

**RHODE ISLAND PUBLIC RADIO
d/b/a THE PUBLIC'S RADIO**

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Financial Statements

April 30, 2024

Mullen Scorpio Cerilli
Certified Public Accountants
Business Consultants

Mullen Scorpio Cerilli

**RHODE ISLAND PUBLIC RADIO
d/b/a THE PUBLIC’S RADIO**

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Independent Auditors' Report

The Board of Directors of
Rhode Island Public Radio d/b/a The Public's Radio

Opinion

We have audited the accompanying financial statements of Rhode Island Public Radio d/b/a The Public's Radio (a Rhode Island nonprofit corporation), which comprise the statement of financial position as of April 30, 2024, and the related statements of revenue, expenses and other changes in net assets, functional expenses, and cash flows for the period 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 Rhode Island Public Radio d/b/a The Public's Radio as of April 30, 2024, and the changes in its net assets and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Rhode Island Public Radio d/b/a The Public's Radio and to meet 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, Rhode Island Public Radio d/b/a The Public's Radio merged with Rhode Island PBS Foundation effective May 1, 2024 to form a single entity, Rhode Island PBS Foundation and The Public's Radio. The audited financial statements are for the short year period of July 1, 2023 through April 30, 2024.

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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, which raise substantial doubt about Rhode Island Public Radio d/b/a The Public's Radio'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 misstatements, 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 judgement made by a reasonable user based on the financial statements.

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

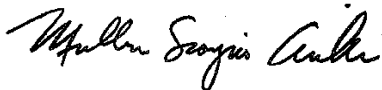
- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and to design and perform audit procedures responsive to those risks. Such procedures include 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 Rhode Island Public Radio d/b/a The Public's Radio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events considered in the aggregate, which raise substantial doubt about Rhode Island Public Radio d/b/a The Public's Radio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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Report on Summarized Comparative Information

We have previously audited Rhode Island Public Radio d/b/a The Public's Radio's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 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.



September 26, 2024
Providence, Rhode Island

**RHODE ISLAND PUBLIC RADIO
d/b/a THE PUBLIC'S RADIO**

Statement of Financial Position

For the Period Ended April 30, 2024 and the Year Ended June 30, 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 849,728	\$ 1,025,983
Accounts receivable	114,213	143,690
Pledges receivable, net	7,090	104,143
Grants and contracts receivable	83,296	268,207
Prepaid expenses	61,791	71,583
Operating right of use asset, current portion	89,881	86,701
Total current assets	1,205,999	1,700,307
Noncurrent assets:		
Property and equipment, net	886,356	894,658
Operating right of use asset, noncurrent portion	1,054,835	1,132,470
Licenses, net	701,016	885,159
Total noncurrent assets	2,642,207	2,912,287
Total assets	<u>\$ 3,848,206</u>	<u>\$ 4,612,594</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 106,667	\$ 92,707
Accrued expenses	90,379	80,272
Unearned revenue	48,073	29,835
Operating lease liability, current portion	83,007	86,311
Notes payable, current portion	326,012	326,012
Trade liability, current portion	62,000	62,400
Total current liabilities	716,138	677,537
Noncurrent liabilities:		
Operating lease liability, noncurrent portion	1,089,188	1,157,501
Trade liability, noncurrent portion	106,800	159,200
Total noncurrent liabilities	1,195,988	1,316,701
Total liabilities	1,912,126	1,994,238
Net assets:		
Without donor restrictions	1,733,732	2,075,733
With donor restrictions	202,348	542,623
Total net assets	1,936,080	2,618,356
Total liabilities and net assets	<u>\$ 3,848,206</u>	<u>\$ 4,612,594</u>

The notes are an integral part of these financial statements.

