KPMG

NEW YORK PUBLIC RADIO

Financial Statements

June 30, 2021 and 2020

(With Independent Auditors’ Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
New York Public Radio:

We have audited the accompanying financial statements of New York Public Radio, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, 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 U.S. generally accepted accounting principles; 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Public Radio 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 U.S. generally accepted accounting principles.

KPMG LLP

November 23, 2021

NEW YORK PUBLIC RADIO

Statements of Financial Position

June 30, 2021 and 2020

Assets		2021	2020
Current assets:			
Cash and cash equivalents	$	26,181,884	18,399,071
Pledges and grants receivable, less allowance for doubtful accounts of $1,073,932 and $270,000 at June 30, 2021 and 2020		7,602,376	7,296,397
Accounts receivable, less allowance for doubtful accounts of $924,191 and $929,552 at June 30, 2021 and 2020, respectively		5,438,921	4,995,073
Due from partners in collaborative arrangement		517,677	666,362
Prepaid expenses and other current assets		1,805,650	1,661,913
Total current assets		41,546,508	33,018,816
Noncurrent assets:			
Pledges receivable, net of current portion		3,921,738	6,979,309
Investments		56,362,238	44,049,010
Fixed assets, net of accumulated depreciation and amortization		11,522,655	13,242,661
FCC licenses		29,242,387	29,242,387
Other assets		1,748,142	1,940,710
Total noncurrent assets		102,797,160	95,454,077
Total assets	$	144,343,668	128,472,893
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	8,205,191	6,972,834
Wages and payroll liabilities		7,402,628	6,620,122
Deferred revenue		904,579	1,275,554
Current portion of refundable advance		—	8,936,017
Current portion of debt payable		247,103	—
Due to partners in collaborative arrangement		463,252	181,862
Total current liabilities		17,222,753	23,986,389
Noncurrent liabilities:			
Refundable advance		1,000,000	1,000,000
Debt payable		25,520,780	15,749,377
Deferred rent		1,856,002	1,992,337
Wages and payroll liabilities		763,505	—
Other liabilities		1,124,615	1,185,556
Total noncurrent liabilities		30,264,902	19,927,270
Total liabilities		47,487,655	43,913,659
Commitments			
Net assets:			
Without donor restrictions		79,804,820	65,752,589
With donor restrictions		17,051,193	18,806,645
Total net assets		96,856,013	84,559,234
Total liabilities and net assets	$	144,343,668	128,472,893

See accompanying notes to financial statements.

NEW YORK PUBLIC RADIO

Statements of Activities

Years ended June 30, 2021 and 2020

	2021			2020		
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Net assets without donor restrictions	Net assets with donor restrictions	Total
Operating activities:						
Operating support and revenue:						
Contributions	$ 60,890,045	8,364,361	69,254,406	65,173,605	8,357,148	73,530,753
Government grants	191,942	856,500	1,048,442	194,030	—	194,030
Donated services	1,138,186	—	1,138,186	812,677	—	812,677
Production and other income	4,479,868	—	4,479,868	5,291,538	—	5,291,538
Special events revenue, net of direct expenses of $350,016 and $369,241 in 2021 and 2020, respectively	617,186	—	617,186	1,071,764	—	1,071,764
Investment income, net	496,022	—	496,022	77,838	—	77,838
Revenues from collaborative arrangement	1,488,985	—	1,488,985	1,502,561	—	1,502,561
Net assets released from restrictions	10,995,016	(10,995,016)	—	10,653,673	(10,653,673)	—
Total operating support and revenue	80,297,250	(1,774,155)	78,523,095	84,777,686	(2,296,525)	82,481,161
Operating expenses:						
Program services:						
Programming	52,312,036	—	52,312,036	57,537,039	—	57,537,039
Technical operations	7,303,120	—	7,303,120	7,017,559	—	7,017,559
Marketing	4,385,790	—	4,385,790	4,427,348	—	4,427,348
Total program services	64,000,946	—	64,000,946	68,981,946	—	68,981,946
Supporting services:						
Fund-raising	14,436,769	—	14,436,769	16,541,788	—	16,541,788
Management and general	8,237,422	—	8,237,422	7,310,169	—	7,310,169
Total supporting services	22,674,191	—	22,674,191	23,851,957	—	23,851,957
Total operating expenses	86,675,137	—	86,675,137	92,833,903	—	92,833,903
Decrease from operating activities	(6,377,887)	(1,774,155)	(8,152,042)	(8,056,217)	(2,296,525)	(10,352,742)
Nonoperating activities:						
Net Investment return, less amounts allocated for spending	11,409,794	18,703	11,428,497	1,663,512	(24,359)	1,639,153
Gain on loan forgiveness	9,020,324	—	9,020,324	—	—	—
Change in net assets	14,052,231	(1,755,452)	12,296,779	(6,392,705)	(2,320,884)	(8,713,589)
Net assets at beginning of year	65,752,589	18,806,645	84,559,234	72,145,294	21,127,529	93,272,823
Net assets at end of year	$ 79,804,820	17,051,193	96,856,013	65,752,589	18,806,645	84,559,234

See accompanying notes to financial statements.

