

NASHVILLE PUBLIC RADIO
FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS
JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nashville Public Radio
Nashville, Tennessee

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Nashville Public Radio (the "Organization"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Public Radio, as of June 30, 2020 and 2019, 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.

King CPAs PLLC

Nashville, Tennessee

November 4, 2020

NASHVILLE PUBLIC RADIO

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,571,062	\$ 705,266
Underwriting receivables	328,134	356,403
Contributions receivable, net:		
Membership	88,885	93,502
Capital campaign	321,341	529,874
Bequest	350,000	175,000
Other receivables	25,761	27,565
Prepaid expenses	3,978	4,977
Investments	8,347,264	8,513,473
Property and equipment, net	2,834,526	2,768,688
Federal Communication Commission licenses	7,995,125	7,995,125
Perpetual trusts held by third parties	<u>193,739</u>	<u>191,283</u>
TOTAL ASSETS	<u>\$ 22,059,815</u>	<u>\$ 21,361,156</u>
LIABILITIES		
Accounts payable	\$ 183,178	\$ 129,945
Accrued payroll	106,993	138,973
Deferred underwriting revenues	98,747	111,704
Long-term debt, net	<u>504,600</u>	<u>300,000</u>
TOTAL LIABILITIES	<u>893,518</u>	<u>680,622</u>
NET ASSETS		
Without donor restrictions	12,320,339	11,456,834
With donor restrictions	<u>8,845,958</u>	<u>9,223,700</u>
TOTAL NET ASSETS	<u>21,166,297</u>	<u>20,680,534</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,059,815</u>	<u>\$ 21,361,156</u>

See accompanying notes to financial statements.

NASHVILLE PUBLIC RADIO

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grants:			
Corporation for Public Broadcasting:			
Community Service Grant	\$ 341,175	\$ -	\$ 341,175
CARES Act Stabilization Grant	75,000	-	75,000
Other	6,400	-	6,400
Other foundation grants	251,317	52,500	303,817
Individual and membership contributions	2,722,213	-	2,722,213
Bequests	409,000	-	409,000
Capital campaign contributions	-	41,000	41,000
Underwriting	2,220,864	-	2,220,864
In-kind support	7,590	-	7,590
Investment return designated for current operations	5,307	340,000	345,307
Miscellaneous	121,201	-	121,201
Special events revenue	11,934	-	11,934
Less: Special events - direct costs	(6,835)	-	(6,835)
Net assets released resulting from satisfaction of donor stipulations	589,533	(589,533)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	6,754,699	(156,033)	6,598,666
EXPENSES			
Program services:			
Programming and engineering	3,644,505	-	3,644,505
Supporting services:			
Management and general	693,625	-	693,625
Membership	749,778	-	749,778
Underwriting	797,971	-	797,971
Capital campaign	-	-	-
TOTAL EXPENSES	5,885,879	-	5,885,879
Change in net assets from operations	868,820	(156,033)	712,787
OTHER CHANGES			
Investment return less than amounts designated for current operations	-	(221,709)	(221,709)
Loss on disposal of equipment	(5,315)	-	(5,315)
CHANGE IN NET ASSETS	863,505	(377,742)	485,763
NET ASSETS - BEGINNING OF YEAR	11,456,834	9,223,700	20,680,534
NET ASSETS - END OF YEAR	\$ 12,320,339	\$ 8,845,958	\$ 21,166,297

See accompanying notes to financial statements.

2019

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 319,557	\$ -	\$ 319,557
-	-	-
-	-	-
72,410	-	72,410
2,341,245	-	2,341,245
1,575,000	-	1,575,000
-	520,798	520,798
2,629,818	-	2,629,818
7,590	-	7,590
1,305	340,000	341,305
88,774	-	88,774
27,103	-	27,103
(8,263)	-	(8,263)
<u>1,024,689</u>	<u>(1,024,689)</u>	<u>-</u>
<u>8,079,228</u>	<u>(163,891)</u>	<u>7,915,337</u>
3,460,983	-	3,460,983
671,230	-	671,230
647,516	-	647,516
938,821	-	938,821
<u>66,885</u>	<u>-</u>	<u>66,885</u>
<u>5,785,435</u>	<u>-</u>	<u>5,785,435</u>
<u>2,293,793</u>	<u>(163,891)</u>	<u>2,129,902</u>
-	(97,285)	(97,285)
<u>-</u>	<u>-</u>	<u>-</u>
2,293,793	(261,176)	2,032,617
<u>9,163,041</u>	<u>9,484,876</u>	<u>18,647,917</u>
<u>\$ 11,456,834</u>	<u>\$ 9,223,700</u>	<u>\$ 20,680,534</u>

NASHVILLE PUBLIC RADIO

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 485,763	\$ 2,032,617
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions for capital campaign	(41,000)	(520,798)
Depreciation	147,328	143,289
Amortization	-	10,294
Loss on disposal of equipment	5,315	-
Realized and unrealized (gain) loss on investments	5,211	(78,001)
(Increase) decrease in:		
Underwriting receivables	28,269	4,414
Contributions receivable - membership	4,617	40,062
Contributions receivable - bequest	(175,000)	(175,000)
Other receivables	1,804	(4,903)
Prepaid expenses	999	490
Increase (decrease) in:		
Accounts payable	53,233	(61,732)
Accrued payroll	(31,980)	52,109
Deferred underwriting revenues	(12,957)	(34,261)
TOTAL ADJUSTMENTS	<u>(14,161)</u>	<u>(624,037)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>471,602</u>	<u>1,408,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(218,481)	(143,231)
Purchase of investments	(2,659,370)	(703,093)
Proceeds from sale of investments	<u>2,817,912</u>	<u>881,873</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(59,939)</u>	<u>35,549</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital campaign contributions collected	249,533	684,778
Proceeds from Paycheck Protection Program loan	504,600	-
Principal payments on long-term debt	(300,000)	(2,274,712)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>454,133</u>	<u>(1,589,934)</u>
NET INCREASE (DECREASE) IN CASH	865,796	(145,805)
CASH - BEGINNING OF YEAR	<u>705,266</u>	<u>851,071</u>
CASH - END OF YEAR	<u>\$ 1,571,062</u>	<u>\$ 705,266</u>

See accompanying notes to financial statements.