RHODE ISLAND PUBLIC RADIO

d/b/a THE PUBLIC'S RADIO

Statement of Revenues, Expenses and Other Changes in Net Assets

For the Period Ended April 30, 2024

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

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenue:				
Contributions of cash	\$ 1,689,029	\$ 25,000	\$ 1,714,029	\$ 1,928,892
Contributions of nonfinancial assets	-	-	-	-
Grants	224,510	290,961	515,471	407,411
Corporate underwriting	866,546	-	866,546	1,069,249
Interest income	1,043	-	1,043	1,961
Other	167	-	167	1,911
Total operating revenue	2,781,295	315,961	3,097,256	3,409,424
Reclassification - net assets released from restrictions by satisfaction of program restrictions	656,236	(656,236)	-	-
Total revenue and reclassifications	3,437,531	(340,275)	3,097,256	3,409,424
Operating expenses:				
Program services	2,437,504	-	2,437,504	2,395,526
Management and general	740,879	-	740,879	727,900
Fundraising	601,149	-	601,149	786,059
Total operating expenses	3,779,532	-	3,779,532	3,909,485
Changes in net assets from operations	(342,001)	(340,275)	(682,276)	(500,061)
Other changes:				
Gain on relief of trade liability	-	-	-	125,340
Nonoperating capital campaign:				
Contributions	-	-	-	324,051
Capital campaign expense	-	-	-	(265,727)
Release from restrictions	-	-	-	-
Total other changes	-	-	-	183,664
Changes in net assets	(342,001)	(340,275)	(682,276)	(316,397)
Net assets, beginning of year	2,075,733	542,623	2,618,356	2,934,753
Net assets, end of year	<u>\$ 1,733,732</u>	<u>\$ 202,348</u>	<u>\$ 1,936,080</u>	<u>\$ 2,618,356</u>

The notes are an integral part of these financial statements.

RHODE ISLAND PUBLIC RADIO
d/b/a THE PUBLIC'S RADIO
Statement of Functional Expenses
For the Period Ended April 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024			2023	
	Supporting Services				
	Program Services	Management and General	Fundraising	Total Expenses	Total
Salaries	\$ 1,068,854	\$ 270,542	\$ 362,453	\$ 1,701,849	\$ 1,777,770
Payroll taxes	89,413	18,853	30,142	138,408	164,124
Employee benefits	161,646	51,215	67,986	280,847	292,882
Occupancy	6,050	75,380	-	81,430	106,908
Utilities	72,559	575	-	73,134	75,279
Real estate taxes	21,968	-	-	21,968	29,391
Insurance	38,025	10,864	5,432	54,321	53,999
Equipment and site maintenance	144,690	5,293	-	149,983	160,867
Postage	260	1,575	12,357	14,192	27,831
Printing	-	-	21,460	21,460	21,877
Supplies	23,143	2,169	-	25,312	30,835
Travel, staff and meeting expenses	7,929	2,779	3,643	14,351	22,415
Telecommunications	70,372	311	5,068	75,751	90,672
Accounting fees	-	128,306	-	128,306	93,970
Legal fees	20,919	115,953	-	136,872	34,104
Other professional fees	255,127	9,870	33,178	298,175	230,162
Direct program fees	152,787	-	-	152,787	164,454
Advertising and marketing	49,300	-	19,676	68,976	99,508
License, fees and dues	-	69	2,792	2,861	3,719
Payroll service fees	3,591	908	1,218	5,717	6,340
Special event expenses	-	-	2,853	2,853	-
Interest expense	2,112	1,173	-	3,285	3,713
Bank and credit card fees	-	1,145	31,853	32,998	40,381
Bad debt	-	-	1,038	1,038	5,163
Total expenses before depreciation and amortization	2,188,745	696,980	601,149	3,486,874	3,536,364
Depreciation and amortization	248,759	43,899	-	292,658	373,121
Total expenses	<u>\$ 2,437,504</u>	<u>\$ 740,879</u>	<u>\$ 601,149</u>	<u>\$ 3,779,532</u>	<u>\$ 3,909,485</u>

The notes are an integral part of these financial statements.

**RHODE ISLAND PUBLIC RADIO
d/b/a THE PUBLIC'S RADIO**

Statement of Cash Flows

For the Period Ended April 30, 2024 and the Year Ended June 30, 2023

	<u>2024</u>	<u>2023</u>
Net cash flows from operating activities:		
Changes in net assets	\$ (682,276)	\$ (316,397)
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	292,658	373,121
Gain on relief of trade liability	-	(125,340)
Changes in assets and liabilities:		
Accounts receivable	29,477	(21,631)
Pledges receivable	97,053	(45,230)
Grants receivable	184,911	(72,288)
Prepaid expenses	9,792	29,520
Right of use asset	74,455	(1,237,813)
Accounts payable and accrued expenses	24,067	16,229
Deferred contract revenue	18,238	(9,478)
Lease liability	(71,617)	1,243,812
Trade liability	<u>(52,800)</u>	<u>(28,400)</u>
Change in cash from operating activities	<u>(76,042)</u>	<u>(193,895)</u>
Net cash flows from investing activities:		
Purchase of fixed assets	<u>(100,213)</u>	<u>(92,786)</u>
Change in cash from investing activities	<u>(100,213)</u>	<u>(92,786)</u>
Net cash flows from financing activities:		
Payments made on note payable	-	(53,924)
Capital lease acquisition and payments, net	<u>-</u>	<u>(13,059)</u>
Change in cash from financing activities	<u>-</u>	<u>(66,983)</u>
Net change in cash and cash equivalents	(176,255)	(353,664)
Cash and cash equivalents, beginning of year	<u>1,025,983</u>	<u>1,379,647</u>
Cash and cash equivalents, end of year	<u>\$ 849,728</u>	<u>\$ 1,025,983</u>
Interest paid	<u>\$ 3,285</u>	<u>\$ 3,713</u>
Noncash investing and financing activities		
Right of use assets acquired with lease liability	<u>\$ -</u>	<u>\$ 1,305,750</u>

