

ALL CLASSICAL PUBLIC MEDIA, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2022

All Classical

P O R T L A N D

KERN  THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

ALL CLASSICAL PUBLIC MEDIA, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of All Classical Public Media, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All Classical Public Media, Inc. as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of All Classical Public Media, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about All Classical Public Media, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited All Classical Public Media, Inc.'s 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern + Thompson, LLC

Portland, Oregon
December 20, 2022

ALL CLASSICAL PUBLIC MEDIA, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2022

(With Comparative Totals as of June 30, 2021)

ASSETS

	2022	2021
Cash and cash equivalents	\$ 2,447,810	\$ 2,689,425
Accounts receivable, net of allowance of \$7,500 for 2022 and 2021	55,260	35,194
Pledges receivable, net	237,073	195,116
Prepaid expenses and other assets	162,295	188,301
Property and equipment, net	1,901,798	1,999,198
Investments	2,256,764	1,774,026
Beneficial interest in assets held by others	388,953	428,038
Broadcast licenses	5,687,113	5,687,113
Total assets	\$ 13,137,066	\$ 12,996,411

LIABILITIES AND NET ASSETS

Accounts payable	\$ 101,907	\$ 82,982
Accrued payroll and related liabilities	177,765	316,924
Deferred revenue	39,077	30,401
Deferred rent	57,402	99,629
Capital lease obligation	6,137	27,661
Total liabilities	382,288	557,597
Net assets		
Without donor restrictions		
Undesignated	4,086,671	3,671,093
Board designated endowments	928,596	952,020
Net property, equipment, and broadcast licenses	7,588,911	7,658,650
Total without donor restrictions	12,604,178	12,281,763
With donor restrictions	150,600	157,051
Total net assets	12,754,778	12,438,814
Total liabilities and net assets	\$ 13,137,066	\$ 12,996,411

See notes to financial statements.

ALL CLASSICAL PUBLIC MEDIA, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Support and revenue:				
Contributions and grants	\$ 3,650,270	\$ 258,271	\$ 3,908,541	\$ 4,329,627
Underwriting	572,648	-	572,648	394,474
Contributed services and materials	119,001	-	119,001	128,282
Program revenue	44,827	-	44,827	37,233
Investment income (loss), net	(96,278)	-	(96,278)	59,331
Change in value of beneficial interest in assets held by OCF	(15,570)	(8,246)	(23,816)	119,418
Other income	48,713	-	48,713	49,516
	<u>4,323,611</u>	<u>250,025</u>	<u>4,573,636</u>	<u>5,117,881</u>
Net assets released from restrictions	<u>256,476</u>	<u>(256,476)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,580,087</u>	<u>(6,451)</u>	<u>4,573,636</u>	<u>5,117,881</u>
Expenses				
Program services				
Platforms	985,274	-	985,274	963,223
Production	1,730,108	-	1,730,108	1,516,239
Promotion	222,780	-	222,780	72,246
Total program services	<u>2,938,162</u>	<u>-</u>	<u>2,938,162</u>	<u>2,551,708</u>
Supporting services				
Management and general	442,693	-	442,693	380,894
Fundraising	523,059	-	523,059	552,541
Underwriting	353,758	-	353,758	301,582
Total expenses	<u>4,257,672</u>	<u>-</u>	<u>4,257,672</u>	<u>3,786,725</u>
Change in net assets	322,415	(6,451)	315,964	1,331,156
Net assets				
Beginning of year	<u>12,281,763</u>	<u>157,051</u>	<u>12,438,814</u>	<u>11,107,658</u>
Net assets, end of year	<u>\$ 12,604,178</u>	<u>\$ 150,600</u>	<u>\$ 12,754,778</u>	<u>\$ 12,438,814</u>

See notes to financial statements.

