WNIN TRI-STATE PUBLIC MEDIA, INC.
Not-For-Profit Organization

Financial Report

September 30, 2023 and 2022

CONTENTS

INDEPENDENT AUDITOR'S REPORT

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An Independently
Owned Member,
RSM US Alliance

Board of Directors
WNIN Tri-State Public Media, Inc.

Opinion

We have audited the accompanying financial statements of WNIN Tri-State Public Media, Inc. (Organization), a Not-for-Profit Organization, which comprise the statements of financial position as of September 30, 2023 and 2022, the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Evansville, IN ■ Louisville, KY

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and; therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Organization'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 the Organization'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.

Supplementary Information in Relation to the Financial Statements as a Whole

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed on the table of contents 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.

Harding, Shymanski & Company, P.S.C.

Evansville, Indiana
January 3, 2024

WNIN TRI-STATE PUBLIC MEDIA, INC.

STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 192,535**	$ 440,312
Receivables, less allowance for doubtful accounts 2023 $11,163; 2022 $11,411	**277,374**	339,228
Capital campaign receivables	**0**	2,887
Prepaid expenses and other current assets	**118,249**	161,195
Total current assets	**588,158**	943,622
Noncurrent Assets		
Investments	**1,187,413**	1,196,138
Beneficial interest in assets held by Community Foundation Alliance, Inc.	**11,183**	10,534
Program licenses, net	**315,723**	288,317
Other assets	**29,730**	34,685
Property and equipment, net	**4,291,666**	4,509,164
Total noncurrent assets	**5,835,715**	6,038,838
Total assets	**$ 6,423,873**	$ 6,982,460
LIABILITIES AND NET ASSETS		
Current Liabilities		
Line of credit	**$ 198,000**	$ 0
Accounts payable	**68,936**	240,189
Program licenses payable	**420,964**	384,423
Accrued payroll and related liabilities	**121,125**	123,309
Total current liabilities	**809,025**	747,921
Noncurrent Liabilities		
Deferred revenue	**56,042**	80,198
Total liabilities	**865,067**	828,119
Net Assets		
Without donor restrictions	**5,467,359**	5,916,753
With donor restrictions	**91,447**	237,588
Total net assets	**5,558,806**	6,154,341
Total liabilities and net assets	**$ 6,423,873**	$ 6,982,460

See notes to financial statements.

WNIN TRI-STATE PUBLIC MEDIA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended September 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support						
Corporation for Public Broadcasting grants	**$ 844,374**	**$ 0**	**$ 844,374**	$ 846,909	$ 0	$ 846,909
Membership and major gifts	**572,529**	**49,251**	**621,780**	540,406	144,663	685,069
Underwriting and corporate support	**135,776**	**0**	**135,776**	129,951	0	129,951
Trade underwriting	**29,221**	**0**	**29,221**	26,498	0	26,498
In-kind contributions and donations	**43,412**	**0**	**43,412**	73,809	0	73,809
Auction and special events	**167,965**	**0**	**167,965**	168,539	0	168,539
State appropriations	**435,654**	**0**	**435,654**	700,056	50,730	750,786
Production	**47,970**	**0**	**47,970**	159,488	0	159,488
Community issued support	**35,697**	**0**	**35,697**	17,370	0	17,370
Other revenues						
Investment return (loss)	**91,924**	**0**	**91,924**	(72,563)	0	(72,563)
Miscellaneous revenues	**95,829**	**0**	**95,829**	22,697	19,335	42,032
Gain on extinguishment of PPP loan	**0**	**0**	**0**	211,510	0	211,510
Total Revenues, Gains, and Other Support	**2,500,351**	**49,251**	**2,549,602**	2,824,670	214,728	3,039,398
Net Assets Released from Restrictions	**195,392**	**(195,392)**	**0**	55,824	(55,824)	0
Expenses						
Program	**2,062,544**	**0**	**2,062,544**	2,101,589	0	2,101,589
Management and general	**408,184**	**0**	**408,184**	423,473	0	423,473
Fundraising	**674,409**	**0**	**674,409**	486,116	0	486,116
Total Expenses	**3,145,137**	**0**	**3,145,137**	3,011,178	0	3,011,178
Change in Net Assets	**(449,394)**	**(146,141)**	**(595,535)**	(130,684)	158,904	28,220
Net Assets at Beginning of Year	**5,916,753**	**237,588**	**6,154,341**	6,047,437	78,684	6,126,121
Net Assets at End of Year	**$ 5,467,359**	**$ 91,447**	**$ 5,558,806**	$ 5,916,753	$ 237,588	$ 6,154,341