NEW YORK PUBLIC RADIO

Statement of Functional Expenses

Year ended June 30, 2021
(with comparative summarized totals for the year ended June 30, 2020)

	Program services				Supporting services				
	Programming	Technical operations	Marketing	Total	Fund-raising	Management and general	Total	2021	2020
Salaries and benefits	$ 37,477,326	3,704,707	2,564,303	43,746,336	8,958,362	3,592,540	12,550,902	56,297,238	59,473,327
Consultants' fees	953,733	41,661	33,379	1,028,773	191,412	272,183	463,595	1,492,368	3,033,090
Marketing and public relations	70,591	—	1,125,693	1,196,284	23,237	6,100	29,337	1,225,621	1,539,827
Program acquisition and production	6,273,949	7,276	258,358	6,539,583	—	—	—	6,539,583	8,340,273
Membership services	—	—	—	—	3,519,875	—	3,519,875	3,519,875	4,101,518
Professional services	1,013,714	38,228	23,235	1,075,177	340,065	1,334,937	1,675,002	2,750,179	2,205,352
Travel, entertainment, and meetings	202,936	63,256	1,870	268,062	23,525	76,098	99,623	367,685	935,162
Equipment rental, repairs, maintenance, and supplies	812,850	1,098,828	118,031	2,029,709	447,343	293,006	740,349	2,770,058	2,626,979
Office expenses	132,660	15,397	7,337	155,394	33,059	110,178	143,237	298,631	341,467
Bad debt expense, net of recoveries	—	—	—	—	—	798,570	798,570	798,570	163,913
Postage and mailing	23,711	25,443	794	49,948	21,165	2,606	23,771	73,719	45,369
Insurance	250,441	24,230	13,461	288,132	34,102	25,128	59,230	347,362	322,015
Rent, utilities, and custodial	3,349,497	2,114,720	145,232	5,609,449	606,246	267,769	874,015	6,483,464	6,536,761
Financing costs and other costs	—	—	—	—	—	1,282,660	1,282,660	1,282,660	788,184
Total expenses before depreciation, amortization and direct benefits to donor costs	50,561,408	7,133,746	4,291,693	61,986,847	14,198,391	8,061,775	22,260,166	84,247,013	90,453,237
Depreciation and amortization	1,750,628	169,374	94,097	2,014,099	238,378	175,647	414,025	2,428,124	2,380,666
Total expenses	$ 52,312,036	7,303,120	4,385,790	64,000,946	14,436,769	8,237,422	22,674,191	86,675,137	92,833,903
Costs of direct benefits to donors								350,016	369,241
Total expenses and costs of direct benefit to donors								$ 87,025,153	$ 93,203,144

See accompanying notes to financial statements.