The notes are an integral part of these financial statements.

**RHODE ISLAND PUBLIC RADIO
d/b/a THE PUBLIC'S RADIO**

Notes to Financial Statements

April 30, 2024

Note 1 - Nature of Activities

Rhode Island Public Radio, doing business as The Public's Radio, (the "Organization") is organized as a nonprofit corporation under the laws of the State of Rhode Island. The mission of the Organization is to provide quality journalism and compelling storytelling that informs, educates, and inspires community.

It is licensed by the Federal Communications Commission to operate three stations, WXNI 89.3 FM from Tiverton, Rhode Island, WRNI 102.7 FM from Narragansett, Rhode Island, and WRNI 1290 AM from North Providence, Rhode Island. The Organization is airing its programs on owned stations WXNI 89.3 FM and WRNI 102.7 FM and leased stations WCVY 91.5 FM and WELH 88.1 FM.

Revenue is received through contributions, grants, and underwriting.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions are those not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.
- Net assets with donor restrictions are those subject to stipulations by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of revenues, expenses, and other changes in net assets.

Note 2 continued on the next page.

Note 2 - Summary of Significant Accounting Policies (continued)

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing broadcasting and journalism activities. Nonoperating activities consist of contributions restricted to capital campaign goals including the opening of statewide news bureaus, among other objectives, which are considered to be of a more unusual or nonrecurring nature.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

The Organization has adopted the reserve method to record bad debts. Under this method, an allowance for doubtful accounts is maintained for the amount of estimated uncollectible accounts. The reserve for uncollectible accounts at April 30, 2024 and June 30, 2023 was \$4,000 and \$5,000, respectively.

Property and Equipment

The Organization capitalizes property and equipment that costs \$3,000 or more and has a useful life of more than one year. Property and equipment is recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Depreciation is computed on a straight-line basis over the estimated useful lives of the property and equipment in accordance with the following schedule:

	<u>Years</u>
Broadcast and transmission equipment	5
Furniture and office equipment	3
Computer equipment and software	3-5

The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts and any resulting gain or loss is recorded in the period of disposal.

Note 2 continued on the next page.

Note 2 - Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Renewals and improvements, which extend the useful lives of assets, are capitalized at cost. Maintenance and repairs are included as expenses in the statement of revenues, expenses, and other changes in net assets in the period incurred.

Other Assets - Licensing Rights

The cost of licensing rights acquired are amortized on the straight-line basis over ten years.

Revenue Recognition

The Organization recognizes contributions when cash, securities, other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as unrestricted or restricted support depending on the existence and nature of any donor restrictions. Contributions may include actual gifts or promises to give. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value on the date of the gift.

The Organization records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place.

Contracts with Customers

The Organization derives a significant portion of its revenue from underwriting contracts with customers. This revenue is reported as Corporate Underwriting on the Statement of Revenues, Expenses, and Other Changes in Net Assets. Any balances owed to the Organization from customers for underwriting services provided are reported as Accounts Receivable on the Statement of Financial Position. The type and extent of underwriting services contracted will impact the nature, amount, and timing of revenue recognition. Performance obligations present in each contract are satisfied as the underwriting services are rendered and customers are billed as contracted services are provided.

Donated Goods and Services

The Organization receives a significant amount of donated services from board members and other volunteers who assist in fundraising and special events. These services have not been recognized in the statement of revenues, expenses, and other changes in net assets since such services either do not require specialized skills or would not typically be purchased if not provided by donation.

Underwriting Trade

Underwriting that is traded for goods or services are reflected as corporate underwriting revenue at their estimated value on date of receipt. The Organization recognizes an expense at the time the goods or services are provided. The difference between the amount earned and incurred is reflected as a trade receivable or payable.