See notes to financial statements.

WNIN TRI-STATE PUBLIC MEDIA, INC.

STATEMENTS OF CASH FLOWS
Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Cash received from customers	**$2,426,590**	$ 2,779,702
Cash paid to suppliers, employees, and others	**(2,514,222)**	(2,144,789)
Other operating receipts received	**95,829**	42,032
Interest paid	**(3,072)**	(7,741)
Net cash provided by operating activities	**5,125**	669,204
Cash Flows from Investing Activities		
Purchases of property and equipment	**(130,382)**	(277,878)
Purchases of program licenses	**(420,520)**	(384,423)
Purchases of investments	**0**	(20,000)
Proceeds from sale of investments	**100,000**	0
Net cash used in investing activities	**(450,902)**	(682,301)
Cash Flows from Financing Activities		
Net borrowings on line of credit	**198,000**	0
Principal payments on long-term borrowings	**0**	(317,644)
Net cash provided by (used in) financing activities	**198,000**	(317,644)
Net decrease in cash and cash equivalents	**(247,777)**	(330,741)
Cash and cash equivalents at beginning of year	**440,312**	771,053
Cash and cash equivalents at end of year	**$ 192,535**	$ 440,312

See notes to financial statements.

WNIN TRI-STATE PUBLIC MEDIA, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	**$ (595,535)**	$ 28,220
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**354,780**	356,890
Amortization	**393,114**	405,345
Provision for (recoveries from) doubtful accounts	**(248)**	1,560
Gain on extinguishment of PPP loan	**0**	(211,510)
Net (gain) loss on investments	**(91,924)**	72,563
Changes in assets and liabilities:		
Decrease (increase)		
Receivables	**62,102**	(100,683)
Capital campaign receivables	**2,887**	20,406
Prepaid expenses and other current assets	**42,946**	117,051
Increase (decrease)		
Accounts payable	**(173,198)**	(10,716)
Program licenses payable	**36,541**	(27,896)
Accrued payroll and related liabilities	**(2,184)**	29,039
Deferred revenues	**(24,156)**	(11,065)
Net cash provided by operating activities	**$ 5,125**	$ 669,204
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	**$ 3,072**	$ 7,741
Supplemental Schedules of Noncash Financing and Investing Activities		
Program licenses included in program licenses payable	**$ 420,964**	$ 384,423
Forgiveness of PPP loan (see Note 1)	**$ 0**	$ 211,510
Capital expenditures included in accounts payable	**$ 1,945**	$ 131,691

See notes to financial statements.

WNIN TRI-STATE PUBLIC MEDIA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended September 30, 2023 and 2022