NEW YORK PUBLIC RADIO

Statement of Functional Expenses

Year ended June 30, 2020

	Program services				Supporting services			
	Programming	**Technical operations**	**Marketing**	**Total**	**Fund-raising**	**Management and general**	**Total**	**2020**
Salaries and benefits	$ 39,535,548	3,620,560	2,556,554	45,712,662	9,722,388	4,038,277	13,760,665	59,473,327
Consultants' fees	2,271,637	195,691	108,749	2,576,077	280,411	176,602	457,013	3,033,090
Marketing and public relations	230,887	—	1,082,958	1,313,845	179,922	46,060	225,982	1,539,827
Program acquisition and production	8,088,731	9,188	242,354	8,340,273	—	—	—	8,340,273
Membership services	—	—	—	—	4,101,163	355	4,101,518	4,101,518
Professional services	781,234	38,386	44,898	864,518	291,412	1,049,422	1,340,834	2,205,352
Travel, entertainment, and meetings	497,757	32,883	29,904	560,544	215,506	159,112	374,618	935,162
Equipment rental, repairs, maintenance, and supplies	883,826	855,734	85,628	1,825,188	474,324	327,467	801,791	2,626,979
Office expenses	179,753	17,432	20,615	217,800	60,263	63,404	123,667	341,467
Bad debt expense, net of recoveries	—	—	—	—	—	163,913	163,913	163,913
Postage and mailing	15,361	5,905	717	21,983	18,437	4,949	23,386	45,369
Insurance	219,987	20,853	12,660	253,500	46,918	21,597	68,515	322,015
Rent, utilities, and custodial	3,223,600	2,068,437	149,728	5,441,765	807,941	287,055	1,094,996	6,536,761
Financing costs and other costs	—	—	—	—	—	788,184	788,184	788,184
Total expenses before depreciation, amortization and direct benefits to donor costs	55,928,321	6,865,069	4,334,765	67,128,155	16,198,685	7,126,397	23,325,082	90,453,237
Depreciation and amortization	1,608,718	152,490	92,583	1,853,791	343,103	183,772	526,875	2,380,666
Total expenses	$ 57,537,039	7,017,559	4,427,348	68,981,946	16,541,788	7,310,169	23,851,957	92,833,903
Costs of direct benefits to donors								369,241
Total expenses and costs of direct benefit to donors								$ 93,203,144

See accompanying notes to financial statements.

NEW YORK PUBLIC RADIO

Statements of Cash Flows

Years ended June 30, 2021 and 2020

		2021	2020
Cash flows from operating activities:			
Change in net assets	$	12,296,779	(8,713,589)
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation and amortization of fixed assets		2,428,124	2,380,667
Amortization of deferred financing costs		18,506	17,829
Bad debt expense, net of recoveries		798,570	163,913
Net expense from barter arrangements		(41,836)	(121,100)
Deferred rent		(136,335)	(256,037)
Lease incentive obligation (in other liabilities)		(27,069)	(27,069)
Net appreciation in fair value of investments		(10,345,878)	(1,716,996)
Gain on loan forgiveness		(9,020,324)	—
Changes in operating assets and liabilities:			
Current pledges and grants receivable		(1,109,910)	(356,845)
Accounts receivable		(396,652)	1,300,577
Prepaid expenses and other current assets		(143,737)	210,057
Due to/(from) partner in collaborative arrangements		430,075	(1,440,995)
Noncurrent pledges receivable, net		3,057,571	2,192,969
Other assets		(183,237)	415,002
Accounts payable and accrued expenses		1,078,940	1,854,325
Wages and payroll liabilities		1,546,011	1,030,143
Deferred revenue		(370,975)	234,853
Other liabilities		(50,489)	(473,385)
Net cash used in operating activities		(171,866)	(3,305,681)
Cash flows from investing activities:			
Purchase of fixed assets		(453,777)	(1,086,646)
Purchase of investments		(13,256,108)	(4,264,521)
Sale of investments		11,288,759	5,071,634
Purchase of other investments		—	(250,666)
Sale of other investments		375,805	1,087,168
Net cash (used in) provided by investing activities		(2,045,321)	556,969
Cash flows from financing activity:			
Refundable advance proceeds		—	8,919,400
Loan proceeds		10,000,000	—
Bond issuance costs incurred		—	(15,000)
Net cash provided by financing activity		10,000,000	8,904,400
Net increase in cash and cash equivalents		7,782,813	6,155,688
Cash and cash equivalents at beginning of year		18,399,071	12,243,383
Cash and cash equivalents at end of year	$	26,181,884	18,399,071
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	1,129,041	740,932
Noncash investing and financing activities:			
Fixed assets purchased through accounts payable	$	325,737	71,396
Loan forgiveness, including accrued interest		9,020,324	—

See accompanying notes to financial statements.

(1) Nature of Business and Organization

New York Public Radio was incorporated in the state of New York in September 1979 as a not-for-profit corporation, primarily for the purpose of providing monetary and operational support for the City of New York Municipal Broadcasting System, later known as the New York Public Communications Group, through fund-raising activities and the rendering of services.

On January 7, 1997, the City of New York transferred the licenses and all the assets associated with WNYC-AM and WNYC-FM to New York Public Radio for $20 million, payable over six years. The Federal Communications Commission (FCC) granted the transfer of the licenses in fiscal year 1997.

On October 6, 2009, New York Public Radio purchased certain assets used in the operation of the radio station WQXR-FM from The New York Times Company. New York Public Radio paid a purchase price of approximately $11,626,000 in cash inclusive of direct expenses.

