Kentucky Public Radio, Inc.
d/b/a Louisville Public Media

Financial Statements

Years Ended June 30, 2021 and 2020

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
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Years Ended June 30, 2021 and 2020

MCM
CPAs & ADVISORS

Independent Auditor's Report

To the Board of Directors
Kentucky Public Radio, Inc.
d/b/a Louisville Public Media

We have audited the accompanying financial statements of Kentucky Public Radio, Inc. d/b/a Louisville Public Media (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Independent Auditor's Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Public Radio, Inc. d/b/a Louisville Public Media as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B9, the Organization has adopted Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

MCM CPAs & Advisors LLP

Louisville, Kentucky
November 23, 2021

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 1,594,203	$ 1,379,939
Underwriting and other accounts receivable, net	428,212	469,171
Pledges and grants receivable, net	695,631	64,376
Prepaid expenses	120,907	76,680
Investments	3,497,012	2,779,012
Property and equipment, net of accumulated depreciation	4,037,171	4,436,324
Total assets	$ 10,373,136	$ 9,205,502
Liabilities and net assets		
Current liabilities		
Accounts payable	$ 4,004	$ 137,895
Accrued liabilities	571,424	479,242
Deferred revenue	136,484	57,625
Refundable advance - Paycheck Protection Program ("PPP") loan	-	804,400
Total liabilities	711,912	1,479,162
Net assets		
Net assets without donor restrictions		
Invested in property and equipment	4,037,171	4,436,324
Undesignated	4,224,640	2,750,128
Total net assets without donor restrictions	8,261,811	7,186,452
Net assets with donor restrictions	1,399,413	539,888
Total net assets	9,661,224	7,726,340
Total liabilities and net assets	$ 10,373,136	$ 9,205,502

See accompanying notes.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenues						
Contributions and grants	$ 3,344,069	$ 2,099,325	$ 5,443,394	$ 2,857,599	$ 1,164,856	$ 4,022,455
Underwriting revenues	1,669,639	-	1,669,639	2,171,330	-	2,171,330
Investment income, net	718,320	-	718,320	56,839	-	56,839
Paycheck Protection Program loan forgiveness	804,400	-	804,400	-	-	-
Other income	238,934	-	238,934	272,111	-	272,111
Net assets released from program restrictions	1,239,800	(1,239,800)	-	882,313	(882,313)	-
Total support and revenues	8,015,162	859,525	8,874,687	6,240,192	282,543	6,522,735
Expenses						
Program services						
Station programming and operations	5,477,558	-	5,477,558	5,756,953	-	5,756,953
Supporting services						
Management and general	852,536	-	852,536	826,567	-	826,567
Fundraising	563,370	-	563,370	635,090	-	635,090
Total supporting services	1,415,906	-	1,415,906	1,461,657	-	1,461,657
Total expenses	6,893,464	-	6,893,464	7,218,610	-	7,218,610
Changes in net assets	1,121,698	859,525	1,981,223	(978,418)	282,543	(695,875)
Net assets at beginning of year	7,186,452	539,888	7,726,340	8,164,870	257,345	8,422,215
Impact of adoption of ASU 2014-09	(46,339)	-	(46,339)	-	-	-
Net assets at end of year	$ 8,261,811	$ 1,399,413	$ 9,661,224	$ 7,186,452	$ 539,888	$ 7,726,340

See accompanying notes.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Statements of Functional Expenses
Year Ended June 30, 2021 with Comparative Totals for the Year Ended June 30, 2020