	2023				2022			
	Program	**General and Administrative**	**Fundraising**	**Total**	Program	General and Administrative	Fundraising	Total
Salaries and wages	**$ 582,953**	**$ 256,314**	**$ 359,899**	**$ 1,199,166**	$ 565,798	$ 258,848	$ 281,796	$ 1,106,442
Employee benefits	**50,565**	**16,796**	**33,305**	**100,666**	30,660	11,708	14,034	56,402
Payroll taxes	**44,083**	**19,949**	**25,554**	**89,586**	48,573	20,013	20,327	88,913
Programming expenses	**597,478**	**0**	**0**	**597,478**	606,430	0	0	606,430
Legal and accounting	**6,925**	**22,689**	**0**	**29,614**	6,783	21,752	0	28,535
Marketing and promotions	**196**	**0**	**673**	**869**	115	0	612	727
Supplies	**1,469**	**1,005**	**587**	**3,061**	1,618	1,141	487	3,246
Telephone	**3,557**	**568**	**774**	**4,899**	3,663	585	628	4,876
Postage and shipping	**4,335**	**673**	**788**	**5,796**	2,453	234	336	3,023
Equipment rental and maintenance	**41,292**	**24,191**	**21,679**	**87,162**	42,059	32,787	19,403	94,249
Joint master control	**173,715**	**0**	**0**	**173,715**	177,031	0	0	177,031
Fiber transmission link	**20,713**	**0**	**0**	**20,713**	20,803	0	0	20,803
Printing	**584**	**355**	**354**	**1,293**	260	373	158	791
Travel	**3,969**	**9,079**	**4,706**	**17,754**	2,266	6,662	7,658	16,586
Interest	**0**	**3,072**	**0**	**3,072**	0	7,741	0	7,741
Depreciation	**317,529**	**13,882**	**23,369**	**354,780**	319,657	13,876	23,357	356,890
Auction and special events	**0**	**0**	**76,569**	**76,569**	0	0	50,398	50,398
Other expenses								
Dues and subscriptions	**48,272**	**3,071**	**3,380**	**54,723**	46,713	2,801	3,560	53,074
Membership costs	**0**	**0**	**36,242**	**36,242**	0	0	27,640	27,640
Insurance	**41,374**	**6,609**	**11,123**	**59,106**	38,883	6,210	10,453	55,546
Utilities	**76,004**	**4,124**	**6,942**	**87,070**	77,000	4,221	7,090	88,311
Production	**11,485**	**0**	**0**	**11,485**	6,675	0	0	6,675
Grant expenses	**14,487**	**0**	**1,979**	**16,466**	7,628	0	480	8,108
In-kind programming	**0**	**0**	**41,615**	**41,615**	73,750	0	0	73,750
In-kind trades	**2,300**	**16,603**	**10,500**	**29,403**	1,678	22,820	3,405	27,903
Bad debt	**0**	**0**	**11,163**	**11,163**	0	0	11,561	11,561
Recruitment	**0**	**100**	**0**	**100**	0	169	0	169
Miscellaneous	**19,259**	**9,104**	**3,208**	**31,571**	21,093	11,532	2,733	35,358
Total functional expenses	**$2,062,544**	**$ 408,184**	**$ 674,409**	**$ 3,145,137**	$2,101,589	$ 423,473	$ 486,116	$ 3,011,178

See notes to financial statements.

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

WNIN Tri-State Public Media, Inc. (Organization) is a not-for-profit service media organization, which operates noncommercial television (WNIN Channel 9.1 and 9.2) stations, radio (WNIN-FM 88.3) stations, and internet services in Evansville, Indiana. It is licensed by the Federal Communications Commission (FCC) to record, distribute, and duplicate programs and other material over broadcast airwaves.

Paycheck Protection Program

On February 9, 2021, the Organization received a second draw Paycheck Protection Program (PPP) loan in the amount of $211,510 under the Economic Aid to Hard-Hit Small Businesses, Non-profits and Venues Act (Economic Aid Act), which allowed qualifying businesses who received a first round PPP loan to receive a second loan under the PPP, if certain criteria were met. The maximum loan amount for the second draw PPP loan is equal to the lesser of 2.5 times an entity's average monthly payroll costs and $2,000,000. The loan and accrued interest are forgivable after the applicable time period in the Economic Aid Act, as long as the borrower uses the loan proceeds for eligible purposes, which are similar to those associated with the first draw PPP loans. The unforgiven portion of the second PPP loan, if any, is payable over five years in accordance with the terms of the loan.