On July 1, 2011, New York Public Radio assumed operations under a managing program agreement of four New Jersey network radio stations, WNJT-FM, WNJP-FM, WNJY-FM, and WNJO-FM, owned by the State of New Jersey. On December 5, 2011, the FCC licenses and certain other assets were purchased from the State of New Jersey for approximately $1.0 million in cash and $1.8 million in in-kind services.

New York Public Radio is a Section 501(c)(3) organization, which is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code). It is a publicly supported organization as described in Section 509(a)(1) of the Code. New York Public Radio is also exempt from state and local income taxes. Accordingly, it is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. New York Public Radio recognizes the effect of income tax positions only if these positions are more likely than not of being sustained.

The spread of the coronavirus (COVID-19) around the world caused significant volatility in the U.S. and international markets. While the overall impacts of COVID-19 during fiscal year 2020 to New York Public Radio’s business and operations were not overly significant, there is significant uncertainty around the breath and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy and, as such, New York Public Radio is unable to determine if it will have a material impact on its operations.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

(Continued)

(b) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates are used for, but not limited to, valuation of receivables, fair value of investments and allocation of functional expenses.

New York Public Radio allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be readily identified with a specific program or supporting service are charged directly. Other expenses that are common to several functions are allocated by various statistical bases. Allocated expenses include rent and maintenance, depreciation/amortization and insurance, as well as costs in the executive, legal, and the information technology departments. Allocation of costs are based on the average square footage of each employee within a function.

(c) Net Assets

To ensure compliance with limitations and restrictions placed on the use of resources, New York Public Radio reports its financial resources as net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions: Net assets without donor restrictions include expendable resources over which New York Public Radio's Board of Trustees has discretionary control and are used to carry out New York Public Radio's operations in accordance with its Articles of Incorporation and the related bylaws.

In fiscal year 2006, New York Public Radio's Board of Trustees designated a portion of net assets without donor restrictions for the Campaign for New York Public Radio. Funds received in association with this campaign are to be allocated at the discretion of the Board of Trustees to the fit-out and construction of New York Public Radio's facility, debt service related to the March 2006 bond offering, lease and operating expenses associated with the facility, and programming initiatives.

In fiscal year 2013, all charitable gift annuities in excess of the related liabilities were classified as board designated by the Board of Trustees. Upon maturity of a gift annuity agreement, the revenue will be allocated at the discretion of the Board of Trustees.

In fiscal year 2015, the Board of Trustees designated funds received without donor restrictions in association with a future campaign and other funds without donor restrictions as it deems appropriate, to be allocated at its discretion in association with strategic initiatives.

Net Assets with Donor Restrictions: Net assets with donor restrictions include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of New York Public Radio. Certain donor restrictions are perpetual in nature and represent funds that are subject to restrictions of gift instruments requiring that the principal be invested and that only the income be used.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law.

(d) Grants and Contributions

Grants and contributions (including unconditional promises to give) are recorded initially at fair value when received or pledged. Contributions received with donor stipulations that limit the use of donated assets are reported as with donor restrictions support. Unconditional promises to give, with payments due in future years, are also reported as with donor restrictions support, and are discounted to their present value. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contribution. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. When a donor restriction expires, that is, when a time restriction ends, or a purpose restriction is fulfilled, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The details of contributions without donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Membership	$ 36,358,547	34,780,177
Sponsorship	15,992,957	19,819,431
Sponsorship trade	80,475	272,125
Major donors	4,268,081	4,738,061
Bequests and planned giving	1,483,154	2,726,608
Foundations and not-for-profit organizations	2,706,831	2,837,203
	$ 60,890,045	65,173,605

Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are classified as conditional if a barrier must be overcome to be entitled to the funds or if a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. As of June 30, 2021 and 2020, New York Public Radio has received conditional pledges and payments totaling approximately $888,000 and $713,000, respectively, for future support for which the conditions stipulated by the donors have not yet been met.

(e) Donated Services and Support

Volunteers have donated significant amounts of their time to New York Public Radio's program services and supporting services. No amounts have been reflected in the accompanying financial statements for these donated services because they do not meet the criteria for revenue recognition established by U.S. generally accepted accounting principles.

Contributed services, which New York Public Radio would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The details of donated services for the years ended June 30, 2021 and 2020 are as follows:

		2021	2020
Advertising grants program fees	$	916,300	730,051
Legal fees		221,886	82,626
	$	1,138,186	812,677

(f) Cash Equivalents

New York Public Radio considers all highly liquid investments with a maturity of three months or less when purchased and money market funds to be cash equivalents, except for those cash equivalents intended to be held as part of the investment portfolio or those restricted as to use. All cash and cash equivalents are held at three financial institutions at June 30, 2021 and 2020. The amount of cash and cash equivalents at these banks may exceed federally insured limits.