	2021				2020
	Program services	Management and general	Fundraising	Total	Totals
Banking expenses	$ 7,784	$ 3,966	$ 62,247	$ 73,997	$ 57,304
Building expenses	106,849	112,829	477	220,155	236,800
Business expenses	109,247	89,708	46,428	245,383	338,384
Contract labor	164,411	-	-	164,411	118,376
Depreciation	264,264	126,352	30,558	421,174	421,857
Event expenses	2,028	-	-	2,028	102,303
Fees	61,767	-	-	61,767	95,122
Insurance	14,601	25,958	-	40,559	28,251
Marketing	31,149	-	-	31,149	45,406
Office expenses	7,698	21,959	30,427	60,084	79,155
Payments to other stations	112,719	-	-	112,719	128,538
Personnel	14,362	100	1,685	16,147	14,100
Professional fees	1,396	33,329	-	34,725	81,980
Programming purchases	681,066	-	-	681,066	732,379
Salaries and benefits	3,750,573	388,611	355,094	4,494,278	4,480,644
Technical expenses	138,620	49,650	36,454	224,724	222,040
Travel	9,024	74	-	9,098	35,971
Total functional expenses	$ 5,477,558	$ 852,536	$ 563,370	$ 6,893,464	$ 7,218,610

See accompanying notes.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Statements of Functional Expenses
Year Ended June 30, 2020

	2020			
	Program services	Management and general	Fundraising	Total
Banking expenses	$ 293	$ 2,276	$ 54,735	$ 57,304
Building expenses	118,483	117,747	570	236,800
Business expenses	172,099	43,852	122,433	338,384
Contract labor	118,376	-	-	118,376
Depreciation	264,654	126,557	30,646	421,857
Event expenses	102,303	-	-	102,303
Fees	95,122	-	-	95,122
Insurance	10,170	18,081	-	28,251
Marketing	44,951	-	455	45,406
Office expenses	15,218	41,830	22,107	79,155
Payments to other stations	128,538	-	-	128,538
Personnel	13,750	350	-	14,100
Professional fees	29,299	52,681	-	81,980
Programming purchases	732,379	-	-	732,379
Salaries and benefits	3,736,713	388,406	355,525	4,480,644
Technical expenses	142,193	32,423	47,424	222,040
Travel	32,412	2,364	1,195	35,971
Total functional expenses	$ 5,756,953	$ 826,567	$ 635,090	$ 7,218,610

See accompanying notes.

Kentucky Public Radio, Inc.
d/b/a Louisville Public Media
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Cash received from underwriting activities	$ 1,658,130	$ 2,162,855
Cash received from donors and grants	4,360,102	4,024,079
Interest and dividends received	37,992	51,567
Cash received from other activities	291,402	292,573
Cash received from refundable advance	-	804,400
Cash paid for personnel costs	(4,426,434)	(4,418,309)
Cash paid to vendors and others	(2,131,792)	(2,441,547)
Net cash (used in) provided by operating activities	(210,600)	475,618
Cash flows from investing activities		
Purchases of property and equipment	(22,021)	(56,086)
Purchases of investments	(538,611)	(1,001,284)
Proceeds from sale or maturity of investments	500,939	1,266,945
Net cash (used in) provided by investing activities	(59,693)	209,575
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	484,557	12,700
Cash provided by financing activities	484,557	12,700
Increase in cash and cash equivalents	214,264	697,893
Cash and cash equivalents at beginning of year	1,379,939	682,046
Cash and cash equivalents at end of year	$ 1,594,203	$ 1,379,939

See accompanying notes.

Note A - Nature of Organization and Operations

Kentucky Public Radio, Inc. d/b/a Louisville Public Media (the "Organization"), located in Louisville, Kentucky, is a not-for-profit organization established to own and operate three public radio stations in Louisville, Kentucky (WFPL, WUOL, and WFPK) and provide programming and related public services for these stations. The Organization's broadcast focus is informational, educational, and cultural programs for the enhancement of the educational and cultural life of the region served. The Organization is primarily supported through contributions and underwriting revenues.

Note B - Summary of Significant Accounting Policies

1. Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative accounting technical literature.