NASHVILLE PUBLIC RADIO

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services				Total
	Programming and Engineering	Management and General	Membership	Underwriting	Capital Campaign	
401(k) plan costs	\$ 97,591	\$ 28,585	\$ 28,585	\$ -	\$ -	\$ 154,761
Accounting services	-	25,632	-	-	-	25,632
All other programming - local	91,814	-	-	-	-	91,814
Auto expenses	7,559	251	281	-	-	8,091
Bank fees	-	17,687	49,755	23,653	-	91,095
Consulting	37,920	40,835	28,775	-	-	107,530
Depreciation	119,904	13,130	8,469	5,825	-	147,328
Design services	-	-	300	-	-	300
E-mail distribution	2,412	-	-	-	-	2,412
Equipment purchases	30,271	2,397	1,814	-	-	34,482
Event production costs	2,530	-	6,579	-	-	9,109
Facility operations	48,909	11,326	6,292	6,292	-	72,819
Insurance - property and liability	34,517	10,021	5,567	5,567	-	55,672
Interest	5,006	-	-	-	-	5,006
Legal services	10,631	4,525	-	-	-	15,156
Mail preparation	-	-	19,291	-	-	19,291
Medical insurance premiums	238,015	47,563	36,375	-	-	321,953
Memberships	7,811	1,415	850	-	-	10,076
Miscellaneous employment costs	9,093	2,614	2,614	-	-	14,321
Miscellaneous	6,140	7,656	1,198	-	-	14,994
National Public Radio fees	581,043	-	-	-	-	581,043
NPR interconnect fee	12,125	-	-	-	-	12,125
Office equipment lease	-	14,219	-	-	-	14,219
Office supplies	-	6,971	-	-	-	6,971
Parts and repairs	38,057	-	-	-	-	38,057
Payroll taxes	101,094	29,606	29,606	-	-	160,306
Postage and shipping	-	2,059	19,944	-	-	22,003
Premiums	-	-	31,061	-	-	31,061
Printing	292	1,019	31,168	-	-	32,479
Property taxes	3,600	263	-	-	-	3,863
Other national program fees	369,466	-	-	-	-	369,466
Recruitment services	2,366	50	-	-	-	2,416
Research	85,925	-	-	-	-	85,925
Salaries and wages	1,381,873	404,375	404,375	-	-	2,190,623
Software	50,941	1,403	17,874	444	-	70,662
Special event costs	6,835	-	-	-	-	6,835
Temporary staffing	3,624	-	-	-	-	3,624
Telemarketing/call center	-	-	6,650	-	-	6,650
Telephone	58,474	6,934	3,467	3,467	-	72,342
Tower lease	42,540	-	-	-	-	42,540
Tower utilities	53,043	-	-	-	-	53,043
Training	12,745	745	1,307	-	-	14,797
Travel	6,854	2,112	1,897	-	-	10,863
Uncollectible receivables	-	-	-	2,690	-	2,690
Underwriting sales management	-	-	-	724,016	-	724,016
Utilities	35,242	10,232	5,684	5,684	-	56,842
Web hosting/streaming	45,672	-	-	20,333	-	66,005
Wire service	9,406	-	-	-	-	9,406
TOTAL EXPENSES	3,651,340	693,625	749,778	797,971	-	5,892,714
Direct cost and expenses of special events	(6,835)	-	-	-	-	(6,835)
TOTAL EXPENSES INCLUDED IN EXPENSE SECTION OF STATEMENT OF ACTIVITIES	\$ 3,644,505	\$ 693,625	\$ 749,778	\$ 797,971	\$ -	\$ 5,885,879

See accompanying notes to financial statements.

