sells such assets for monetary consideration before June 30, 2032, the proceeds from the sale will be transferred to the Board of Regents.

8. LEASES

The Organization leases office and studio space and broadcast transmission sites under non-cancelable lease agreements. Lease terms expire at various dates through 2044, which includes renewal options ranging from 3-25 years that are reasonably certain to be exercised for broadcast transmission sites.

The Organization uses rates published by the U.S. Department of Treasury, a risk-free rate, to calculate the present value of lease payments and the weighted-average discount rate. The Organization has applied the risk-free rate option to office, studio and broadcast transmission site leases.

Certain broadcast transmission site leases call for an annual or periodic increase based on an index rate rather than a fixed percentage. The Organization recognizes additional variable lease cost in years where the index rate increase is greater than the estimated increase included in the initial measurement of the lease liability.

The Organization's lease agreements do not contain any material guaranteed residual values or financial covenants. The Organization is generally required to pay separately for real estate taxes, utilities, maintenance and other related non-rental costs.

IOWA PUBLIC RADIO, INC.**Notes to Financial Statements****As of and for the Years Ended June 30, 2024 and 2023**

Right of use assets and lease liabilities as of June 30, 2024 and 2023 are as follows:

	2024	2023
Right of use assets		
Operating leases	\$ 1,646,474	\$ 1,917,903
Finance leases	-	-
Total right of use assets	<u>\$ 1,646,474</u>	<u>\$ 1,917,903</u>
Lease liability		
Current		
Operating leases	\$ 458,664	\$ 424,373
Finance leases	-	-
Noncurrent		
Operating leases	1,264,657	1,544,671
Total lease liability	<u>\$ 1,723,321</u>	<u>\$ 1,969,044</u>

Quantitative information concerning the Organization's leases for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Operating lease expense	\$ 452,992	\$ 426,283
Variable lease expense	18,148	3,668
Short-term lease expense	53,152	76,114
Financing lease expense	-	-
Total lease expense	<u>\$ 524,292</u>	<u>\$ 506,065</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating leases	\$ 498,586	\$ 365,821
Right of use assets obtained in exchange for lease liabilities		
Operating leases	\$ 123,778	\$ 436,076
Weighted average remaining lease term		
Operating leases	105	98
Weighted average discount rate		
Operating leases	3.25%	3.11%

IOWA PUBLIC RADIO, INC.

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As of and for the Years Ended June 30, 2024 and 2023

The future minimum lease payments under non-cancelable operating leases with terms greater than one year as of June 30, 2024 are as follows:

	2024
Year ending June 30,	
2025	\$ 458,664
2026	247,880
2027	235,223
2028	203,028
2029	180,083
Thereafter	692,262
Total lease payments	2,017,140
Less: discount	(293,819)
Present value of lease liabilities	<u>\$ 1,723,321</u>

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As of and for the Years Ended June 30, 2024 and 2023

9. NET ASSETS

Net assets are available for the following purposes as of June 30, 2024 and 2023:

	2024	2023
Net assets without donor restrictions		
Board-designated endowment	\$ 1,518,585	\$ 663,839
Investment in property and equipment	1,893,341	1,773,174
Other assets	4,962,236	5,319,060
Total net assets without donor restrictions	<u>\$ 8,374,162</u>	<u>\$ 7,756,073</u>
Net assets with donor restrictions		
Subject to expenditure for specified purpose		
Innovation fund	\$ 164,554	\$ 145,092
Journalism impact fund	92,930	125,015
Health reporting	-	15,316
Music and digital contributors	-	3,941
Campaign - next generation radio	696,986	289,228
Campaign - journalism excellence	1,073,142	72,000
Campaign - classical	60,000	40,000
Campaign - undesignated	-	941,706
Total net assets with purpose restrictions	<u>2,087,612</u>	<u>1,632,298</u>
Promises to give restricted by donor for		
Campaign - next generation radio	120,000	360,000
Campaign - journalism excellence	75,000	208,000
Campaign - classical	-	20,000
Campaign - undesignated	742,847	1,065,248
Total promises to give restricted by donor	<u>937,847</u>	<u>1,653,248</u>
Endowments		
Operating endowments	1,382,865	938,722
Operating endowments - WSUI/KSUI	352,076	348,015
Classical programming	227,062	224,442
News programming	14,089	13,926
Endowment promises to give	110,100	382,000
Total endowments	<u>2,086,192</u>	<u>1,907,105</u>
Total net assets with donor restrictions	<u>\$ 5,111,651</u>	<u>\$ 5,192,651</u>