   Effective July 1, 2020, the Organization adopted ASU 2014-09, *Revenues from Contracts with Customers (Topic 606)* ("ASU 2014-09"). ASU 2014-09 was adopted using the modified retrospective method. The Organization evaluated its earned revenue sources and determined performance obligations associated with each revenue stream. Revenue is recognized as performance obligations are satisfied. The Organization applied the provisions of ASU 2014-09 to all contracts with customers at the effective date and all contracts with customers entered into thereafter. See note B9 for additional information.

   Effective July 1, 2020, the Organization adopted Accounting Standards Codification 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The standard was applied prospectively as of the effective date with no material impact.

2. Accounting 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Donor-imposed Restrictions: Under the FASB ASC, the Organization reports information regarding its financial position and activities according to the following net asset classifications:

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

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

Note B - Summary of Significant Accounting Policies (Continued)

4. Cash and Cash Equivalents: The Organization considers all short-term investments with a maturity when purchased of three months or less, not designated for a specific purpose, to be cash equivalents. The Organization typically maintains balances with its bank in excess of federally-insured limits.

5. Underwriting Accounts Receivable: Receivables from the sale of underwriting spots are based on contracted prices. The Organization grants credit based on the creditworthiness of the underwriter and amounts are typically unsecured. The Organization provides an allowance for doubtful accounts which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Normal underwriting receivables are due 30 days after the date of sale. Underwriting receivables past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

   Underwriting accounts receivable are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is $-0- and $17,630 at June 30, 2021 and 2020, respectively.

6. Pledges and Grants Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at the present value of their expected cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises were received. Amortization of the discounts is included in contribution revenue.

   There is no allowance for uncollectible pledges at June 30, 2021 and 2020 as management has determined that all amounts are fully collectible.

7. Investments: Investments in marketable securities are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net realized and unrealized gains and losses are reflected in the statements of activities and changes in net assets. Receipt of donated investments is recorded at the quoted market value of the investment at the time of donation.

8. Property and Equipment: Property and equipment, consisting of a building, production and transmitter equipment, and office equipment, are recorded at cost. The Organization typically capitalizes items costing or valued over $1,000. Lesser amounts are expensed.

   Depreciation is provided on a straight-line method over the estimated useful lives of the respective assets ranging from 5 to 50 years.

9. Revenue Recognition: The Organization's earned revenue sources primarily consist of sustainer membership dues and underwriting sales from businesses that provide support in exchange for brief on-air acknowledgments. The adoption of ASU 2014-09 resulted in a decrease to net assets without donor restrictions and an increase in deferred revenue of $46,339 at July 1, 2020. At June 30, 2021 membership dues revenue of $51,430 has been deferred, which would otherwise have been recognized according to legacy GAAP. The adoption of ASU 2014-09 resulted in increased disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the Organization's contracts with customers.

Note B - Summary of Significant Accounting Policies (Continued)

9. Revenue Recognition (Continued): The Organization recognizes revenue from underwriting sales when the performance obligation is satisfied which typically occurs upon the Organization's provision of on-air acknowledgments. Membership dues which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between total dues paid and the exchange element. The Organization recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately. The exchange portion of membership dues includes immediate benefits such as a subscription to Louisville Magazine, Organization logo items and tickets to events. The Organization assigns a value to the event admission based on the ticket price of the event and recognizes revenue when the event occurs.

   Deferred revenue reflected on the statement of financial position consists of dues to be recognized over the remaining term of the membership as well as advanced underwriting sales (see Note H).

   Underwriting revenues include $34,860 and $77,994 of revenues from barter transactions for the years ended June 30, 2021 and 2020, respectively.

   The Organization also receives revenue from contributions and investment income, which are outside the scope of Topic 606. The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give, is received.

10. Advertising: Advertising and promotion costs are expensed as incurred. These expenses were $31,149 and $45,406 for 2021 and 2020, respectively.

11. Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on time and effort, full time employee equivalent or square footage. Accordingly, certain costs, such as personnel, occupancy, depreciation, insurance, outside services and utilities, have been allocated among the program and supporting services benefited.