NASHVILLE PUBLIC RADIO

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Services		Supporting Services			Total
	Programming and Engineering	Management and General	Membership	Underwriting	Capital Campaign	
401(k) plan costs	\$ 94,807	\$ 25,226	\$ 24,079	\$ -	\$ -	\$ 144,112
Accounting services	-	23,565	-	-	-	23,565
All other programming - local	88,706	-	-	-	-	88,706
Auto expenses	8,370	1,211	-	-	-	9,581
Bank fees	-	17,489	45,158	25,591	-	88,238
Depreciation	117,521	13,186	6,290	6,292	-	143,289
E-mail distribution	2,305	-	-	-	-	2,305
Equipment purchases	8,908	-	471	-	-	9,379
Event production costs	-	-	3,845	-	3,033	6,878
Facility operations	55,326	11,725	6,514	6,514	-	80,079
Insurance - property and liability	31,899	9,311	5,145	5,145	-	51,500
Interest	53,455	4,302	575	575	23,922	82,829
Legal services	11,846	3,043	-	-	-	14,889
Mail preparation	-	-	23,305	-	-	23,305
Medical insurance premiums	207,646	42,269	37,095	-	-	287,010
Memberships	1,212	3,595	8,905	-	-	13,712
Miscellaneous employment costs	8,224	2,225	2,080	-	-	12,529
Miscellaneous	7,729	13,907	1,272	-	4,246	27,154
National Public Radio fees	549,199	-	-	-	-	549,199
NPR interconnect fee	10,875	-	-	-	-	10,875
Office equipment lease	-	12,635	-	-	-	12,635
Office supplies	-	5,081	-	-	-	5,081
Parts and repairs	34,338	-	-	-	-	34,338
Payroll taxes	99,159	26,332	25,184	-	-	150,675
Postage and shipping	-	1,317	15,823	-	-	17,140
Premiums	-	-	36,937	-	-	36,937
Printing	454	328	25,695	75	496	27,048
Property taxes	3,502	409	-	-	-	3,911
Other national program fees	368,817	-	-	-	-	368,817
Recruitment services	3,597	70,971	288	-	-	74,856
Research	46,790	-	-	-	-	46,790
Salaries and wages	1,378,196	365,704	350,069	-	35,188	2,129,157
Software	35,430	1,684	12,851	-	-	49,965
Special event costs	6,725	-	1,538	-	-	8,263
Telemarketing/call center	-	-	5,046	-	-	5,046
Telephone	51,761	5,745	2,875	2,875	-	63,256
Tower lease	44,040	-	-	-	-	44,040
Tower utilities	54,028	-	-	-	-	54,028
Training	11,515	749	1,498	-	-	13,762
Travel	3,077	386	1,608	-	-	5,071
Underwriting sales management	-	-	-	861,473	-	861,473
Utilities	30,431	8,835	4,908	4,908	-	49,082
Web hosting/streaming	28,414	-	-	25,373	-	53,787
Wire service	9,406	-	-	-	-	9,406
TOTAL EXPENSES	3,467,708	671,230	649,054	938,821	66,885	5,793,698
Direct cost and expenses of special events	(6,725)	-	(1,538)	-	-	(8,263)
TOTAL EXPENSES INCLUDED IN EXPENSE SECTION OF STATEMENT OF ACTIVITIES	\$ 3,460,983	\$ 671,230	\$ 647,516	\$ 938,821	\$ 66,885	\$ 5,785,435

See accompanying notes to financial statements.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 - GENERAL

Nashville Public Radio (the “Organization”) is a private, not-for-profit corporation established for the purpose of operating non-commercial radio broadcasting stations presenting educational, cultural and public interest programming in the Middle Tennessee area.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of Nashville Public Radio have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed 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.

Revenues, Gains and Other Support

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give are received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation of transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. There are no significant benefits or duties associated with membership contributions. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as donor-restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues, Gains and Other Support (Continued)

Special events revenue is generated from sponsorships, ticket sales and sales of items at events held during the period and revenues are recognized when the events occur, which is the completion of the Organization's performance obligation. Some of these revenues are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the amount paid and the exchange element. The Organization records fundraising income equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received. In 2020 and 2019, management considered this amount to be immaterial, and it was not recorded. Amortization of the discount, if applicable, is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible contributions is provided based on management's estimate of uncollectible pledges and historical trends. Contributions receivable are written off when deemed to be uncollectible.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 14 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment return in excess of (less than) amounts designated for current operations includes the Organization's gains and losses on investments bought and sold as well as held during the year.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are reported at cost. Donated equipment is recorded as a contribution at estimated fair value determined as of the date of receipt. The Organization's policy is to capitalize purchases with a cost of \$1,000 or more and an expected useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of individual assets, which range as follows:

Buildings	40 years
Land improvements	10 to 25 years
Broadcast transmission tower and equipment	3 to 20 years
Office furniture and equipment	3 to 7 years

Federal Communications Commission Licenses

Federal Communications Commission ("FCC") licenses are valued at either cost or estimated fair value at the date contributed and are reflected net of amortization accumulated prior to the adoption of Accounting Standards Codification ("ASC") §350-30-35 in 2003, and net of any impairment. The Organization evaluates the carrying value of licenses annually for potential impairment.

Underwriting Receivables and Deferred Underwriting Revenues

Underwriting receivables consist of amounts due from underwriters of programming. Deferred underwriting revenue is recorded when underwriting prepayments are received. Underwriting revenue is recognized in the period the underwriting announcements take place. Most underwriters are in the Middle Tennessee area.

Debt Issue Costs and Amortization

Debt issue costs are capitalized and amortized by the interest method over the term of the related debt issue. Amortization of debt issue costs is included in interest expense on the statements of activities.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. The expenses that are allocated include personnel-related expenses, auto expenses, bank fees, consulting, depreciation, equipment, events, facility operations, insurance, interest, legal services, memberships, postage, printing, property taxes, recruitment services, software, telephone, training, travel, utilities, and web hosting which are allocated on the basis of estimates of time and effort.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Organization expenses advertising costs as incurred.

Donated Goods, Services and Marketable Securities

In-kind support is reported as revenue and expense in the statement of activities. This amount represents the estimated fair value of goods and services donated to the Organization that otherwise would have been purchased.

A number of volunteers donate time to the Organization without compensation. The fair value of these services is not reflected in the accompanying financial statements, since there is no objective basis on which to measure the value of such services.

Donated marketable securities are reported as contributions at their estimated fair value at the date of the gift.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

The Organization files U.S. Federal Form 990 for organizations exempt from income tax and Form 990-T, an exempt organization business income tax return. In addition, the Organization files a Tennessee Franchise and Excise tax return.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization classifies assets measured at fair value based on a hierarchy of valuation techniques consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (valued using quoted prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active or are directly or indirectly observable) and Level 3 (valued based on significant unobservable inputs that reflect estimates and assumptions). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Fair Value Measurements

Mutual funds - classified within Level 1 where quoted market prices are available in an active market. Inputs include mutual funds that have quoted market prices in active markets for identical assets. If quoted market prices are unavailable, fair value is estimated using quoted prices of mutual funds with similar characteristics, and the mutual funds are classified within Level 2.