ALL CLASSICAL PUBLIC MEDIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	PROGRAM SERVICES				SUPPORTING SERVICES			Total	
	Platforms	Production	Promotion	Total Program	Management and General	Fundraising	Underwriting	2022	2021
Salaries and related expenses	\$ 391,142	\$ 1,042,740	70,961	\$ 1,504,843	\$ 293,961	\$ 291,250	\$ 278,013	\$ 2,368,067	\$ 2,113,807
Professional fees	77,123	168,336	5,669	251,128	52,066	20,979	26,207	350,380	300,603
Supplies	14,570	25,216	1,614	41,400	3,315	36,520	4,594	85,829	70,082
Telephone and internet	70,013	39,729	2,168	111,910	5,389	5,732	3,842	126,873	125,960
Printing and mailing costs	5,095	11,196	966	17,257	3,178	43,343	2,116	65,894	65,325
Rent and utilities	182,635	158,034	8,620	349,289	22,987	22,987	8,620	403,883	398,779
Repairs and maintenance	43,527	2,137	117	45,781	604	311	117	46,813	52,947
Travel, conferences, training	8,689	26,371	579	35,639	24,937	6,460	1,187	68,223	45,542
Affiliation fees/program purchases	954	83,867	3,519	88,340	193	391	239	89,163	63,363
Advertising and marketing	-	15,317	101,381	116,698	-	233	704	117,635	53,189
Donor/corporate cultivation	-	3,400	6,457	9,857	-	5,644	13,702	29,203	4,965
Insurance	14,369	21,144	1,353	36,866	11,534	3,982	1,923	54,305	50,296
Bank fees	-	-	-	-	1,619	51,316	5,159	58,094	51,489
Miscellaneous	14,386	12,479	12,823	39,688	5,435	16,436	782	62,341	60,352
Depreciation	162,771	120,142	6,553	289,466	17,475	17,475	6,553	330,969	330,026
	<u>\$ 985,274</u>	<u>\$ 1,730,108</u>	<u>\$ 222,780</u>	<u>\$ 2,938,162</u>	<u>\$ 442,693</u>	<u>\$ 523,059</u>	<u>\$ 353,758</u>	<u>\$ 4,257,672</u>	<u>\$ 3,786,725</u>

See notes to financial statements.

ALL CLASSICAL PUBLIC MEDIA, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 315,964	\$ 1,331,156
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	330,969	330,026
Donation of license	-	(76,313)
Change in beneficial interest in assets held by OCF	23,816	(119,418)
Realized/unrealized (gains) losses on investments	81,006	(59,331)
Allowance for uncollectible accounts and pledges	-	-
Changes in assets and liabilities:		
Accounts and pledges receivable	(62,023)	186,164
Prepaid expenses and other assets	26,009	698
Accounts payable and accrued expenses	(120,234)	69,985
Deferred revenue and deferred rent	(33,551)	(30,046)
Refundable advance	-	(372,700)
Net cash provided by (used in) operating activities	<u>561,956</u>	<u>1,260,221</u>
Cash flows from investing activities:		
Purchase of property and equipment	(233,571)	(210,879)
Proceeds from beneficial interest in assets held by OCF	15,269	14,434
Purchases of investments	(563,745)	(1,422,135)
Net cash provided by (used in) investing activities	<u>(782,047)</u>	<u>(1,618,580)</u>
Cash flows from financing activities:		
Repayment of capital lease	(21,524)	(27,645)
Net cash provided by (used in) financing activities	<u>(21,524)</u>	<u>(27,645)</u>
Net change in cash and cash equivalents	(241,615)	(386,004)
Cash and cash equivalents, beginning of year	<u>2,689,425</u>	<u>3,075,429</u>
Cash and cash equivalents, end of year	\$ <u>2,447,810</u>	\$ <u>2,689,425</u>

See notes to financial statements.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – DESCRIPTION OF ORGANIZATION

All Classical Public Media, Inc. (the Organization or All Classical Portland) (formerly KBPS Public Radio Foundation) is a non-profit corporation originally founded in 1991 to develop sustained financial support for radio station KQAC-FM Portland. The radio station is Portland's only all-classical radio station, whose mission is to advance knowledge of and appreciation for classical music; to build and sustain culturally vibrant local and global communities around this art form; to reflect the spirit of the Pacific Northwest; and to foster integrity, quality, and innovation in all that they do. Support is provided primarily by contributions from individuals, businesses, and foundations, and grants from the Corporation for Public Broadcasting (CPB).

