



**NEWARK PUBLIC RADIO, INC.**  
**Financial Statements**  
**September 30, 2019 and 2018**  
**With Independent Auditor's Reports**

**Newark Public Radio, Inc.**  
**Table of Contents**  
**September 30, 2019 and 2018**

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<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7-18

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,  
Newark Public Radio, Inc.:

We have audited the accompanying financial statements of Newark Public Radio, Inc. ("WBGO"), which comprise the statements of financial position as of September 30, 2019 and 2018, and 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.

### 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 audits 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 WBGO'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 WBGO'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 Newark Public Radio, Inc. as of September 30, 2019 and 2018, 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 2 in the notes to the financial statements, in 2019, the Organization adopted Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities* (Topic 958). Our opinion is not modified with respect to this matter.

*Withum Smith + Brown, PC*

February 3, 2020

**Newark Public Radio, Inc.**  
**Statements of Financial Position**  
**September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,218,526	\$ 1,182,945
Investments - without donor restrictions	775,830	749,577
Underwriting receivables, net	196,647	254,763
Pledges receivable, net	228,834	306,349
Grants and contracts receivable, net	434,881	451,306
Prepaid expenses	103,644	55,406
Total current assets	<u>2,958,362</u>	<u>3,000,346</u>
Property and equipment, net	1,170,995	1,288,921
Other assets		
Investments - with donor restrictions	<u>878,999</u>	<u>878,999</u>
Total assets	<u>\$ 5,008,356</u>	<u>\$ 5,168,266</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 150,686	\$ 115,440
Deferred revenue	119,800	45,857
Total current liabilities	<u>270,486</u>	<u>161,297</u>
Deferred rent	<u>36,319</u>	<u>38,163</u>
Total liabilities	<u>306,805</u>	<u>199,460</u>
Net assets		
Without donor restrictions		
Board designated education fund	147,763	147,763
Board designated technical innovation fund	205,500	205,500
Available for general operations	<u>1,228,586</u>	<u>1,070,014</u>
Total net assets without donor restrictions	<u>1,581,849</u>	<u>1,423,277</u>
Investment in property and equipment	<u>1,170,995</u>	<u>1,288,921</u>
Total net assets without donor restrictions	<u>2,752,844</u>	<u>2,712,198</u>
With donor restrictions	<u>1,948,707</u>	<u>2,256,608</u>
Total net assets	<u>4,701,551</u>	<u>4,968,806</u>
Total liabilities and net assets	<u>\$ 5,008,356</u>	<u>\$ 5,168,266</u>

The Notes to Financial Statements are an integral part of these statements.

**Newark Public Radio, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended September 30, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Contributions	\$ 2,416,797	\$ 387,781	\$ 2,804,578	\$ 2,395,698	\$ 806,185	\$ 3,201,883
Grants and contracts	678,309	10,000	688,309	602,524	33,333	635,857
Investment income, net	41,264	(1,218)	40,046	23,778	5,681	29,459
Underwriting	603,883	-	603,883	633,294	-	633,294
In-kind contributions	74,362	-	74,362	-	-	-
Special events	361,783	-	361,783	708,837	-	708,837
Trade revenue	398,006	-	398,006	211,693	-	211,693
Royalties	7,200	-	7,200	35,773	-	35,773
Other income	7,034	-	7,034	3,592	-	3,592
	<u>4,588,638</u>	<u>396,563</u>	<u>4,985,201</u>	<u>4,615,189</u>	<u>845,199</u>	<u>5,460,388</u>
Net assets released from restrictions						
Satisfaction of purpose restrictions	704,464	(704,464)	-	481,228	(481,228)	-
	<u>5,293,102</u>	<u>(307,901)</u>	<u>4,985,201</u>	<u>5,096,417</u>	<u>363,971</u>	<u>5,460,388</u>
Expenses						
Program services	3,140,546	-	3,140,546	3,059,296	-	3,059,296
Administrative	786,915	-	786,915	593,592	-	593,592
Fundraising	1,324,995	-	1,324,995	1,609,653	-	1,609,653
	<u>5,252,456</u>	<u>-</u>	<u>5,252,456</u>	<u>5,262,541</u>	<u>-</u>	<u>5,262,541</u>
Changes in net assets	40,646	(307,901)	(267,255)	(166,124)	363,971	197,847
Net assets						
Beginning of year	<u>2,712,198</u>	<u>2,256,608</u>	<u>4,968,806</u>	<u>2,878,322</u>	<u>1,892,637</u>	<u>4,770,959</u>
End of year	<u>\$ 2,752,844</u>	<u>\$ 1,948,707</u>	<u>\$ 4,701,551</u>	<u>\$ 2,712,198</u>	<u>\$ 2,256,608</u>	<u>\$ 4,968,806</u>

The Notes to Financial Statements are an integral part of these statements.