12. Recent Accounting Pronouncements: In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The standard requires contributed nonfinancial assets be shown separate from contributions of cash and other financial assets and provides for qualitative disclosure regarding valuation techniques, categories of contributed nonfinancial assets, and their use. This standard will be effective for the year ending June 30, 2022.

    In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to improve financial reporting with respect to leasing transactions. ASU No. 2016-02 will require lessees to recognize a lease liability and a right-of-use asset with respect to all leases with terms of greater than twelve months. The lease liability recognized in the statement of financial position will represent the lessee's obligation to make lease payments measured on a discounted basis, while the right-of-use asset will represent the lessee's right to use, or control use of, the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The standard will be effective for the fiscal year ending June 30, 2023.

Note B - Summary of Significant Accounting Policies (Continued)

12. Recent Accounting Pronouncements (Continued): In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the fiscal year ending June 30, 2024.

    The Organization is currently evaluating the impact of the adoption of ASU 2020-07, 2016-02 and ASU 2016-13 on the financial statements.

13. Income Tax Status: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation. Accordingly, no income tax expense is reflected in the accompanying financial statements.

    The Organization recognizes uncertain income tax positions using the "more-likely-than-not" approach as defined in the ASC. No liability for uncertain tax positions has been recorded in the accompanying financial statements.

14. Subsequent Events: Subsequent events for the Organization have been considered through the date of the Independent Auditor's Report which represents the date the financial statements were available to be issued.

15. Reclassifications: Certain reclassifications were made to the 2020 financial statements to conform to the 2021 presentation. The reclassifications had no effect on net assets or the change in net assets.

Note C - Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statements of financial position date for general expenditures as of June 30, 2021 and 2020 are as follows:

	2021	2020
Cash and cash equivalents	$ 1,594,203	$ 1,379,939
Underwriting and other accounts receivable, net	428,212	469,171
Pledges and grants receivable	695,631	64,376
Investments	3,497,012	2,779,012
Total financial assets	6,215,058	4,692,498
Less amounts not available to be used within one year restricted by donors due to purpose	1,399,413	539,888
Total financial assets available to meet cash needs for general expenditures within one year	$ 4,815,645	$ 4,152,610

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.

Note D - Pledges and Grants Receivable

Pledges and grants receivable consist of the following at June 30, 2021 and 2020:

	2021	2020
Due in less than one year	$ 352,132	$ 64,376
Due in one to five years	346,666	-
Total gross pledges and grants receivable	698,798	64,376
Less discount to present value	(3,167)	-
Net pledges and grants receivable	$ 695,631	$ 64,376

Pledges and grants receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 0.46%.

Note E - Investments and Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures,* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data, such as quoted prices for similar assets or liabilities or model-derived valuations.
- Level 3: Unobservable inputs that are not corroborated by market data. These inputs reflect a company's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Corporate Bonds and Notes, Foreign Bonds and U.S. Government and Agency Securities: Valued based on yields currently available on identical securities in active markets.

Money Market Funds and Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds and Exchange Traded Funds: Valued at the net asset value ("NAV") of shares held by the Organization at year end. The NAV is based on the value of the underlying investment assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Note E - Investments and Fair Value Measurements (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	$ 87,808	$ -	$ -	$ 87,808
Corporate bonds and notes	782,408	-	-	782,408
Mutual funds	521,016	-	-	521,016
Exchange traded funds	409,519	-	-	409,519
Common stocks	1,696,261	-	-	1,696,261
	$ 3,497,012	$ -	$ -	$ 3,497,012

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020:

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	$ 73,766	$ -	$ -	$ 73,766
Corporate bonds and notes	767,646	-	-	767,646
Mutual funds	445,528	-	-	445,528
Exchange traded funds	311,871	-	-	311,871
Common stocks	1,180,201	-	-	1,180,201
	$ 2,779,012	$ -	$ -	$ 2,779,012