The Organization has applied for and received forgiveness, with respect to these eligible expenses, and was notified by the Small Business Association (SBA) and its lender that they have been granted full legal release as of December 29, 2021. The Organization has elected to treat the loan as debt, in accordance with ASC 470, and has presented the forgiveness of the loan as a gain on extinguishment of debt during the year ended September 30, 2022.

Net Assets and Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor, or grantor, imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor, or certain grantor, restrictions. Net assets without donor restrictions may be designated for specific purposes by the Organization's Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature; those restrictions will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash, cash equivalents, and receivables (including capital campaign receivables). At times, cash in banks may be in excess of the Federal Deposit Insurance Organization (FDIC) insurance limit.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Receivables

Receivables consist primarily of amounts due for underwriting contracts and pledges. Receivables are stated at the amount billed from underwriting contracts and pledges and are recorded when received from donors and customers.

The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables are ordinarily due 30 days after the issuance of the invoice. Delinquent receivables are written-off based on individual credit evaluation and specific circumstances of the customer.

Contributions receivable over one year are recorded at present value of the cash flows discounted at the effective interest rate. The discount is amortized over the period of cash flows. As of September 30, 2023 and 2022, there were no contributions receivable due over one year.

Investments and Risks and Uncertainties

The Organization carries various investments at the stated estimated fair values based on quoted market prices. Gains or losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales of securities are calculated on an adjusted cost basis. Adjusted cost for this purpose is the market value of the security at the beginning of the year or the cost if purchased during the year. Dividend and interest income are accrued when earned. Gains, losses, dividends, and interest are all recorded as without donor restriction in the statements of activities unless donor specifications indicate a different method. The Organization records the investment return net of related investment expenses.

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Investments and Risks and Uncertainties (Continued)

The Organization holds its investments in a variety of investment funds. The Organization also holds a beneficial interest in assets held by Community Foundation Alliance, Inc. (CFA). In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investment will occur in the near-term and that such changes could materially affect the Organization's investment holdings and the amounts reported on the statements of financial position.

Property, Equipment, and Depreciation

Property and equipment are stated at cost. The Organization capitalizes expenditures for property and equipment in excess of $1,000. Provisions for depreciation of property and equipment have been computed on the straight-line method over the following estimated useful lives:

	Years
Transmission line and accessories	5-10
Transmitter building	10-25
Transmission tower	10-25
Transmitters	5-25
TV/FM operating equipment	5-25
Furniture, fixtures, and nonbroadcasting equipment	3-10
Vehicles	10
Land improvements	10
Main Street building	5-30

Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recoded as with donor restrictions support. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restrictions support.

Construction-in-Progress

Construction-in-progress includes direct and indirect expenditures for the construction of property and equipment and is stated at original cost. Once the property or equipment becomes operational, these capitalized costs are allocated to certain property, plant, and equipment categories and are depreciated over the estimated useful life of the underlying assets.

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Deferred Revenue

Deferred revenue consists of payments received in advance for underwriting contracts, the Organization's annual auction, and special events. These revenues are deferred and recognized in the period earned.

Support and Expenses

Contributions received and unconditional promises to give cash and other assets are measured at fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of revenues, expenses, and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions support. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific campaign solicitations and various assignments, which are not recognized as contributions in the financial statements since the recognition criteria under the guidance were not met. Under Financial Accounting Standards Board (FASB) guidance, services are recognized as contributions when they (a) create or enhance nonfinancial assets, or (b) require specialized skills performed by people whose skills would otherwise be purchased by the Organization. A substantial number of volunteers have donated significant amounts of their time to the Organization that did not meet the criteria.

Revenue Recognition

The Organization recognizes revenue related to programs in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Organization's ASC Topic 606 revenue is primarily derived from trade underwriting and merchandise sales (primarily included in production). Trade underwriting and merchandise sales are sold primarily to customers in the Evansville, Indiana area. Trade underwriting and merchandise sales are subject to economic conditions and may fluctuate based on changes in the economy.