(g) Accounts Receivable

Accounts receivable consist primarily of acknowledgments of corporate sponsorship. The allowance for doubtful accounts is determined based upon specific analysis of past-due accounts and historical collections experience.

(h) Deferred Revenue

Deferred revenue represents revenues collected but not earned as of June 30th. This is primarily composed of revenues for program licenses paid in advance of the usage dates that are predominately within the next fiscal year. The deferred revenue balances were approximately $905,000 and $1,276,000 for the year ended June 30, 2021 and June 30, 2020 respectively.

(i) Investments

Investments are reported at estimated fair market value based upon quoted or published market prices or at estimated fair value using net asset value (NAV) as a practical expedient, provided by the general partners of limited partnerships or other external investment managers. These NAVs are reviewed and evaluated by New York Public Radio. Due to the inherent uncertainties of these estimates, these values may differ from the values that would have been used had a ready market existed for such investments. Current investments are investments with maturities less than one year, which are not held by long-term investment managers.

New York Public Radio maintains a spending policy on its long-term investment portfolio. The spending policy used for operations may be up to 4% of a 12-quarter rolling average market value as of June 30. In addition to the spending policy on the long-term investment portfolio, investment return used for operations includes investment income on working capital cash.

(j) FCC Licenses

Identifiable intangible assets with indefinite lives consist of the FCC licenses for New York Public Radio. Such intangible assets are not amortized but instead are subject to annual impairment tests. There were no indications of impairment noted in the annual impairment test performed for the years ended June 30, 2021 and 2020.

(k) Depreciation and Amortization

Furniture, fixtures, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. New York Public Radio provides for depreciation of fixed assets on the straight-line basis over the estimated useful lives of the assets ranging from 3 to 15 years. Amortization of leasehold improvements is provided on the straight-line basis over the lesser of the terms of the related leases or estimated useful lives of the improvements.

(l) Marketing and Public Relations

Marketing and public relations costs are expensed as incurred. For the years ended June 30, 2021 and 2020, total marketing and public relations costs amounted to approximately $1,226,000 and $1,540,000, respectively.

(m) Barter Transactions

Revenue from barter transactions (sponsorship acknowledgments provided in exchange for goods and services) is recognized when sponsorship is broadcast and is valued based on fair value (comparable cash revenue). Goods and services received are recorded as a capital asset or prepaid expense, depending on the nature of the goods or services received, and are charged to expense when rendered or used. Barter revenues were approximately $80,000 and $272,000 and barter expenses were approximately $39,000 and $151,000 for the years ended June 30, 2021 and 2020, respectively. An asset of approximately $43,000 and $2,000 is included in accounts receivable at June 30, 2021 and 2020, respectively, in the accompanying statements of financial position, representing the acknowledgements under barter arrangements to be broadcast in the future.

(n) Collaborative Arrangements

New York Public Radio accounts for its collaborative arrangements in accordance with ASC 808 (note 11), which prescribes that for costs incurred and revenue generated from third parties, the participant in a collaborative arrangement that is deemed to be the principal participant for a given transaction should record that transaction on a gross basis in the financial statements. Payments from New York Public Radio’s partners in the collaborative arrangements are recorded as revenues from collaborative arrangement in the period in which such payments are due to cover expenditures of the arrangement.

(Continued)

(o) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted or published prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices such as quoted or published prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

(p) Operating Measure

New York Public Radio includes in operations all revenue and expenses that are an integral part of its program and supporting activities. Investment return, including net realized and unrealized gains and losses, in excess of or less than the authorized spending policy, transfers, and other nonrecurring transactions are recognized as nonoperating activities.

(q) Upcoming Accounting Standard

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance expands the required quantitative and qualitative disclosures surrounding leases. New York Public Radio is currently evaluating the effect that ASU No. 2016-02 will have on its financial statements for the year ended June 30, 2023.

(r) Reclassification

Certain reclassifications have been made to prior year financial statements to conform to the current year presentation.

(3) Liquidity and Availability of Resources

As part of the organization’s liquidity management strategy, New York Public Radio defines financial assets to be available for general expenditures within one year from the statement of financial position as operating expenses and capital costs. In addition, the organization invests cash in excess of daily requirements in short-term working capital investments.