Perpetual trusts - fair value is based on quoted market prices of the assets owned by the trusts, however, because the Organization holds a beneficial interest in the assets of the trusts, and will never receive the assets held in the trusts, the valuation methodology of the perpetual trusts is classified as Level 3.

Common trust funds - reported at the net asset value of the Organization's share in the fund, which approximates fair value as the practical expedient.

Partnership interests - valued at the Organization's respective capital account balance as reported by the partnership's general partner. The capital account balance represents the net asset value of the Organization's share in the partnership, which approximates fair value as a practical expedient.

There have been no changes in the valuation methodologies used at June 30, 2020 or 2019.

Estimates

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

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the change in net assets as previously reported.

Events Occurring after Reporting Date

The Organization has evaluated events and transactions that occurred between June 30, 2020 and November 4, 2020, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

New Accounting Pronouncements

On July 1, 2019, the Organization adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* and all subsequent amendments to the ASU (collectively, "ASC 606"), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the considerations to which the entity expects to be entitled in an exchange of goods or services. The organization adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. The organization performed an analysis of revenue streams and transactions to determine in-scope applicability. The revenue streams considered in-scope for purposes of ASC 606 include certain grant revenues and most revenues associated with performance of special events (sponsorships, ticket sales and sales of items). The Organization recognizes revenues that fall within the scope of ASC 606 as it satisfies its obligation to the customer. The adoption of ASC 606 did not result in a material change to the accounting for any of the in-scope revenue streams; as such, the Organization did not record a cumulative effect adjustment.

On July 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improve guidance to better distinguish between conditional and unconditional contributions. This standard did not result in a change to the financial statements or the timing of revenue recognition for the Organization's contributions and grants.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following reflects Nashville Public Radio's financial assets, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed time or purpose restrictions, as of June 30:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash	\$ 1,571,062	\$ 705,266
Underwriting receivables	328,134	356,403
Contributions receivable, net	760,226	798,376
Other receivables	25,761	27,565
Transfer from endowment - spending rule	<u>340,000</u>	<u>340,000</u>
 Total financial assets	 3,025,183	 2,227,610
 Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	<u>(159,736)</u>	<u>(263,961)</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$ 2,865,447</u>	 <u>\$ 1,963,649</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Membership:		
Due in less than one year	\$ 88,885	\$ 100,449
Less allowance for uncollectible pledges	<u>-</u>	<u>(6,947)</u>
	<u>\$ 88,885</u>	<u>\$ 93,502</u>
 Capital campaign:		
Due in less than one year	\$ 161,605	\$ 265,913
One to five years	<u>159,736</u>	<u>263,961</u>
	<u>\$ 321,341</u>	<u>\$ 529,874</u>
 Bequest	 <u>\$ 350,000</u>	 <u>\$ 175,000</u>

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 5 - INVESTMENTS

Investments consist of the following as of June 30:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 1,224,902	\$ 1,510,676	\$ 2,327,378	\$ 2,650,503
Common trust funds	5,610,219	5,731,475	5,135,912	5,146,736
Partnership interests	<u>979,104</u>	<u>1,105,113</u>	<u>694,104</u>	<u>716,234</u>
	<u>\$ 7,814,225</u>	<u>\$ 8,347,264</u>	<u>\$ 8,157,394</u>	<u>\$ 8,513,473</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 576,467	\$ 576,467
Land improvements	31,917	31,917
Buildings	2,834,312	2,805,079
Interest in jointly-owned Brentwood broadcast transmission tower and related land	547,967	547,967
Transmitter sites - towers and related equipment	1,020,928	1,020,928
Studio broadcast equipment	580,802	516,001
Office furniture and equipment	<u>331,506</u>	<u>355,351</u>
	5,923,899	5,853,710
Less accumulated depreciation	<u>(3,089,373)</u>	<u>(3,085,022)</u>
	<u>\$ 2,834,526</u>	<u>\$ 2,768,688</u>

The Organization and two other radio stations own equal one-third undivided interests in the Brentwood broadcast transmission tower and related land. The Organization's interest is included at cost in property and equipment and depreciated over its estimated useful life.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 7 - FEDERAL COMMUNICATIONS COMMISSION LICENSES

Federal Communications Commission (“FCC”) licenses, all in Tennessee, consist of the following:

WPLN-FM 90.3, Nashville
WPLN-AM 1430, Madison
WHRS-FM 91.7, Cookeville
WTML-FM 91.5, Tullahoma
WFCL-FM 91.1, Nashville

The stations in Cookeville and Tullahoma are repeater stations, which rebroadcast WPLN-FM programs. The balance of these licenses totaled \$7,995,125 as of June 30, 2020 and 2019. In accordance with ASC §350-30-35, FCC licenses are reflected net of accumulated amortization of \$291,875 that was recorded prior to the adoption of that standard.

NOTE 8 - LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Term note to bank, principal payable in annual installments, interest payable monthly at a variable rate of LIBOR plus 2.6%, paid in full during 2020.	\$ -	\$ 300,000
	<u>\$ -</u>	<u>\$ 300,000</u>

The Organization entered into a Paycheck Protection Program loan of \$504,600 in April 2020, which is fully forgivable if at least 60% of the funds are used for payroll costs, and if certain other terms are met. As of the date these financial statements were available to be issued, the Organization has not yet applied for forgiveness of the loan, and the amount of loan forgiveness has not been determined. If the loan is fully forgiven, the Organization will not be responsible for any payments, and the balance of the loan will be reclassified to other income on the statements of activities at the time forgiveness is granted. If only a portion of the loan is forgiven, or if the forgiveness application is denied, any remaining balance due on the loan must be repaid on or before the maturity date of the loan, including accrued interest. The loan bears interest at a fixed rate of 1% and matures in April 2022.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash accounts at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Organization's cash balances may, at times, exceed statutory limits. The Organization has not experienced any losses in such accounts and management considers this to be a normal business risk.