Revenue from trade underwriting is recognized over time as the customer simultaneously receives and consumes the program benefits provided by the Organization, which is how the performance obligation is satisfied.

Revenue from merchandise sales is recognized upon transfer of control to the customer, which is typically at the point in time of the transaction.

The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for providing the program or merchandise to the customer. Payments for copyright royalties are due annually and payments for trade underwriting and merchandise are typically due at the time of the transaction.

The Organization does not have significant variable consideration embedded in their pricing structures or significant returns or refunds. In addition, there are not significant financing components in customer contracts nor are there warranties or bill and hold sales.

As discussed previously, revenue from merchandise sales is recognized at a point in time, whereas revenue from the sale of trade underwriting is recognized over time. Total revenue recognized at a point in time and over time was as follows for the years ended September 30:

	2023	2022
Revenue recognized at a point in time		
Merchandise sales	$ 461	$ 2,124
Revenue recognized over time		
Trade underwriting	$29,221	$26,498

There are no contract assets, or contract liabilities related to trade underwriting and merchandise sales as of September 30, 2023, September 30, 2022, and October 1, 2021.

Total receivables related to trade underwriting as of September 30, 2023, September 30, 2022, and October 1, 2021 was $15,065, $7,277, and $9,177, respectively.

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Revenue from the Organization's Corporation for Public Broadcasting grants, contribution memberships, gifts/donations, Indiana state appropriations, capital campaigns, auctions, and special events are outside the scope of ASC Topic 606, *Revenue from Contracts with Customers*. The Organization does not provide the donor with benefits in return for a contribution membership, gift/donation, appropriation, capital campaign contribution, auction contribution, or special event, nor does the Organization provide services to a grantor in exchange for the grant. Therefore, there is no exchange transaction and ASC 606 does not apply.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Certain costs have been allocated among the program, management and general, and fundraising categories. Therefore, these expenses require an allocation by management on an equitable basis that is consistently applied. These expenses include overhead expenses (office supplies, telephone, postage, shipping, printing, utilities, and insurance). Overhead expenses are allocated based on estimated use of building space and square footage. All other functional expense categories are allocated based on actual direct expenditures.

Leases

In February 2016, FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. The Organization adopted Topic 842 on October 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on October 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, *Leases*.

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Leases (Continued)

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient and; therefore, will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on October 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less and instead recognizes the lease payments in changes in net assets on a straight-line basis over the lease term. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or October 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842). The Organization elected to use this risk-free borrowing rate for all leases if present. For any lease in which the rate implicit in the lease is readily determinable, that rate must be used instead of the risk-free borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which would be initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent would be recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease, if present in the lease, are included in the lease payments only when it is probable that they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for all lease asset classes. The non-lease components typically represent additional services transferred to the Organization. These payments are non-component costs representing additional consideration in the contract, which is allocated to the single lease component. Non-lease component costs that are fixed in nature are included with the lease payments in the calculation of the lease liabilities and ROU assets; however, non-lease component costs that are variable in nature are recorded in variable lease expense in the period incurred.

As of September 30, 2023, the Organization had no significant short-term or long-term leases.

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Fundraising

Fundraising costs are expensed as incurred. Fundraising costs incurred for the years ended September 30, 2023 and 2022 were $674,409 and $486,116, respectively.

Unemployment

The Organization has elected to pay unemployment compensation claims on a direct basis; therefore, contributions are not paid into a state unemployment fund.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain items in the September 30, 2022 financial statements have been reclassified to conform to the September 30, 2023 classifications.

Recently Adopted Accounting Standard

Leases

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. A modified retrospective transition approach is required. An entity may adopt the guidance, as well as certain practical expedients, either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented, or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. As previously disclosed in Note 1, the new standard provides a number of practical expedients. The election of any practical expedients is disclosed there. The Organization adopted ASU 2016-02 effective for the year ended September 30, 2023, which did not have a material effect on the Organization’s financial statements.