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

Program Services

Through regional FM radio frequencies, and worldwide via its online streaming service and free mobile app, **All Classical Portland** provides daily programming that is 98% locally produced and curated for the community, and available to the world. Programs include in-studio concerts, special interviews and performances, historical and contextual information about compositions and composers, and news about local arts organizations. Specialty programs include *On Deck with Young Musicians* featuring young regional musicians, *Club Mod* focused on the music of living composers, and *Sunday Brunch: Exploring cultures through delicious music*. In addition, All Classical Portland produces and nationally syndicates *The Score*, a radio show about film music, and *Played in Oregon* featuring performances recorded in and around Oregon and SW Washington. As many as 259,800 weekly listeners tune in to All Classical Portland's FM broadcast in the Portland metro area alone (source: Nielsen Audio), and over 100,000 listeners access our online stream each month, representing nearly 100 countries.

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

In April 2019, All Classical Portland launched a new radio channel for children, the **International Children's Arts Network (ICAN)**. ICAN is a commercial-free network available on All Classical Portland's HD-2 channels, online at icanradio.org and via the free mobile All Classical Portland app. It is designed to educate, foster cross-cultural awareness, stimulate creativity and playfulness, awaken the imagination, and promote emotional literacy. ICAN's musical programming takes a broadened and inclusive approach to the classical canon to highlight traditions from around the globe, providing children with an entry point to learning about world cultures and traditions through music and literature. Daily programming consists of storytelling and poetry shared with music, imagined adventures in children's own voices, and a bedtime hour featuring lullabies from around the globe. In 2020, ICAN expanded to a full 24 hours/day and launched the podcast titled *Screenshot*.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

ICAN is one of four initiatives of **JOY (Joyous Outreach to You/th)** which launched in 2017 and is All Classical Portland's comprehensive initiative dedicated to equity and inclusivity. Other JOY programs include:

- **Youth Roving Reporters (YRR)**, an arts journalism training and mentorship program. Through the YRR educational program, All Classical Portland's on-air hosts mentor Youth Roving Reporters (ages 15-18), providing them with guidance and insight on what it is to be a broadcaster and how to effectively, authentically, and creatively tell the stories of their communities.
- **Where We Live** is JOY's radio series that shines a spotlight on organizations that present or create programs in art, theater or music that explore the intersection of art and social issues.
- **Artist in Residence (AIR)** program started in 2019. AIR has been designed to foster creative and professional growth for young, emerging, and established performing artists. Residents have access to All Classical Portland's world-class facilities and studios and are offered on-air and performance opportunities including appearances on radio programs, at station events and concerts, and on special broadcasts. Residents are encouraged to pursue artistic research projects and to publish related articles about their work and findings through All Classical Portland's wide-reaching platforms. Residents will receive a scholarship award to assist in their creative projects and performances, and/or continued studies. In addition, each resident is presented by All Classical Portland in recital during their residency. The residency is designed to support artists in pursuit of new projects and ideas, take creative risks, and to equitably support local performers and composers. In 2021, All Classical Portland added three additional residencies for composers, and four Youth Artist Ambassador roles.
- **Recording Inclusivity Initiative (RII)** seeks to address the gap of classical music composers and musicians from underrepresented communities that make it onto the airwaves. Through community nominations, All Classical Portland is producing new, high-quality recordings of music by composers who have been historically excluded in classical music, as well as offering these composers in-person residencies and a financial reward. All Classical Portland is now challenging public radio stations across the United States to launch their own regional initiative, providing a how-to kit based on lessons learned from our own inaugural Recording Inclusivity Initiative. In addition, All Classical Portland received foundation support to create an online database for national distribution of recordings. RII received the national "Local That Works" media award in 2021.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the not-for-profit. It is important to note that ASU 2020-07 did not change the accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

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

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Contributions Revenue and Pledges Receivable

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

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

Allowance for Uncollectible Accounts

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

Investments

Investments are reported at fair value.