Investments are subject to market risk, the risk inherent in a fluctuating market. The broker/dealer that is the custodian of the Organization's securities is covered by the Securities Investor Protection Corporation ("SIPC"), which provides protection to investors in certain circumstances such as fraud or failure of the institution. Coverage is limited to \$500,000, including up to \$250,000 in cash. The SIPC does not insure against market risk.

The Organization purchases essential and unique programs from National Public Radio and has licenses from the FCC.

NOTE 10 - ENDOWMENT FUNDS

Net assets with donor restrictions include donor restricted endowment funds that were contributed to the Organization by the WPLN Educational Foundation. Under the terms of the memorandum of understanding with the donor, the Organization may spend endowment corpus for its operations or activities subject to approval by 85% of the Organization's voting Board of Directors. Due to this provision, the Organization has classified the endowment funds as net assets with donor restrictions. The Organization's endowment funds are based on the spending policies described below which follow the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act ("SUPMIFA").

Interpretation of applicable law - The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts 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 retains in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization's endowment funds have explicit donor stipulations that allow for distributions of annual fund income, not to exceed 5% of the fund balance, to support the operations and activities of the Organization. Any excess or deficiency of annual income that is not distributed is added to fund principal.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 10 - ENDOWMENT FUNDS (CONTINUED)

Investment return objective, risk parameters and strategies - The Organization has adopted investment and spending policies, approved by the Board of Directors, to establish asset allocation targets, investment objectives and guidelines and the degree of investment risk the Board of Directors deem acceptable. The purpose of the endowment's investment policy is to generate sufficient long-term growth of capital, without undue exposure to risk, to provide a sustainable level of spending distributions, as well as enhance the real purchasing power of the investments.

The strategic asset allocation among a broad range of asset classes is designed to achieve the long-term investment objectives of the endowment. The overall target asset allocation, which was derived from an asset allocation study specific to the endowment's investment objectives, is designed to reflect the following structure:

<u>Allowable Allocation Ranges</u>		
	<u>Minimum</u>	<u>Maximum</u>
Cash & Equivalents	0%	10%
Global Fixed Income, including:	15%	45%
Investment Grade Bonds (Government/Agency & Corporate)		
Inflation-Protected Securities (TIPS)		
Asset- & Mortgage-Backed Securities		
High Yield Bonds		
Bank Loans		
International Debt (Sovereign & Corporate)		
Marketplace Lending		
Other Long-Only Fixed Income Strategies		
Global Equity, including:	45%	75%
Domestic Equity (Large & Small/Mid Cap)		
International Equity (Developed & Emerging Markets)		
Public Real Estate Investment Trusts (REITs)		
Public Master Limited Partnerships (MLPs)		
Private Equity		
Private Real Estate		
Other Long-Only Equity Strategies		
Alternative Investments, including:	0%	20%
Low Volatility		
Absolute Return		
Directional Hedge		
Multi-strategy		
Natural Resources		
Other Non-Correlated Strategies		

The Organization is not currently invested in all asset classes. This policy will be reviewed on a regular basis.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 10 - ENDOWMENT FUNDS (CONTINUED)

Asset allocations are monitored and reviewed on an ongoing basis to determine whether it is necessary to rebalance the assets to ensure that the overall target mix is maintained. Furthermore, the asset allocation is reviewed on an ongoing basis to determine whether the asset mix appropriately reflects the investment objectives of the endowment.

Spending policy - The Organization has a policy of appropriating for distribution an amount based on a twelve-quarter previous average of the market value of the total fund, multiplied by the current year's spending rate, which was 4.0% for 2020 and 2019. Distributions are made at the beginning of each quarter in the amount of one-fourth the annual calculated amount. For the year ended June 30, 2020 and 2019, the Organization transferred \$340,000 per year to net assets without donor restrictions. The Organization may also spend additional amounts of the donor-restricted investments for its operations or activities subject to approval by 85% of the Organization's voting Board of Directors.

A summary of the changes in donor-restricted endowment net assets follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Endowment net assets - beginning of year	\$ 8,502,543	\$ 8,606,589
Contributions	52,500	-
Investment income, less related fees	134,800	153,711
Realized and unrealized gain (loss)	(18,965)	82,243
Transfers to net assets without donor restrictions - spending rule	<u>(340,000)</u>	<u>(340,000)</u>
Endowment net assets - end of year	<u>\$ 8,330,878</u>	<u>\$ 8,502,543</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Capital campaign contributions receivable	\$ 321,341	\$ 529,874
Donor-restricted endowment funds	8,330,878	8,502,543
Perpetual trust held by the third parties	<u>193,739</u>	<u>191,283</u>
	<u>\$ 8,845,958</u>	<u>\$ 9,223,700</u>

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Donors have established two perpetual trusts administered by third parties for the benefit of the Organization. Under the terms of the trusts, the Organization has the irrevocable right to receive the income earned on their portion of the trusts in perpetuity. Except as noted below, the income distributed from the funds is not restricted.

One of the trusts is administered by The Community Foundation of Middle Tennessee in the amount of \$100,000. Under the terms of the agreement, earnings of the fund will initially add to the corpus of the fund. Beginning in 2024, annual payouts will be made to the Organization.

At June 30, 2020, the fair market value of the Organization's beneficial interest in the assets in the trusts was \$193,739 (\$191,283 at June 30, 2019). The change in value of the perpetual trusts was a decrease of \$2,456 for the year ended June 30, 2020 (increase of \$6,850 for the year ended June 30, 2019).