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

<u>*Recent Accounting Pronouncement*</u>

Financial Instruments – Credit Losses

In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities and changes in net assets as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and cash equivalents	$ 192,535	$ 440,312
Receivables	277,374	339,228
Capital campaign receivables	0	2,887
Investments	1,187,413	1,196,138
Beneficial interest in assets held by Community Foundation Alliance, Inc.	11,183	10,534
Total financial assets	1,668,505	1,989,099
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(91,447)	(237,588)
Board-designated funds	(1,273,200)	(1,282,187)
Net financial assets available to meet general expenditures over the next 12 months	$ 303,858	$ 469,324

The Organization has a goal to maintain appropriate levels of cash on hand to meet normal operating expenses.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event that the Organization has a need of additional funding, the Board-designated funds can be reallocated for general expenditures by an approved resolution of the Board of Directors.

Note 3 – Receivables

Receivables at September 30, 2023 and 2022 consisted of the following:

	2023	2022
Underwriting	$ 60,516	$ 53,437
Pledges	83,293	156,074
Less allowance for doubtful accounts	(11,163)	(11,411)
	72,130	144,663
Grants	113,713	138,541
Other receivables	31,015	2,587
	144,728	141,128
Total receivables	$ 277,374	$ 339,228

All receivables are expected to be collected within one year.

Note 4 – Capital Campaign Receivables

Capital campaign receivables at September 30, 2023 and 2022 were $0 and $2,887, respectively.

Note 5 – Investments

Investment securities are recorded at fair market value. Investments consist of the following at September 30, 2023 and 2022:

	2023	2022
Money market account	$ 36,847	$ 34,720
Equity securities	890,674	898,869
Bonds and bond funds	259,892	262,549
	$ 1,187,413	$ 1,196,138

Investment return (loss) is comprised of the following for the years ended September 30, 2023 and 2022:

	2023	2022
Interest and dividend income, net	$35,580	$ 27,867
Net realized and unrealized gains (losses) on investments, reported at fair value	56,344	(100,430)
Total investment return	$91,924	$ (72,563)

Note 6 – Beneficial Interest in Assets Held by Community Foundation Alliance, Inc.

Beneficial interest in assets held by CFA is measured based on the value assigned by CFA which approximates market value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in net assets without donor restrictions. The investments are determined by CFA rather than the Organization.

The Organization has contributed a total of $11,183 to the local CFA and has a beneficial interest in both the principal and income as of September 30, 2023. The CFA invests funds and distributes income to the Organization at least annually in accordance with the CFA's spending guidelines. The Organization did not grant variance powers to the CFA for these funds.

Note 7 – Property and Equipment

Property and equipment at September 30, 2023 and 2022 consisted of the following:

	2023	2022
Land	$ 486,300	$ 486,300
Transmission line and accessories	15,237	15,237
Transmitter building	200,195	200,195
Transmission tower	1,095,766	1,095,766
Transmitters	1,973,305	1,807,932
TV/FM operating equipment	2,003,190	1,919,719
Furniture, fixtures, and nonbroadcasting equipment	210,315	206,571
Vehicles	16,975	16,975
Land improvements	5,390	5,390
Main Street building	2,979,056	2,977,891
Construction-in-progress	0	136,050
	8,985,729	8,868,026
Accumulated depreciation	(4,694,063)	(4,358,862)
	$ 4,291,666	$ 4,509,164

Depreciation expense for the years ended September 30, 2023 and 2022 was $354,780 and $356,890, respectively.

Note 8 – Line of Credit

The Organization has an operating line of credit with maximum borrowings of $200,000. The note provides for interest at prime, is secured by substantially all of the Organization's assets, and is due March 2024. The outstanding borrowings at September 30, 2023 were $198,000. There were no outstanding borrowings on this line of credit at September 30, 2022.