**Newark Public Radio, Inc.**  
**Statements of Cash Flows**  
**Years Ended September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Operating activities</b>		
Changes in net assets	\$ (267,255)	\$ 197,847
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	117,926	114,524
Net realized/unrealized gains on investments	(7,205)	(9,791)
Donated investments	(16,398)	(21,793)
Bad debt expense	39,685	4,017
Changes in assets and liabilities		
Underwriting receivables	18,431	(50,366)
Pledges receivable, net	77,515	(54,990)
Grants and contracts receivable	16,425	(40,694)
Prepaid expenses	(48,238)	7,872
Accounts payable and accrued expenses	35,246	40,497
Deferred revenue	73,943	(29,436)
Deferred rent	(1,844)	(440)
Net cash provided by operating activities	<u>38,231</u>	<u>157,247</u>
<b>Investing activities</b>		
Purchase of investments	(1,425,474)	(1,423,487)
Proceeds from sale of investments	<u>1,422,824</u>	<u>1,422,824</u>
Net cash used in investing activities	<u>(2,650)</u>	<u>(663)</u>
Net change in cash	35,581	156,584
<b>Cash and cash equivalents</b>		
Beginning of year	<u>1,182,945</u>	<u>1,026,361</u>
End of year	<u>\$ 1,218,526</u>	<u>\$ 1,182,945</u>
<b>Supplemental disclosure of cash flow information</b>		
Noncash operating activities		
Trade revenue	<u>\$ 398,006</u>	<u>\$ 211,693</u>
In-kind contributions	<u>\$ 74,362</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of these statements.

**Newark Public Radio, Inc.**  
**Statements of Functional Expenses**  
**Years Ended September 30, 2019 and 2018**

	2019				2018			
	Program Services	Supporting Services		Total	Total	Program Services	Supporting Services	
	Station	Administrative	Fundraising			Station	Administrative	Fundraising
	Operations					Operations		
Salaries	\$ 1,609,488	\$ 504,814	\$ 414,330	\$ 2,528,632	\$ 2,672,221	\$ 1,718,633	\$ 342,666	\$ 610,922
Payroll taxes and fringe benefits	276,225	108,761	72,730	457,716	518,352	308,138	98,038	112,176
Artist fees	34,483	-	-	34,483	32,602	32,602	-	-
Professional services	184,142	56,442	216,669	457,253	278,039	162,732	62,484	52,823
Audience research	48,825	-	-	48,825	47,000	47,000	-	-
Office expense	25,874	8,992	3,697	38,563	21,983	14,791	3,603	3,589
Broadcast supplies	13,091	-	-	13,091	27,426	27,426	-	-
Program purchases	67,005	-	-	67,005	49,479	49,479	-	-
Internet streaming	39,595	-	-	39,595	33,377	33,377	-	-
Telephone	38,068	3,275	2,749	44,092	46,661	39,247	2,957	4,457
Fundraising supplies	-	-	50,184	50,184	54,051	-	-	54,051
Premiums	114	-	56,726	56,840	69,671	174	-	69,497
Postage and shipping	9,196	2,740	37,246	49,182	56,909	7,905	4,066	44,938
Dues and subscriptions	14,481	1,225	2,625	18,331	32,233	18,969	3,708	9,556
Satellite fee	10,875	-	-	10,875	10,500	10,500	-	-
Newswire	1,341	-	-	1,341	27,958	27,958	-	-
Credit and administrative fees	-	2,276	77,699	79,975	89,196	-	5,435	83,761
Travel and entertainment	31,046	3,143	975	35,164	32,842	30,235	1,943	664
Meetings and conferences	421	5,876	65	6,362	1,391	-	971	420
Advertising and public relations	3,279	361	83,412	87,052	23,607	11,315	445	11,847
Advertising and public relations - trade	389,506	-	-	389,506	211,693	211,693	-	-
Staff development	-	645	5,499	6,144	10,044	237	625	9,182
Utilities	26,569	8,362	7,018	41,949	41,987	26,020	6,368	9,599
Space and equipment rental	164,106	17,076	6,712	187,894	187,029	168,589	7,355	11,085
Repairs and maintenance	18,707	21,009	-	39,716	42,313	19,103	23,210	-
Insurance	28,897	10,382	7,095	46,374	45,443	29,603	6,316	9,524
Depreciation and amortization	65,392	22,218	30,316	117,926	114,524	59,553	17,178	37,793
Interest expense	-	-	-	-	-	-	-	-
Special events	-	-	249,248	249,248	473,769	-	-	473,769
Bad debt expense	39,685	-	-	39,685	4,017	4,017	-	-
Miscellaneous	135	9,318	-	9,453	6,224	-	6,224	-
	<u>\$ 3,140,546</u>	<u>\$ 786,915</u>	<u>\$ 1,324,995</u>	<u>\$ 5,252,456</u>	<u>\$ 5,262,541</u>	<u>\$ 3,059,296</u>	<u>\$ 593,592</u>	<u>\$ 1,609,653</u>

The Notes to Financial Statements are an integral part of these statements.