Financial assets available within one year for general expenditure and other resources, as of June 30, 2021 and 2020, are as follows:

		2021	2020
Cash and cash equivalents	$	26,181,884	18,399,071
Pledge and grants receivable, net		7,602,376	7,296,397
Accounts receivable, net		5,438,921	4,995,073
Investments		44,334,831	32,087,225
Due from partners in collaborative arrangements		517,677	666,362
Total financial assets available within one year		84,075,689	63,444,128
Other resources:			
Bank credit facility (undrawn)		8,180,850	18,180,850
Total financial assets available within one year and other resources	$	92,256,539	81,624,978

In addition to these amounts, financial assets could be made available for general expenditures with Board approval of approximately $7,001,000 as of June 30, 2021.

(4) Investments

New York Public Radio held the following investments at June 30:

		Fair value	
		2021	2020
Investments:			
U.S. equity	$	22,227,591	16,412,741
Global equity		14,790,322	11,325,269
Emerging markets		2,555,870	1,768,550
Hedge funds		9,247,837	8,563,007
Inflation hedging		3,013,613	1,983,778
Fixed income		4,014,188	3,620,110
Cash and equivalents		512,817	375,555
	$	56,362,238	44,049,010

Valuation Hierarchy

The following tables provide the assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2021 and 2020:

	2021	2020
Investments (Level 1):		
U.S. equity	$ 18,760,783	13,915,833
Global equity	5,834,312	6,649,428
Emerging markets	740,523	533,822
Inflation hedging	2,413,195	1,571,705
Fixed income	4,014,188	3,620,110
Cash and equivalents	512,817	375,555
Subtotal	32,275,818	26,666,453
Investments measured at NAV (or its equivalent)	24,086,420	17,382,557
Total investments	$ 56,362,238	44,049,010

Investments measured at NAV by major category, at June 30, are as follows:

Strategy	2021	2020	Redemption frequency (if currently eligible)	Redemption notice period
U.S. equity	$ 3,466,808	2,496,908	Calendar Quarter	60 days
Global equity	8,956,010	4,675,841	Semi-Monthly/Monthly	3–10 days
Emerging markets	1,815,347	1,234,728	Monthly	30 days
Hedge funds	9,247,837	8,563,007	Quarterly/Annually	60–75 days
Inflation hedging	600,418	412,073	Monthly	5 days
	$ 24,086,420	17,382,557		

Net investment return consists of the following in fiscal years 2021 and 2020:

	2021	2020
Interest, divident, and realized gains, net of fees	$ 1,578,641	871,183
Net appreciation in fair value of investments	10,345,878	845,808
	$ 11,924,519	1,716,991

Restricted cash amounts for investment purposes increased $137,261 and decreased $90,668 for the years ended June 30, 2021 and 2020, respectively. Restricted cash amounts for investment purposes as of June 30, 2021 and 2020 were $512,817 and $375,555, respectively. The changes year-over-year of restricted cash amounts for investment purposes are considered to be cash flows from investing activities.

(5) Pledges and Grants Receivable

Pledges and grants receivable consist substantially of promises to give and are due from individuals and foundations. Pledges and grants receivable, net of allowance for uncollectible pledges, are due to be collected as follows at June 30:

		2021	2020
Pledges and grants receivable:			
Less than one year	$	8,676,308	7,566,397
One to five years		4,136,019	7,398,319
		12,812,327	14,964,716
Less:			
Discount (0.29%–1.89%) and credit rate adjustments		(214,281)	(419,010)
Allowance for doubtful accounts		(1,073,932)	(270,000)
Pledges and grants receivable, net	$	11,524,114	14,275,706

Four donors accounted for 59% and Four donors accounted for 72% of gross pledges and grants receivable at June 30, 2021 and 2020, respectively. For the period ending June 30, 2021 one donor accounted for 12% of contribution revenue, there is no donor concentration of contributed revenue for the year ended June 30, 2021.

(6) Fixed Assets

Fixed assets consist of the following at June 30:

		2021	2020
Computer hardware	$	4,416,794	3,956,420
Leasehold improvement		25,129,319	25,047,266
Furniture and fixtures		2,714,414	2,680,414
Equipment		18,148,881	18,017,190
Vehicles		91,648	91,648
		50,501,056	49,792,938
Less accumulated depreciation and amortization		(38,978,401)	(36,550,277)
	$	11,522,655	13,242,661

New York Public Radio received capital appropriations from the City of New York, which obligated the recipient organization to operate the facility and/or maintain equipment for the respective bonding term as a nonprofit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational, or artistic uses, and/or related purposes approved by the city.