NOTE 12 - SUPPLEMENTAL CASH FLOW INFORMATION

The Organization made interest expense payments of \$5,006 for the year ended June 30, 2020 (\$77,991 for the year ended June 30, 2019).

NOTE 13 - RETIREMENT PLAN

The Organization provides a 401(k) profit sharing plan for its employees. Employees are eligible to participate after 30 days of employment. The plan provides for a matching contribution up to 7.5% of compensation paid by the Organization. The Organization may also make discretionary profit-sharing contributions. Retirement plan costs, including contributions made to the plan by the Organization, amounted to \$154,761 for the year ended June 30, 2020 (\$144,112 for the year ended June 30, 2019).

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 14 - FAIR VALUE MEASUREMENTS

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of June 30, 2020, segregated by level of valuation inputs within the fair value hierarchy utilized to measure fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets:</u>				
Mutual funds:				
Large capital	\$ 916,715	\$ -	\$ -	\$ 916,715
Small/mid capital	379,695	-	-	379,695
Fixed income and inflation hedge	50,965	-	-	50,965
Money market	<u>163,301</u>	<u>-</u>	<u>-</u>	<u>163,301</u>
Total mutual funds	<u>1,510,676</u>	<u>-</u>	<u>-</u>	<u>1,510,676</u>
Perpetual trusts	<u>-</u>	<u>-</u>	<u>193,739</u>	<u>193,739</u>
Total financial assets in the fair value hierarchy	<u>\$ 1,510,676</u>	<u>\$ -</u>	<u>\$ 193,739</u>	<u>1,704,415</u>
Common trust funds:				
Fixed income				3,227,110
International equity				1,510,265
Domestic equity				<u>994,100</u>
Total common trust funds				<u>5,731,475</u>
Partnership interests				<u>1,105,113</u>
Total investments measured at net asset value (a)				<u>6,836,588</u>
Total financial assets				<u>\$ 8,541,003</u>

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 14 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of June 30, 2019, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets:</u>				
Mutual funds:				
Large capital	\$ 940,598	\$ -	\$ -	\$ 940,598
Small/mid capital	289,369	-	-	289,369
Fixed income and inflation hedge	726,769	-	-	726,769
Master limited partnerships	253,558	-	-	253,558
International equity	288,212	-	-	288,212
Money market	<u>151,997</u>	-	-	<u>151,997</u>
Total mutual funds	<u>2,650,503</u>	-	-	<u>2,650,503</u>
Perpetual trusts	-	-	<u>191,283</u>	<u>191,283</u>
Total financial assets in the fair value hierarchy	<u>\$ 2,650,503</u>	<u>\$ -</u>	<u>\$ 191,283</u>	<u>2,841,786</u>
Common trust funds:				
Fixed income				1,763,987
International equity				1,761,235
Multi-strategy				944,359
Small/mid capital				<u>677,155</u>
Total common trust funds				<u>5,146,736</u>
Partnership interests				<u>716,234</u>
Total investments measured at net asset value (a)				<u>5,862,970</u>
Total financial assets				<u>\$ 8,704,756</u>

(a) In accordance with Accounting Standards Codification Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or the equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 14 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 191,283	\$ 184,433
Unrealized gain (loss)	<u>2,456</u>	<u>6,850</u>
Balance, end of year	<u>\$ 193,739</u>	<u>\$ 191,283</u>

Unrealized losses on assets included in Level 3 of the valuation hierarchy amounted to a gain of \$2,456 in 2020 and a gain of \$6,850 in 2019. Unrealized gains and losses are included in investment return in the statements of activities and relate to assets still held at the statement of financial position date.

Fair value of investments in certain entities that calculate net asset value per share (or its equivalent) are as follows:

	<u>Fair Value</u> <u>2020</u>	<u>Fair Value</u> <u>2019</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption*</u> <u>Frequency</u>	<u>Redemption*</u> <u>Notice</u>
Common trust funds	\$ 5,731,475	\$ 5,146,736	\$ -	monthly	1 to 15 days
Partnership interests	\$ 1,105,113	\$ 716,234	\$ 764,750	none	11- to 15-year partnership term

*Information noted in these columns is the same for each investment type for 2020 and 2019.

A summary of the investment strategies for such investment follows:

Common trust funds

The Organization holds investments with a fair value of approximately \$5,731,000 in 2020 (\$5,147,000 in 2019) in a series of common trust funds. The funds invest in various types of corporate obligations, asset backed securities, partnerships, U.S. Treasury securities, domestic and foreign equities and exchange traded funds.

NASHVILLE PUBLIC RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 14 - FAIR VALUE MEASUREMENTS (CONTINUED)

Partnership interests

The Organization holds an investment with a fair value of approximately \$757,000 in 2020 (\$569,000 in 2019) in a private equity fund. The Organization also holds an investment with a fair value of approximately \$348,000 in 2020 (\$147,000 in 2019) in another private equity fund. The funds' objectives are to invest in a diversified group of private equity funds balanced across investment categories (venture, buyout and special situations), industries and geographic focus. The Organization's commitment to the funds is expected to be called over a period of 3-4 years, and the anticipated lifecycle of the partnerships are 11-15 years. There is no redemption process for existing commitments to the partnerships, and generally there is no ready market in which to liquidate such private equity investments.