Property and Equipment

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

Intangible Assets – Broadcast Licenses

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

Income Tax Status

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

Contributed Services and Materials

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

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services and Materials (Continued)

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

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

Functional Allocation of Expenses

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

Advertising Costs

Advertising costs are expensed in the period in which they are incurred. Advertising expense approximated \$118,000 and \$53,000 for the years ended June 30, 2022 and 2021, respectively.

Use of Estimates

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

Summarized Financial Information for 2021

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, 2021, from which the summarized information was derived.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE C – FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

	June 30, 2022		
	Level 1	Level 3	Total
Cash and cash equivalents	\$ 362,985	\$ -	\$ 362,985
Equity ETF's and Mutual Funds	380,708	-	380,708
Fixed Income Bonds	1,278,019	-	1,278,019
Fixed Income Mutual Funds	162,001	-	162,001
Other Investments	34,247	-	34,247
Beneficial interest in assets held by others	-	388,953	388,953
Total assets in FV hierarchy	<u>\$ 2,217,960</u>	<u>\$ 388,953</u>	<u>2,606,913</u>
Real Estate Investment Trusts (REIT) measured at NAV (a)			<u>38,804</u>
Total investments and beneficial interest at fair value			<u>\$ 2,645,717</u>

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

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

	June 30, 2021		
	Level 1	Level 3	Total
Cash and cash equivalents	\$ 314,374	\$ -	\$ 314,374
Equity ETF's and Mutual Funds	384,005	-	384,005
Fixed Income Bonds	880,995	-	880,995
Fixed Income Mutual Funds	126,076	-	126,076
Other Investments	28,562	-	28,562
Beneficial interest in assets held by others	-	428,038	428,038
Total assets in FV hierarchy	<u>\$ 1,734,012</u>	<u>\$ 428,038</u>	<u>2,162,050</u>
Real Estate Investment Trusts measured at NAV (a)			<u>40,014</u>
Total investments and beneficial interest at fair value			<u>\$ 2,202,064</u>

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

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

	2022	2021
Balance at beginning of year	\$ 428,038	\$ 323,054
Total gains and (losses)	(23,816)	119,418
Distributions	(15,269)	(14,434)
Balance at June 30	<u>\$ 388,953</u>	<u>\$ 428,038</u>

NOTE D – PLEDGES RECEIVABLE

Pledges receivable at June 30, 2022 and 2021 represent unconditional promises to give as follows:

	2022	2021
Receivable within one year	\$ 108,247	\$ 91,000
Receivable in two to five years	128,826	104,116
Thereafter	331,404	331,404
	<u>568,477</u>	<u>526,520</u>
Less allowance for uncollectible pledges	(331,404)	(331,404)
	<u>\$ 237,073</u>	<u>\$ 195,116</u>

The Organization has determined the present value adjustment of the long term pledges is immaterial.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE E – BENEFICIAL INTEREST IN ASSETS HELD BY OCF

The Organization maintains an endowment fund that is held by the Oregon Community Foundation (OCF). The Organization's fund is pooled with other assets managed by OCF. Variance power was not granted to OCF unless the Organization ceases to exist or loses its tax-exempt status, and distributions in the amount of a reasonable rate of return determined by OCF will be distributed to the Organization each year. OCF may make additional distributions from the fund to the Organization upon a majority vote of all of the directors of the Organization, if, in the sole judgment of the board of OCF, the requested distribution is consistent with the objectives and purposes of the Organization. The beneficial interest in assets totaled \$388,953 and \$428,038 at June 30, 2022 and 2021, respectively. The fund consists of both board-designated and donor restricted endowments (See Note J).

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Antennas	\$ 1,495,537	\$ 1,492,788
Broadcasting equipment	1,290,984	1,171,805
Furniture and equipment	1,041,783	935,512
Vehicles	37,556	37,556
Leasehold improvements	2,264,627	2,259,255
	<u>6,130,487</u>	<u>5,896,916</u>
Less accumulated depreciation	<u>(4,228,689)</u>	<u>(3,897,718)</u>
	<u>\$ 1,901,798</u>	<u>\$ 1,999,198</u>

Equipment totaling \$73,376 is held under a capital lease, with accumulated amortization of \$67,239.