Investment income consists of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Interest and dividends	$ 67,635	$ 45,626
Realized (losses) gains	(88,636)	261,429
Unrealized gain (loss)	768,964	(223,831)
Investment fees	(29,643)	(26,385)
	$ 718,320	$ 56,839

Note F - Property and Equipment

Property and equipment at June 30, 2021 and 2020 consists of the following:

	2021	2020
Buildings and improvements	$ 6,431,110	$ 6,431,110
Production equipment	418,513	418,514
Transmitter equipment	1,029,292	1,029,292
Computers and software	60,169	40,204
Web and app design	109,025	109,025
Furniture and fixtures	474,521	472,464
	8,522,630	8,500,609
Less accumulated depreciation	(4,485,459)	(4,064,285)
	$ 4,037,171	$ 4,436,324

Note G - Refundable Advance - Paycheck Protection Program

The Organization received a refundable advance of $804,400 in April 2020 from the SBA Paycheck Protection Program ("PPP"). In February 2021, under the provisions of the CARES Act, the Organization was notified the loan was fully forgiven, and the Organization has been legally released by the U.S. Small Business Administration ("SBA"). As such, the loan forgiveness was recognized as revenue in the statement of activities and changes in net assets during the year ended June 30, 2021. In accordance with the related PPP loan guidelines, the SBA reserves the right to audit any PPP loan at any time during the loan process, including after the loan is fully forgiven and the Organization has been legal released.

Note H - Net Assets with Donor Purpose Restrictions

Net assets with donor purpose restrictions at June 30, 2021 and 2020 are available for the following:

	2021	2020
Newsroom expansion	$ 1,111,833	$ -
American Journalism Project	140,523	-
Programming and marketing	107,057	327,926
Strategic plan initiatives	20,000	139,768
Education outreach	20,000	72,194
	$ 1,399,413	$ 539,888

Note I - Revenue from Contracts with Customers

The following table provides information about significant changes in deferred membership dues (included in deferred revenue on the statement of financial position) for the year ended June 30, 2021:

Deferred membership dues, July, 2020	$ 46,339
Revenue recognized that was included in deferred membership dues at the beginning of the year	(46,339)
Increase in deferred membership revenue due to cash received during the period	51,430
Deferred membership dues, June 30, 2021	$ 51,430

Note J - Operating Lease

The Organization leases a transmission tower for $5,185 per month under a noncancelable operating lease that expires in February 2022. The lease was amended in January 2012 to include rent escalation of 3% which takes effect on March 1st of each lease year. The lease is renewable for three additional terms of five years upon each termination date (currently February 28, 2022) under the same terms and conditions of the original lease term dated March 1, 1995 or as amended in the amendment dated January 27, 2012. Each renewal term will commence automatically unless the Organization provides the lessor with six days prior notice of the Organization's election not to renew.

Rent expense for the transmission tower was $64,726 and $62,841 for the years ended June 30, 2021 and 2020, respectively.

The total future minimum non-cancelable operating lease payments are as follows:

Year ending June 30,	Amount
2022	$ 44,005
Total	$ 44,005

Note K - 401(k) Plan

The Organization provides a 401(k) retirement plan to all employees meeting certain eligibility requirements. The Organization contributes an amount equal to 50% of employee deferrals up to 6%. The Organization's contribution to the plan was $78,096 and $79,645 for the years ended June 30, 2021 and 2020, respectively.

Note L - Concentrations

At June 30, 2021, four donors had outstanding pledges which represent 82% of pledges and grants receivable. At June 30, 2020, two donors had outstanding grants which represents 87% of pledges and grants receivable.

Note M - Contingency

During 2020, the outbreak of the novel coronavirus disease 2019 ("COVID-19") was declared a United States and global pandemic. The Organization's operations have generally been impacted by the outbreak of COVID-19. Since the situation surrounding the pandemic is on-going, the duration, nature, and extent of the ultimate direct or indirect impact on the Organization's financial condition, liquidity, and/or future results of operations cannot be reasonably estimated at this time.