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2024 and 2023

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or by occurrence of other events specified by the donor or spending policies, as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Satisfaction of purpose restrictions		
Health reporting	\$ 15,316	\$ 52,685
Music and digital contributors	3,941	4,858
Innovation fund	30,539	25,353
Journalism fund	34,084	-
Campaign - next generation radio	280,713	-
Campaign - journalism excellence	23,607	-
Campaign - board-designated endowment	297,767	-
Total satisfaction of purpose restrictions	<u>685,967</u>	<u>82,896</u>
Endowment distributions and appropriations		
Operating endowments	12,668	29,601
Operating endowments - WSUI/KSUI	-	14,324
Classical programming	-	10,541
News programming	-	654
Total distributions and appropriations	<u>12,668</u>	<u>55,120</u>
License transfer loss of endowment	-	22,398
Total net assets released from restrictions	<u>\$ 698,635</u>	<u>\$ 160,414</u>

10. REVENUE AND CONTRACTS WITH CUSTOMERS

The Organization enters into contracts with underwriters and other customers to provide noncommercial radio acknowledgements and advertising in the Organization's newsletters and on the website. The payment terms and conditions in each contract vary based on the services provided, agreed upon payment plan and the duration of the contract. The Organization assesses the services promised and identifies the performance obligations for each contract. Contracts are for specific services and prices are fixed at inception.

The Organization recognizes a contract liability when payment is received from a customer before the performance obligations are satisfied, and recognizes a contract receivable when payment from a customer is in arrears. Revenue from underwriting and digital sponsorship contracts is recognized over a period of time as the Organization meets each contractual obligation. Deferred underwriting revenue will be recognized as revenue within the next twelve months.

Changes in deferred underwriting revenue for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Deferred underwriting revenue - beginning of year	\$ 96,528	\$ 79,979
Revenue recognized that was included in deferred revenue at the beginning of year	(96,528)	(79,979)
Increases in deferred revenue due to cash received during the year	<u>82,646</u>	<u>96,528</u>
Deferred underwriting revenue - end of year	<u>\$ 82,646</u>	<u>\$ 96,528</u>

IOWA PUBLIC RADIO, INC.

Notes to Financial Statements

As of and for the Years Ended June 30, 2024 and 2023

11. EMPLOYEE BENEFITS

Employees of the Organization participate in the Iowa Public Radio Defined Contribution Plan administered by Teachers Insurance and Annuity Association (TIAA). The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Directors establishes and amends the plan's provisions and contribution requirements. As required by IPR's policy, all eligible employees must participate in the plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA, each employee through the fifth year of employment contributes 3 1/3% of the first \$4,800 of earnings and 5% on the balance of earnings. The Organization, through the fifth year of employment, contributes 6 2/3% of the first \$4,800 of earnings and 10% on the balance of earnings. Upon completion of five years of service, the participant contributes 5% and the Organization contributes 10% on all earnings.

The Organization's required and actual contributions to the plan totaled \$364,009 and \$336,910 for the years ended June 30, 2024 and 2023, respectively.

12. CONTINGENCIES AND RISK MANAGEMENT

The Organization is exposed to various risks of loss related to property loss, liability under tort, theft, damage to or the destruction of assets, error and omissions, injuries to employees and natural disaster. These risks are subject to insurance coverage of property, general liability, cyber liability, employee dishonesty, worker's compensation, multi-media liability and director and officers' policies. The Organization is not aware of any known or contingent risks that would have a material impact on the financial statements.

13. OTHER MATTERS

The Organization was initially established by the Board of Regents, State of Iowa, to manage the operations of the public radio stations owned by the Regents' universities – Iowa State University, the University of Northern Iowa and the University of Iowa. The FCC licenses, related broadcasting equipment and certain other assets owned by the Regents' universities were transferred to the Organization (the license transfer) with an effective date of June 30, 2022.

The Organization recognized revenue, assets and liabilities associated with the license transfer on the June 30, 2022 financial statements.

The Organization received transfers of cash and investment balances during the year ended June 30, 2023 as a result of the transaction, which are reported on the statements of cash flows as proceeds from the license transfer.

An endowment fund for which the Organization believed was included in the license transfer was ultimately retained by the UI Foundation. The license transfer loss of endowment line on the statements of activities reflects the loss recognized to write-off the receivable of the endowment fund.