NOTE G – LEASE COMMITMENTS

Office Facilities and Equipment:

The Organization leases its facility under a lease agreement through July 1, 2023 with two five-year renewal terms available thereafter. Current monthly base rent is approximately \$26,889 with annual rate increases. The Organization amortizes the lease on the straight-line basis over the term, resulting in level rent expense year-to-year. The difference between the annual expense recognized on the straight-line basis and the amounts actually paid by the Organization is reflected as deferred rent payable of \$57,402 and \$99,629 at June 30, 2022 and 2021, respectively.

The Organization subleases office space to two other nonprofit organizations. One sublease is effective through June 30, 2023, and another through March 31, 2023 with an automatic renewal. Total monthly sublease rent is currently \$3,865 with annual increases in the subleases. The Organization also leases office equipment under a capital lease for a total of \$1,566 per month. The lease has bargain purchase options at the end and terminates in October 2022.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE G – LEASE COMMITMENTS (CONTINUED)

Land, Tower, and Antennae Equipment:

<u>Location</u>	<u>Current Monthly Base Rent</u>	<u>Initial Lease Expiration Date/ Renewal Months</u>	<u>Equipment</u>	<u>Other</u>
Portland	\$ 2,251	June 2023/60	<ul style="list-style-type: none"> • Transmitter building • Transmission tower • Master auxiliary antenna license 	<ul style="list-style-type: none"> • If antenna becomes primary use, base rent increases to \$6,500.
Portland	\$ 946	February 2025	<ul style="list-style-type: none"> • Tower space 	<ul style="list-style-type: none"> • Rent increases by greater of 2% or CPI annually.
McMinnville	\$ 250	September 2025	<ul style="list-style-type: none"> • Radio translator license • HD radio license annual minimum fee \$1,000 	<ul style="list-style-type: none"> • 30-day notice and a cancellation fee of \$1,500.
Hood River/ The Dalles	\$ 713	June 2023/ 12 automatically	<ul style="list-style-type: none"> • Tower space • Building space 	<ul style="list-style-type: none"> • For radio transmitting and receiving equipment.
Hood River/ The Dalles	\$ 400	October 2022/ 12 automatically	<ul style="list-style-type: none"> • Radio translator license 	<ul style="list-style-type: none"> • Rent increases by 3% annually.
Otter Crest	\$ 1,184	October 2027	<ul style="list-style-type: none"> • Tower space • Building space 	<ul style="list-style-type: none"> • For radio transmitting and receiving equipment.
Corvallis	\$ 508	October 2023/60	<ul style="list-style-type: none"> • FCC broadcast license 	<ul style="list-style-type: none"> • FM Translator K239BP 95.7MHz Flynn, Oregon.

Total rent expense (including immaterial utilities) under these agreements approximated \$404,000 and \$399,000 per year for 2022 and 2021, respectively. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2023	\$ 408,508	\$ 6,266
2024	77,840	-
2025	45,416	-
2026	20,660	-
2027	20,791	-
Thereafter	5,541	-
	<u>578,756</u>	<u>6,266</u>
Less interest at 10%	-	(129)
	<u>\$ 578,756</u>	<u>\$ 6,137</u>

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE H – BOARD-DESIGNATED NET ASSETS

Board-designated net assets at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Board designated endowment held at OCF	\$ 278,868	\$ 309,707
Board designated endowment funds held elsewhere	<u>649,728</u>	<u>642,313</u>
Total Board designated net assets	<u>\$ 928,596</u>	<u>\$ 952,020</u>

NOTE I – RESTRICTIONS ON NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Subject to purpose restrictions	\$ <u>40,515</u>	\$ <u>38,720</u>
Subject to time restrictions:		
Donor-restricted contributions	<u>-</u>	<u>-</u>
Principal restricted in perpetuity	88,178	80,853
Unappropriated accumulated endowment earnings	<u>21,907</u>	<u>37,478</u>
	<u>110,085</u>	<u>118,331</u>
Total net assets with donor restrictions	<u>\$ 150,600</u>	<u>\$ 157,051</u>