Note 9 – Commitments and Contingencies

During the year ended September 30, 2020, the Organization received a PPP loan under the CARES Act. The Organization believes they met the eligibility criteria for qualification to receive the PPP loan and used the proceeds only for qualifying expenses eligible under the CARES Act. The Organization received formal forgiveness from the SBA on January 18, 2021. The Organization believes they have met the subsequent criteria for forgiveness of the PPP loan as set forth in the CARES Act; however, the loan is subject to review by the SBA, which could result in the partial or full repayment of the loan by the Organization.

During the year ended September 30, 2021, the Organization received a second draw PPP loan under the Economic Aid Act. The Organization believes they met the eligibility criteria for qualification to receive the second draw PPP loan and used the proceeds only for qualifying expenses eligible under the Economic Aid Act. The Organization received formal forgiveness from the SBA on December 29, 2021. The Organization believes they have met the subsequent criteria for forgiveness of the PPP loan as set forth in the Economic Aid Act; however, the loan is subject to review by the SBA, which could result in the partial or full repayment of the loan by the Organization.

Note 10 – Fair Value of Financial Instruments

Under FASB's authoritative guidance on fair value measurements, 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. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy.

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

> Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
>
> Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Note 10 – Fair Value of Financial Instruments (Continued)

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended September 30, 2023 and 2022, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

The following are descriptions of the valuation methodologies used for instruments measured at fair value:

Beneficial Interest in Assets Held by CFA

The fair value of beneficial interest in assets held by CFA is the market value based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Investment Securities

The fair value of investment securities is the market value based on quoted market prices, if available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use other observable inputs due to the limited market activity of the instrument. Investment securities consist of money market account, investment securities, and bond funds.

Note 10 – Fair Value of Financial Instruments (Continued)

At September 30, 2023 and 2022, the balances of assets and liabilities measured at fair value on a recurring basis are as follows:

	Fair Value	Level 1	Level 2	Level 3
September 30, 2023				
Money market account	$ 36,847	$ 36,847	$ 0	$ 0
Investment securities				
Equity securities	890,674	890,674	0	0
Bonds and bond funds	259,892	259,892	0	0
Beneficial interest in assets held by CFA	11,183	11,183	0	0
	$ 1,198,596	$ 1,198,596	$ 0	$ 0
September 30, 2022				
Money market account	$ 34,720	$ 34,720	$ 0	$ 0
Investment securities				
Equity securities	898,869	898,869	0	0
Bonds and bond funds	262,549	262,549	0	0
Beneficial interest in assets held by CFA	10,534	10,534	0	0
	$ 1,206,672	$ 1,206,672	$ 0	$ 0

Note 11 – Income Taxes

The Internal Revenue Service has ruled that the Organization is exempt from the payment of federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation and has been designated as a "publicly-supported" organization.

Management evaluated the Organization's uncertain tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements.

Note 12 – Defined Contribution Plan

The Organization provides a retirement annuity program for employees who meet certain length of service and age requirements. Vesting occurs over a six-year period and the plan allows for hardship withdrawals and discretionary profit-sharing contributions. For the years ended September 30, 2023 and 2022, the Organization contributed a two percent match totaling $19,514 and $17,150, respectively.

Note 13 – Concentration in Support and Revenue

The Organization has significant revenues derived from the Corporation for Public Broadcasting and the State of Indiana. Revenue derived from these two sources as a percentage of total without donor restrictions support and revenue was approximately 33 and 17 percent and 28 and 25 percent for the years ended September 30, 2023 and 2022, respectively.

Note 14 – Net Assets

Net assets with donor restrictions at September 30, 2023 and 2022 consisted of the following:

	2023	2022
Restricted for future periods:		
Pledges receivable	$ 72,130	$144,663
Grants receivable	4,300	27,827
Restricted for specific purpose	3,834	54,564
	80,264	227,054
Not subject to spending policy or appropriation:		
Beneficial interest in assets held by CFA	11,183	10,534
	$ 91,447	$237,588

As of the years ended September 30, 2023 and 2022, net assets were released from donor restrictions of $195,392 and $55,824, respectively, by incurring expenses satisfying the restricted purpose or time period.