At June 30, 2021, the City of New York and a government entity held a security interest in leasehold improvements of $637,500.

(7) Debt Payable

In March 2006, New York Public Radio issued tax-exempt Series 2006 revenue bonds (Series 2006 Revenue Bonds) through the Trust for Cultural Resources of the City of New York in the amount of $23,000,000. Proceeds from the Series 2006 Revenue Bonds, as well as any interest income earned on the proceeds, were used to finance issuance costs, a portion of interest costs, and a portion of the cost of the renovation, construction, studio technical fit-out, and furnishing of approximately 76,000 square feet of leased space in a building that is used as New York Public Radio's principal office and broadcast studios.

On January 29, 2018, New York Public Radio entered into a $35,000,000, 15-year 4.56% interest rate loan and security agreement with Boston Private Bank & Trust Company for the purpose of financing business initiatives and expansions. The outstanding Series 2006 Revenue Bonds of $9,660,000 were redeemed with a loan advancement from Boston Private Bank & Trust Company.

The agreement, in conjunction with Amendment #2 adopted in September 2019, allows New York Public Radio to initiate term advancements from the closing date through the fourth anniversary of the closing date at which point the term advancements will automatically convert to a term loan and New York Public Radio will not be allowed to initiate additional advances. New York Public Radio is required to make monthly interest only payments on the initiated advancements through January 31, 2022. Interest is payable on the first business day of each calendar month. Beginning on February 1, 2022 through January 1, 2033, New York Public Radio is required to make principal and interest payments. As of June 30, 2018, New York Public Radio executed loan advancements for $9,982,150, which was used to settle its interest rate swap agreement and to redeem its outstanding Series 2006 Revenue Bonds. As of June 30, 2021, an additional $10,000,000 advance was executed to fund strategic investments. At June 30, 2021 and 2020, the total advanced under the agreement is $25,982,150 and $15,982,150, respectively.

The debt issuance costs outstanding are $214,267 and $232,773 at June 30, 2021 and 2020, respectively.

The loan agreement requires compliance with certain financial ratio covenants. At June 30, 2021, New York Public Radio was in compliance with the financial covenants contained in the agreement.

New York Public Radio recognized approximately $1,167,000 and $741,000 in interest expense attributable to the debt for the years ended June 30, 2021 and 2020, respectively.

(8) Refundable Advance

In November 2013, New York Public Radio entered into an agreement with an outside foundation under which the foundation advanced $1,000,000 for the support of New York Public Radio's programs for a period of 15 years through November 11, 2028. After November 11, 2028, New York Public Radio will be required, at the direction of the foundation, to contribute the funds to one or more not-for-profit organizations that are not affiliated with New York Public Radio. Any income that New York Public Radio earns on the $1,000,000 can be used to fund operations. The advance is reflected in investments and as a refundable advance in the accompanying statements of financial position.

Paycheck Protection Program

On April 24, 2020, New York Public Radio received a refundable advance in the amount of $8,919,400 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides a cash advance to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business, subject to certain adjustments.

The PPP advance is payable over two years at an interest rate of 1% per annum, with a deferral of payments of interest and principal for the first six months of the loan. Thereafter, principal and interest are payable in eighteen equal monthly installments.

The advance and accrued interest are forgivable to the extent the proceeds are used for eligible purposes, which include payroll, benefits, rent and utilities incurred during either an eight week or 24 week period, at the borrower's election. The amount of forgiveness can be reduced if the borrower terminates employees or reduces compensation during the relevant measurement period.

On June 11, 2021, the PPP loan was forgiven in accordance with the current program provisions. This event is reflected as a gain on loan forgiveness on the accompanying statement of activities for the year ended June 30, 2021.

(9) Net Assets

Net assets for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Without donor restrictions:		
Undesignated	$ 69,535,820	55,185,026
Designated by the Board	10,269,000	10,567,563
Total net assets without donor restrictions	79,804,820	65,752,589
With donor restrictions:		
Time restricted	2,315,965	3,317,396
Donor restricted endowments	826,044	807,341
Purpose restricted, primarily programming	13,909,184	14,681,908
Total net assets with donor restrictions	17,051,193	18,806,645
Total net assets	$ 96,856,013	84,559,234

Approximately $13,700,000 and $14,000,000 restricted for programming at June 30, 2021 and 2020, respectively, is also time restricted.