NOTE 15 - COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, management is continuing to evaluate the evolving situation and will implement appropriate countermeasures as needed.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Nashville Public Radio
Nashville, Tennessee

We have audited the financial statements of Nashville Public Radio as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon, dated November 4, 2020, which expressed an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KraftCPAs PLLC

Nashville, Tennessee
November 4, 2020

NASHVILLE PUBLIC RADIO

COMPARISON OF REVENUE AND EXPENSES WITH BUDGET

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Actual</u>	<u>Budget</u>	Actual Over (Under) <u>Budget</u>
SUPPORT AND REVENUE			
Membership contributions	\$ 2,722,213	\$ 2,712,000	\$ 10,213
Bequests	409,000	-	409,000
Capital campaign contributions	41,000	-	41,000
Program underwriting	2,207,732	2,825,000	(617,268)
Corporate matching gifts	13,132	10,000	3,132
Foundation grants	303,817	45,000	258,817
CPB grants	422,575	350,000	72,575
Investment income	5,307	2,400	2,907
In-kind support	7,590	-	7,590
Tower rental income	6,583	6,600	(17)
Miscellaneous income	114,618	91,000	23,618
Special events	5,099	-	5,099
Investment return designated for current operations	340,000	340,000	-
	<u>6,598,666</u>	<u>6,382,000</u>	<u>216,666</u>
EXPENSES			
PROGRAMMING			
All other programming - local	91,814	85,000	6,814
Web hosting/streaming	45,672	25,000	20,672
National Public Radio fees	581,043	580,000	1,043
Other national program fees	369,466	375,000	(5,534)
Tower lease	2,600	-	2,600
Wire service	9,406	10,000	(594)
Salaries and wages	1,227,936	1,257,200	(29,264)
Payroll taxes	89,778	95,200	(5,422)
Medical insurance premiums	211,941	224,400	(12,459)
Miscellaneous employment costs	8,073	11,200	(3,127)
Temporary staffing	3,624	-	3,624
401(k) plan costs	86,727	95,200	(8,473)
Recruitment services	2,366	3,500	(1,134)
Interest expense	5,006	7,800	(2,794)
Depreciation	119,904	134,300	(14,396)
Insurance - property and liability	34,517	31,000	3,517
Facility operations	46,928	40,300	6,628
Telephone	58,474	52,000	6,474
Utilities	35,242	31,000	4,242
Consulting	2,890	-	2,890
Event production costs	2,530	2,500	30
Legal services	3,495	12,500	(9,005)
Printing	292	-	292
Research	85,925	50,000	35,925
Auto expenses	6,077	6,000	77
Memberships	7,811	5,000	2,811
Miscellaneous expense	5,740	7,500	(1,760)
Training	12,745	20,000	(7,255)
Travel	6,854	16,000	(9,146)
Equipment purchases	2,512	-	2,512
E-mail distribution	2,412	3,000	(588)
Software expense	44,093	35,000	9,093
	<u>3,213,893</u>	<u>3,215,600</u>	<u>(1,707)</u>

NASHVILLE PUBLIC RADIO

COMPARISON OF REVENUE AND EXPENSES WITH BUDGET (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Actual</u>	<u>Budget</u>	Actual Over (Under) <u>Budget</u>
ENGINEERING			
Interconnect fee	\$ 12,125	\$ 11,500	\$ 625
Tower lease	39,940	46,500	(6,560)
Tower utilities	53,043	50,000	3,043
Salaries and wages	153,937	157,150	(3,213)
Payroll taxes	11,316	11,900	(584)
Medical insurance premiums	26,074	27,200	(1,126)
Miscellaneous employment costs	1,020	1,600	(580)
401(k) plan costs	10,864	11,900	(1,036)
Facility operations	1,981	-	1,981
Franchise/property taxes	3,600	-	3,600
Consulting	35,030	-	35,030
Legal services	7,136	2,500	4,636
Auto expenses	1,482	3,000	(1,518)
Miscellaneous expense	400	1,000	(600)
Equipment purchases	27,759	10,000	17,759
Parts and repairs	38,057	40,000	(1,943)
Software expense	6,848	1,500	5,348
	<u>430,612</u>	<u>375,750</u>	<u>54,862</u>
TOTAL PROGRAMMING AND ENGINEERING	<u>3,644,505</u>	<u>3,591,350</u>	<u>53,155</u>
MANAGEMENT AND GENERAL			
Salaries and wages	404,375	415,325	(10,950)
Payroll taxes	29,606	31,450	(1,844)
Medical insurance premiums	47,563	51,000	(3,437)
Miscellaneous employment costs	2,614	3,400	(786)
401(k) plan costs	28,585	31,450	(2,865)
Recruitment services	50	1,500	(1,450)
Depreciation	13,130	14,700	(1,570)
Insurance - property and liability	10,021	9,000	1,021
Facility operations	11,326	11,700	(374)
Property taxes	263	4,000	(3,737)
Telephone	6,934	6,500	434
Utilities	10,232	9,000	1,232
Accounting services	25,632	25,000	632
Bank fees	17,687	20,000	(2,313)
Consulting	40,835	15,000	25,835
Legal services	4,525	-	4,525
Printing	1,019	-	1,019
Auto expenses	251	1,000	(749)
Memberships	1,415	3,000	(1,585)
Miscellaneous expense	7,656	6,500	1,156
Training	745	3,000	(2,255)
Travel	2,112	6,000	(3,888)
Office equipment lease	14,219	12,000	2,219
Equipment purchases	2,397	-	2,397
Software expense	1,403	6,000	(4,597)
Postage and shipping	2,059	2,500	(441)
Office supplies	6,971	5,000	1,971
	<u>693,625</u>	<u>694,025</u>	<u>(400)</u>