Note 2 continued on the next page.

Note 2 - Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization directly allocates expenses when possible. For indirect or shared expenses, the Organization allocates expenses based on management estimates.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

The Organization is exempt from income taxes as a charitable organization under Section 501(c)(3) under the Internal Revenue Code and is not considered a private foundation. The Organization evaluates its uncertain tax positions using the guidance for contingencies as contained in generally accepted accounting principles. The Organization was not aware of any uncertain tax positions that were not provided for in the accompanying financial statements. The Organization annually files Internal Revenue Service Form 990 – *Return of Organization Exempt from Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the IRS and state tax authorities, generally for three years after they were filed. The Organization currently has no tax examinations in progress.

Leases

At contract inception, the Organization determines if a contract is or contains a lease and whether the lease should be classified as an operating or finance lease. Operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities on the accompanying Statement of Financial Position.

ROU 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. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to expense payments for short-term leases with a term of twelve (12) months or less, as these leases are not included as right-of-use assets or lease liabilities.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with 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 comparative information was derived.

Note 3 - Liquidity and Availability of Financial Assets

The Organization structures its financial assets to be available as general expenditures, liabilities, and other obligations become due. It has diverse revenue streams and lines of credit available should the need for short-term financing arise. As of April 30, 2024 and June 30, 2023, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 849,728	\$ 1,025,983
Accounts receivable	114,213	143,690
Pledges receivable, current portion	7,090	104,143
Grants receivable, current portion	83,296	268,207
Total financial assets	1,054,327	1,542,023
Less:		
Donor restricted	(202,349)	(542,623)
Financial assets available to meet cash needs for general expenditures within one year	\$ 851,978	\$ 999,400

Note 4 - Pledges Receivable

In the year ending June 30, 2017, the Organization began a capital campaign to fund the purchase of WXNI 89.3 FM to expand public service journalism and improve digital services. The campaign resulted in significant pledges receivable expected to be collected in future years.

Contributions receivable for unconditional promises to give are recorded at full value. These pledges have not been adjusted to the present value of their estimated future cash flows because it was considered immaterial to the financial statements. Management will continue to monitor the collection of these promises to give and make any necessary write-offs when it is determined that any amounts are uncollectible.

Pledges receivable were collectible as follows at April 30, 2024 and June 30, 2023:

	2024	2023
Fiscal year ending June 30,		
2024	\$ -	\$ 109,143
2025	11,090	-
2026	-	-
2027	-	-
Total pledges receivable	11,090	109,143
Allowance for doubtful pledges	(4,000)	(5,000)
Net pledges receivable	\$ 7,090	\$ 104,143

Note 5 - Property and Equipment

Property and equipment for the period ended April 30, 2024 and year ended June 30, 2023 is summarized as follows:

	2024	2023
Land – Douglas Avenue, North Providence	\$ 143,091	\$ 143,091
Building – Douglas Avenue, North Providence	160,300	160,300
Furniture, fixtures, and equipment	46,850	38,650
Broadcast and transmission equipment	1,750,655	1,658,642
Computer software and equipment	408,476	408,476
Total property and equipment	2,509,372	2,409,159
Accumulated depreciation	(1,623,016)	(1,514,501)
Net property and equipment	\$ 886,356	\$ 894,658

Depreciation expense for the period ending April 30, 2024 and year ending June 30, 2023 was \$108,515 and \$152,150, respectively.

Note 6 - Licenses

On June 26, 2017, WXNI – 89.3 FM (formerly known as WUMD) was purchased from the University of Massachusetts Dartmouth at a total acquisition cost of \$2.1 million made up of a \$1.5 million cash payment and a 10-year underwriting trade agreement valued at \$617,100. The purchase will allow the Organization to improve its service in Rhode Island and expand into southeastern Massachusetts.

On January 15, 2009, WRNI – 1290 AM was purchased from the Trustees of Boston University for \$2 million. The purchase price was allocated to broadcast station equipment, land, building, and license. The equipment and building are depreciated over their respective useful lives. The license was amortized on a straight-line basis over ten years. This purchase was financed through a promissory note to the Trustees of Boston University.

On May 15, 2007, WRNI – 102.7 FM (formerly known as WAKX-FM) was purchased at a total acquisition cost of approximately \$2.7 million, funded in part through a note from the Rhode Island Foundation totaling \$2.4 million and through contributions from the Capital Campaign amounting to approximately \$269,000. The entire purchase price was allocated to license which was amortized on a straight-line basis for ten years.