NOTE J – ENDOWMENT

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

Interpretation of Relevant Law

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

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE J – ENDOWMENT (CONTINUED)

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

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

Return Objectives, Risk Parameters and Strategies for Achieving Objectives

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

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

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

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE J – ENDOWMENT (CONTINUED)

The composition of and changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	Without Donor Restrictions- Board Designated	With Donor Restrictions Accumulated Earnings, Subject to Expiration	Corpus, Not Subject to Expiration	Total Net Endowment Assets
Balance at June 30, 2020	\$ 690,865	\$ 15,103	\$ 76,717	\$ 782,685
Contributions	166,256	-	-	166,256
Interest income	2,787	478	-	3,265
Investment gains (losses)	105,501	30,556	-	136,057
Fees	(2,599)	(878)	-	(3,477)
Distributions	(10,790)	(3,645)	-	(14,435)
Transfer	-	(4,136)	4,136	-
Balance at June 30, 2021	\$ 952,020	\$ 37,478	\$ 80,853	\$ 1,070,351
Contributions	102,539	-	-	102,539
Interest income	15,442	564	-	16,006
Investment gains (losses)	(122,109)	(4,847)	-	(126,956)
Fees	(7,248)	(742)	-	(7,990)
Distributions	(12,048)	(3,221)	-	(15,269)
Transfer	-	(7,325)	7,325	-
Endowment net assets, end of year June 30, 2022	\$ <u>928,596</u>	\$ <u>21,907</u>	\$ <u>88,178</u>	\$ <u>1,038,681</u>

NOTE K – PENSION PLAN

The Organization has a 401(k) retirement plan covering substantially all employees. The Organization may make elective contributions to the plan. Employer matching contributions to the plan for 2022 and 2021 totaled \$29,219 and \$27,184, respectively.

NOTE L – IN-KIND CONTRIBUTIONS

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

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE L – IN-KIND CONTRIBUTIONS (CONTINUED)

The Organization received contributed services and materials for the year ended June 30, 2022, used and recognized as follows:

Promotion	\$	44,507
Underwriting		13,656
Production		33,533
Fundraising & Membership		4,972
General & Administrative		19,725
Platforms		<u>2,608</u>
Total contributed services and materials	\$	<u><u>119,001</u></u>

All gifts-in-kind received by the Organization for the years ended June 30, 2022 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

NOTE M – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in one financial institution located in Portland. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in excess of insured limits were approximately \$2,259,542 and \$2,565,022 at June 30, 2022 and 2021, respectively.

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

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

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

In addition, the Organization's investment accounts include cash balances that exceed insured limits. At June 30, 2022, the balance of such funds exceeded the insured limit by approximately \$43,762.

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE N – LIQUIDITY

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2022:

Financial assets at year-end*	
Cash and cash equivalents	\$ 2,447,810
Pledges receivable	237,073
Other receivables	55,260
Investments	2,256,764
Beneficial interest held by others	<u>388,953</u>
Total financial assets	<u>5,385,860</u>
Less amounts unavailable for general expenditure within one year:	
Donor-imposed restrictions:	
Restricted by donor for endowment	(110,085)
Restricted by donor for purpose	(40,515)
Receivables due beyond one year	(128,826)
Board designations:	
Board designated endowment fund	<u>(928,596)</u>
Total unavailable financial assets	<u>(1,208,022)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>4,177,838</u></u>

* Total assets, less nonfinancial assets (e.g. property and equipment, prepaid expenses)

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

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

ALL CLASSICAL PUBLIC MEDIA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE O – UNCERTAINTY

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measure. The effects of these events have continued for some time, including disruptions to or restrictions on employees' ability to work and on the ability of funders and members to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.

NOTE P – DEFERRED REVENUE

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

Deferred revenue at June 30, 2021, was \$30,401. During the year ended June 30, 2022, \$30,401 of deferred revenue from June 30, 2021 was recognized as revenue and \$39,077 of deferred revenue was recorded due to cash received during the year.

NOTE Q – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 20, 2022, which is the date the financial statements were available to be issued.