Changes in net assets designated by the Board for the years ended June 30, 2021 and 2020 are as follows:

		2021	2020
Contributions and grants	$	336,628	77,841
Net assets released from restrictions		(100,000)	(28,590)
Transfers to undesignated		(535,191)	(649,017)
Total changes in net assets designated by the Board	$	(298,563)	(599,766)

(10) Endowment Fund

In 2010, New York State adopted New York Prudent Management of Institutional Funds Act (NYPMIFA). The Board of Trustees of New York Public Radio has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, New York Public Radio classifies as donor restricted net assets (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

New York Public Radio's endowment consists of a donor restricted endowment fund, the principal of which must be maintained intact in perpetuity, and income earned is restricted for the development of news, information, and other programming services. New York Public Radio's donor restricted endowment fund balance was $826,044 and $807,341 at June 30, 2021 and 2020, respectively.

New York Public Radio has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment fund.

Changes in endowment net assets for the year ended June 30, 2021 and 2020 consisted of the following:

		2021	2020
Endowment net assets, beginning of year	$	807,341	831,700
Investment return, net		48,095	(11,237)
Appropriated for spending		(29,392)	(13,122)
Endowment net assets, ending of year	$	826,044	807,341

(11) Collaborative Arrangements

New York Public Radio entered into co-production agreements (the Agreements) with Partners to develop, produce, and distribute noncommercial public radio programming and digital content. Under the terms of the Agreements, New York Public Radio is responsible for the day-to-day editorial and creative control of the content.

New York Public Radio acts as the principal for certain revenue and expense transactions with third parties and, therefore, recognized these transactions on a gross basis in the accompanying financial statements.

New York Public Radio recognized the following for the years ended June 30:

		2021	2020
Contributions without donor restrictions	$	1,273,903	992,562
Production and other income		690,014	675,421
Various expenses		4,599,671	4,206,132

In addition to these amounts, revenues from these collaborative arrangements of $1,488,985 and $1,502,561 are also recognized in the accompanying statements of activities for the years ended June 30, 2021 and 2020, respectively, related to the portion of certain Agreements expenses for which New York Public Radio's partner is obligated to reimburse New York Public Radio.

(12) Commitments

New York Public Radio has agreements to license capacity on transmitters and lease space at the transmission facilities with third parties in New York and New Jersey. These agreements expire between September 2026 and December 2032. Total license and rent expense was approximately $1,211,000 and $1,190,000 for the years ended June 30, 2021 and 2020, respectively. In March 2006, New York Public Radio entered into a noncancelable lease agreement for office space and broadcast studios in New York City for a term of 20 years. The lease calls for escalation charges through the lease term and includes a rent-free period of approximately 11 months. The lease also provides New York Public Radio with the option to renew for an additional 10 years provided that New York Public Radio is not in default of any of the terms of the lease agreement. The lease agreement is secured by a standby letter of credit in the amount of approximately $837,000 that expires in March 2022 and may be renewed at the option of New York Public Radio.

The aggregate minimum lease payments under the lease agreement for office space and broadcast studios are being recognized over the term of the lease on the straight-line basis. The cumulative difference between rent expense so calculated and amounts paid in accordance with terms of the lease amounted to $1,713,892 and $1,992,337 as of June 30, 2021 and 2020, respectively, and has been reflected as deferred rent, a liability in the accompanying statements of financial position. Under the terms of the lease agreement, New York Public Radio is reimbursed by the landlord for certain costs incurred. The costs incurred are included in fixed assets and are amortized over the lesser of the lease term or the estimated useful lives of the assets. The amount of costs reimbursed by the landlord is recorded as a lease incentive obligation, which is amortized as a reduction of rent expense on a straight-line basis over the term of the lease. A lease incentive obligation of approximately $142,000 and $169,000 is included in other liabilities in the accompanying statements of financial position as of June 30, 2021 and 2020, respectively. Total rent expense recorded under this lease agreement was approximately $2,419,000 for both the years ended June 30, 2021 and 2020.

Future minimum payments under these agreements as of June 30, 2021 were as follows:

		License agreements	Leases
Year ending June 30:			
2022	$	1,204,743	2,749,885
2023		1,196,087	2,774,100
2024		1,233,896	2,798,405
2025		1,261,803	2,432,258
2026		1,311,589	2,316,135
Thereafter		5,737,829	581,461
	$	11,945,947	13,652,244

(13) Subsequent Events

New York Public Radio has evaluated events and transactions occurring after the statement of financial position date of June 30, 2021 through November 23, 2021, which is the date that the financial statements were issued, for disclosure and recognition in the financial statements.