NASHVILLE PUBLIC RADIO

COMPARISON OF REVENUE AND EXPENSES WITH BUDGET (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

	Actual	Budget	Actual Over (Under) Budget
MEMBERSHIP			
Salaries and wages	\$ 404,375	\$ 415,325	\$ (10,950)
Payroll taxes	29,606	31,450	(1,844)
Medical insurance premiums	36,375	37,400	(1,025)
Miscellaneous employment costs	2,614	3,800	(1,186)
401(k) plan costs	28,585	31,450	(2,865)
Depreciation	8,469	9,500	(1,031)
Insurance - property and liability	5,567	5,000	567
Facility operations	6,292	6,500	(208)
Telecom/phone	3,467	3,250	217
Utilities	5,684	5,000	684
Bank fees	49,755	50,000	(245)
Consulting	28,775	-	28,775
Design services	300	-	300
Event production costs	6,579	2,500	4,079
Printing	31,168	30,000	1,168
Telemarketing/call center	6,650	5,000	1,650
Auto expenses	273	-	273
Membership	850	10,000	(9,150)
Miscellaneous expense	1,198	1,000	198
Training	1,307	2,000	(693)
Travel	1,905	3,000	(1,095)
Equipment purchases	1,814	-	1,814
Software expense	17,874	12,500	5,374
Mail preparation	19,291	25,000	(5,709)
Postage and shipping	19,944	17,500	2,444
Premiums	31,061	40,000	(8,939)
	<u>749,778</u>	<u>747,175</u>	<u>2,603</u>
 UNDERWRITING			
Web hosting/streaming	20,333	25,000	(4,667)
Depreciation	5,825	6,500	(675)
Insurance - property and liability	5,567	5,000	567
Facility operations	6,292	6,500	(208)
Telecom/phone	3,467	3,250	217
Utilities	5,684	5,000	684
Bank fees	23,653	30,000	(6,347)
Software expense	444	-	444
Uncollectable receivables	2,690	-	2,690
Underwriting sales management	724,016	935,000	(210,984)
	<u>797,971</u>	<u>1,016,250</u>	<u>(218,279)</u>

NASHVILLE PUBLIC RADIO

COMPARISON OF REVENUE AND EXPENSES WITH BUDGET (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Actual</u>	<u>Budget</u>	<u>Actual Over (Under) Budget</u>
CAPITAL CAMPAIGN			
Salaries and wages	\$ -	\$ -	\$ -
Interest	-	-	-
Printing	-	-	-
Miscellaneous	-	-	-
Event production costs	-	-	-
	-	-	-
Total expenses from operations	<u>5,885,879</u>	<u>6,048,800</u>	<u>(162,921)</u>
Increase in net assets from operations	<u>712,787</u>	<u>333,200</u>	<u>379,587</u>
OTHER CHANGES			
Investment return less than amounts designated for current operations	(221,709)	(140,000)	(81,709)
Loss on disposal of equipment	<u>(5,315)</u>	<u>-</u>	<u>(5,315)</u>
	<u>(227,024)</u>	<u>(140,000)</u>	<u>(87,024)</u>
Increase in net assets	<u>\$ 485,763</u>	<u>\$ 193,200</u>	<u>\$ 292,563</u>

NASHVILLE PUBLIC RADIO

COMPARISON OF SALARIES AND BENEFITS WITH BUDGET

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Actual</u>	<u>Budget</u>	<u>Actual Over (Under) Budget</u>
PROGRAMMING			
Salaries and wages	\$ 1,227,936	\$ 1,257,200	\$ (29,264)
Payroll taxes	89,778	95,200	(5,422)
Medical insurance premiums	211,941	224,400	(12,459)
Miscellaneous employment costs	8,073	11,200	(3,127)
Temporary staffing	3,624	-	3,624
401(k) plan costs	86,727	95,200	(8,473)
Recruitment services	2,366	3,500	(1,134)
	<u>1,630,445</u>	<u>1,686,700</u>	<u>(56,255)</u>
ENGINEERING			
Salaries and wages	153,937	157,150	(3,213)
Payroll taxes	11,316	11,900	(584)
Medical insurance premiums	26,074	27,200	(1,126)
Miscellaneous employment costs	1,020	1,600	(580)
401(k) plan costs	10,864	11,900	(1,036)
	<u>203,211</u>	<u>209,750</u>	<u>(6,539)</u>
MANAGEMENT AND GENERAL			
Salaries and wages	404,375	415,325	(10,950)
Payroll taxes	29,606	31,450	(1,844)
Medical insurance premiums	47,563	51,000	(3,437)
Miscellaneous employment costs	2,614	3,400	(786)
401(k) plan costs	28,585	31,450	(2,865)
Recruitment services	50	1,500	(1,450)
	<u>512,793</u>	<u>534,125</u>	<u>(21,332)</u>
MEMBERSHIP			
Salaries and wages	404,375	415,325	(10,950)
Payroll taxes	29,606	31,450	(1,844)
Medical insurance premiums	36,375	37,400	(1,025)
Miscellaneous employment costs	2,614	3,800	(1,186)
401(k) plan costs	28,585	31,450	(2,865)
	<u>501,555</u>	<u>519,425</u>	<u>(17,870)</u>
TOTAL SALARIES AND BENEFITS	<u>\$ 2,848,004</u>	<u>\$ 2,950,000</u>	<u>\$ (101,996)</u>
TOTALS			
Salaries and wages	\$ 2,190,623	\$ 2,245,000	\$ (54,377)
Payroll taxes	160,306	170,000	(9,694)
Medical insurance premiums	321,953	340,000	(18,047)
Miscellaneous employment costs	14,321	20,000	(5,679)
Temporary staffing	3,624	-	3,624
401(k) plan costs	154,761	170,000	(15,239)
Recruitment services	2,416	5,000	(2,584)
TOTAL SALARIES AND BENEFITS	<u>\$ 2,848,004</u>	<u>\$ 2,950,000</u>	<u>\$ (101,996)</u>