Amortization expense charged to operations for the period ended April 30, 2024 and year ended June 30, 2023 was \$184,143 and \$220,971, respectively.

Note 6 continued on the next page.

Note 6 – Licenses (continued)

The licenses for the period ended April 30, 2024 and year ended June 30, 2023 is summarized as follows:

	2024	2023
Cost – FCC License – WRNI 102.7 FM	\$ 2,654,620	\$ 2,654,620
Cost – FCC License – WRNI 1290 AM	1,156,817	1,156,817
Cost – FCC License – WXNI 89.3 FM	2,209,712	2,209,712
Accumulated amortization	<u>(5,320,133)</u>	<u>(5,135,990)</u>
Licenses, net	<u>\$ 701,016</u>	<u>\$ 885,159</u>

Note 7 - Line of Credit

On March 21, 2012, the Organization obtained a line of credit for \$250,000 with an interest rate of the lender's base rate plus 1.5% per annum with a floor rate of 5.5% computed on the average daily debit balance. The line is collectively secured by a continuing security interest in all tangible and intangible personal property of the debtor relating to WRNI 102.7 FM.

The balance on the line at April 30, 2024 and June 30, 2023 was \$0.

Note 8 - Notes Payable

	2024	2023
Note payable in the original amount of \$2,360,109 to The Rhode Island Foundation with interest at .86%. The note was payable on May 17, 2024. Interest is payable quarterly. The note payable is secured by all the Organization's business assets, including any FCC licenses. In March 2012, the Rhode Island Foundation subordinated their interest in WRNI 102.7 FM to the institution holding the line of credit.	\$ 326,012	\$ 326,012
Bridge loan from the Rhode Island Foundation with a maximum balance of the lesser of \$1,000,000 or 90% of outstanding pledges receivable, payable at an interest rate of 3%. Payments of \$100,000 (or entirety of outstanding balance, if lower) are due each December 31, 2019 – 2023. Accrued interest is due quarterly. The bridge loan is collateralized by donor pledges and pledges receivable from its capital campaign and is used for short term financing.	<u>-</u>	<u>-</u>
Total notes payable	326,012	326,012
Current portion	<u>(326,012)</u>	<u>(326,016)</u>
Long term portion	<u>\$ -</u>	<u>\$ -</u>

The final loan payment in the amount of \$326,012 was due May 17, 2024. Subsequent to year end, the Rhode Island Foundation forgave the loan and no payment was required. Refer to Note 16 related to subsequent events.

Note 9 - Lease Liability

The Organization leases various broadcast towers with varying lease terms between five and twenty-five years (including extension options which are reasonably certain to be exercised). Rent increases vary per lease between 3 and 10% effective annually or with each renewal. A lease liability and corresponding right of use asset have been recorded at the present value of the future minimum lease payments using a discount rate equivalent to the risk-free rate of between 1.68% and 3.79%. Lease expense related to broadcast towers for the period ended April 30, 2024 was \$108,437.

Future cash flows as of April 30, 2024 and June 30, 2023 and a reconciliation to lease liability as of April 30, 2024 and June 30, 2023 was as follows:

	2024	2023
Period / year ended June 30, 2024	\$ 22,061	\$ 128,098
Year ended June 30, 2025	108,281	108,281
2026	74,815	74,815
2027	78,378	78,378
2028	67,806	67,806
2029 and beyond	1,356,113	1,356,113
Total lease payments	1,707,454	1,813,491
Less present value discount	(535,259)	(569,679)
Total lease liability	1,172,195	1,243,812
Current portion of lease liability	(83,007)	(86,311)
Noncurrent portion of lease liability	\$ 1,089,188	\$ 1,157,501

The weighted average remaining lease term and weighted average discount rate for leases comprising the lease liability as of April 30, 2024 and June 30, 2023 was as follows:

	2024	2023
Weighted average lease term	20 years	20 years
Weighted average discount rate	3.50%	3.45%

Note 10 - Retirement Savings Plan

Effective July 1, 2007, the Organization adopted a 401(k) plan for its employees. Under the plan, employees become eligible to participate upon the later of attaining the age of 21 or completing 3 months of service. In 2016, the Organization altered its match policy from a required match of 50% of employees' contribution up to the first 5% of gross salaries to a discretionary match which is based on the organization's overall fiscal year performance.

No matching contribution was made in the period ended April 30, 2024 or the year ended June 30, 2023.

Note 11 - Concentration of Credit Risk

The Organization maintains its cash balances at banks in Rhode Island and Massachusetts. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation. The Organization's uninsured cash balance at April 30, 2024 and June 30, 2023 was \$424,348 and \$691,382, respectively.