Note 15 – Board-Designated Net Assets

As of the years ended September 30, 2023 and 2022, the Board of Directors designated $1,273,200 and $1,282,187, respectively, of net assets without donor restrictions to be used for specific projects or capital improvements.

Note 16 – Large Receivables

During the year ended September 30, 2023, the Organization had two supporters which comprised 39 and 11 percent of total receivables. During the year ended September 30, 2022, the Organization had one supporter which comprised 33 percent of total receivables.

Note 17 – Subsequent Events

The Organization has evaluated subsequent events through January 3, 2024, the date on which the financial statements were available to be issued.

In October 2023, the Organization signed a five-year agreement for broadcasting operation services (including all necessary equipment) for $80,000 annually. The new agreement will be effective February 1, 2024.

- - - - SUPPLEMENTARY INFORMATION - - -

WNIN TRI-STATE PUBLIC MEDIA, INC.

SCHEDULES OF ACTIVITIES BY SEGMENT
Years Ended September 30, 2023 and 2022

	2023				2022			
	Television	**Radio**	**Capital**	**Total**	**Television**	**Radio**	**Capital**	**Total**
Revenues, Gains, and Other Support								
Corporation for Public Broadcasting grants	$ 757,147	$ 87,227	$ 0	$ 844,374	$ 759,928	$ 86,981	$ 0	$ 846,909
Membership and major gifts	324,893	296,887	0	621,780	374,854	310,215	0	685,069
Underwriting and corporate support	24,536	111,240	0	135,776	24,743	105,208	0	129,951
Trade underwriting	7,025	22,196	0	29,221	5,760	20,738	0	26,498
In-kind contributions and donations	32,462	10,950	0	43,412	59	73,750	0	73,809
Auction and special events	167,965	0	0	167,965	168,539	0	0	168,539
Program revenue								
State appropriations	377,321	58,333	0	435,654	373,630	57,156	320,000	750,786
Production	47,970	0	0	47,970	122,988	36,500	0	159,488
Community issued support	35,654	43	0	35,697	15,636	1,734	0	17,370
Other revenues								
Investment return (loss)	73,669	18,255	0	91,924	(58,824)	(13,739)	0	(72,563)
Miscellaneous revenues	98,691	0	(2,862)	95,829	41,678	200	154	42,032
Gain on extinguishment of PPP loan	0	0	0	0	169,208	42,302	0	211,510
Total Revenues, Gains, and Other Support	1,947,333	605,131	(2,862)	2,549,602	1,998,199	721,045	320,154	3,039,398
Expenses								
Program								
Programming and productions	1,222,147	506,797	0	1,728,944	1,189,588	596,905	0	1,786,493
Broadcasting	179,061	237	0	179,298	176,526	(1,645)	0	174,881
Digital	123,442	30,860	0	154,302	111,852	27,963	0	139,815
Theater	0	0	0	0	400	0	0	400
Management and general	354,094	53,281	809	408,184	357,358	57,733	8,382	423,473
Fundraising								
Membership and major gifts	322,984	9,621	0	332,605	246,162	10,608	0	256,770
Community engagement	95,605	17,100	0	112,705	51,111	0	0	51,111
Underwriting	82,950	0	0	82,950	73,320	0	0	73,320
Auction and special events	146,149	0	0	146,149	103,405	0	0	103,405
Trade expenses	0	0	0	0	1,510	0	0	1,510
Total Expenses	2,526,432	617,896	809	3,145,137	2,311,232	691,564	8,382	3,011,178
Change in Net Assets	$ (579,099)	$ (12,765)	$ (3,671)	$ (595,535)	$ (313,033)	$ 29,481	$ 311,772	$ 28,220

See independent auditor's report.