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions may be restricted temporarily for a specific time period or purpose, or permanently, whereby the principal is required to be invested in perpetuity, and only the Organization may utilize the income. The composition of net assets with donor restrictions was as follows at April 30, 2024 and June 30, 2023:

	2024	2023
Subject to expenditure for specified purpose:		
Capital campaign	\$ -	\$ 51,551
Arts and culture reporting	45,000	30,000
Education reporting	-	-
Investigative/Content		136,238
Massachusetts south coast news bureau	20,846	22,268
Journalism and fundraising	53,203	119,266
Total restrictions for specified purposes	<u>119,049</u>	<u>359,323</u>
Subject to passage of time:		
Long term unrestricted grants	<u>83,300</u>	<u>183,300</u>
Total net assets with donor restrictions	<u>\$ 202,349</u>	<u>\$ 542,623</u>

Note 12 continued on the next page.

Note 12 - Net Assets with Donor Restrictions (continued)

The following net assets were released from restrictions during the period ended April 30, 2024 and the year ended June 30, 2023 due to the satisfaction of donor-imposed restrictions:

	2024	2023
Operating:		
Content development	\$ -	\$ 7,172
Programming	43,049	66,762
Healthcare, environmental, and educational reporting	40,000	35,000
Passage of time	100,000	-
Capital campaign	51,552	-
Investigative/Content	161,238	-
Local journalism	86,762	-
Journalism and fundraising	66,063	-
Digital content platform	86,150	-
Westerly news bureau	20,000	-
Massachusetts south coast news bureau	1,422	-
Total operating releases	<u>\$ 656,236</u>	<u>108,934</u>
Nonoperating:		
Capital campaign	-	30,256
Investigative/Content	-	190,974
Local journalism	-	175,412
Journalism and fundraising	-	54,067
Newport news bureau	-	25,424
Westerly news bureau	-	100,000
Total nonoperating releases	<u>-</u>	<u>576,133</u>
Total net assets released from restrictions	<u>\$ 656,236</u>	<u>\$ 685,067</u>

Note 13 - Trade Liability

In the year ended June 30, 2017, WUMD 89.3 FM was purchased from the University of Massachusetts Dartmouth at a total acquisition cost of \$2.1 million made up of a \$1.5 million cash payment and a 10-year underwriting trade agreement valued at \$617,100. The underwriting provided to the University of Massachusetts Dartmouth each year is recorded as a reduction in the trade liability. During the year ended June 30, 2023, the Organization and the University of Massachusetts Dartmouth agreed to a revised trade agreement contract which reduced the amount of trade to be provided in the future, which resulted in a gain on relief of the trade obligation of \$125,340.

Note 13 continued on the next page.

Note 13 - Trade Liability (continued)

The balance of the trade liability at April 30, 2024 and June 30, 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
University of Massachusetts Dartmouth	<u>\$ 168,800</u>	<u>\$ 221,600</u>
Total	<u>\$ 168,800</u>	<u>\$ 221,600</u>

Underwriting trade, valued at the following amounts, is expected to be provided as follows:

	<u>2024</u>	<u>2023</u>
Year ended June 30,		
2024	\$ -	\$ 62,400
2025	62,000	62,400
2026	62,000	62,400
2027	44,800	34,400
2028	-	-
Thereafter	<u>-</u>	<u>-</u>
Total	<u>\$ 168,800</u>	<u>\$ 221,600</u>

Note 14 - Related Parties

The Organization has a loan and a lease for office and studio space with the Rhode Island Foundation where a board member is also a trustee of the Rhode Island Foundation.

Note 15 - Merger and Short Period Financial Statements

In November 2023, the Organization announced that it will merge with Rhode Island PBS to create a single entity with an expanded capacity to produce public-interest reporting and expand the reach and scale of public media in Rhode Island and southeastern Massachusetts. The Federal Communications Commission approved the merger and the Rhode Island Attorney General accepted the application as complete. The merger was effective May 1, 2024. The audited financial statements of the Organization are for the short period of July 1, 2023 through April 30, 2024.

Note 16 - Subsequent Events

In May 2024, the loan disclosed in Note 8 to the financial statements was forgiven by the lender with the condition that the forgiven loan balance shall be reinvested over the next three to five years for additional staffing and operational expenses related to the expansion of local journalism.

Management has evaluated all subsequent events through September 26, 2024, the date the financial statements were available to be issued.