**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

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**1. ORGANIZATION AND PURPOSE**

Newark Public Radio, Inc. ("WBGO") is a global leader in jazz radio, broadcasting from the jazz capital of the world. Founded in 1979, WBGO is a publicly-supported cultural institution that preserves and elevates America's music: jazz and blues. WBGO reaches a weekly audience of more than 400,000 in the New York/New Jersey metro area via 88.3FM. Through programs such as Jazz Night in America, produced in partnership with NPR and Jazz at Lincoln Center, and WBGO's position as content provider to NPR, its reach extends to millions more across the country. From its home base of Newark, New Jersey, Public Radio station WBGO has long been an anchor institution in community engagement through its partnerships, concerts, education and news programming.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of WBGO have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require WBGO to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of WBGO's management and the board of trustees.

**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 WBGO or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Revenue and Support Recognition**

Contributions, including membership fees, are recognized as revenue when they are received or unconditionally pledged and revenues are recorded as support with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

WBGO accounts for those grant and contract revenues which have been determined to be exchange transactions in the statements of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Revenues received in advance of their usage are classified as grant advances payable in the statements of financial position. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance. An allowance for doubtful receivables of approximately \$27,000 and \$-0- was included against the receivable balances at September 30, 2019 and 2018, respectively.

Revenues without donor restrictions are obtained from underwriting revenues, special events, underwriting, royalties and investment income. These revenues are used to offset program expenses as well as the cost of property and equipment acquisitions and supporting services expenses and are recognized in the period when earned.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

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Trade revenue is recorded in the period products or services of equal value are exchanged and are valued based on the services provided by WBGO at standard rates.

Donated professional services and supplies are recorded as revenue without donor restrictions at the estimated fair market value in the period when received and included in in-kind revenue in the statements of activities and changes in net assets.

**Investments**

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the statements of financial position. Donated investments are recorded at the fair value at the date of receipt. Investment income or loss (including realized and unrealized gains and losses on investments and interest and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

**Income Taxes**

WBGO is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and state income taxes under similar provisions. Accordingly, the accompanying financial statements do not reflect provisions for federal or state income taxes. WBGO had no unrecognized benefits at September 30, 2019 and 2018 and has incurred no interest or penalties related to income taxes for the periods presented in these financial statements.

**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 of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

**Property and Equipment and Depreciation**

Property and equipment purchases are recorded at cost, except for donated items which are recorded at the fair value on the date of donation. WBGO's policy calls for the capitalization of property and equipment purchases with costs of \$2,500 or greater and a useful life of no less than three years. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The principal rates for computing depreciation by major asset categories are as follows:

<b>Description</b>	<b>Estimated Life (Years)</b>
Buildings	40
Building improvements	5-40
Office equipment	3-7
Broadcast equipment	3-15

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

**Functional Allocation of Expenses**

The costs of providing program and supporting services have been summarized on a functional basis based either on a direct costing method for charging expenses to each program or function, or on an allocation formula applied to certain costs that is consistent with the benefit derived by each program or function and is performed on an equitable basis.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

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The expenses that are allocated and the method of allocation is as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Occupancy	Direct program expenses
Office expense, telephone, postage and shipping	Direct program expenses
Insurance	Direct program expenses

**Advertising**

Advertising is expensed in the period incurred. Advertising amounted to \$87,052 and \$23,607 in 2019 and 2018, respectively, which included approximately \$74,000 and \$-0- of in-kind advertising expense, respectively. Additionally, during the years ended September 30, 2019 and 2018, WBGO had \$389,506 and \$211,693, respectively, of advertising trade, which represented a reciprocal arrangement between WBGO and other cultural organizations for promoting each other, based on the fair market value of the services provided and received.

**Valuation of Long-Lived Assets**

WBGO reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment for impairment was required for the periods presented in these financial statements.

**Cash and Cash Equivalents**

Cash and cash equivalents include funds held in money market accounts and other instruments with an initial maturity of three months or less.

**Pledges Receivable**

Pledges receivable amounted to \$228,834 and \$306,349 for the years ended September 30, 2019 and 2018, respectively, and consist of pledges due within one year. As of September 30, 2019 and 2018, WBGO's allowance for doubtful account was approximately \$12,000 and \$16,000, respectively.

**Underwriting Receivables**

Underwriting receivables represent unsecured, non-interest bearing obligations due on services rendered. Management closely monitors outstanding receivables and establishes an allowance for doubtful accounts based on historical write offs and specific identification of customers at risk of non-payment. For each of the years ended September 30, 2019 and 2018, WBGO's allowance for doubtful accounts was \$25,865.

**Reclassifications**

Certain prior year amounts have been classified to conform to the current year presentation.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

**New Accounting Pronouncements Implemented in the Current Year**

*Not-For-Profit Reporting*

During 2019, the Organization adopted ASU 2016-14 – *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* as issued by the Financial Accounting Standards Board (FASB). This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their natural and functional classification. A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of September 30, 2018 are as follows:

<b>Net Assets Classifications</b>	<b>ASU 2016-14 Classifications</b>		
	<b>Net Assets Without Restrictions</b>	<b>Net Assets With Restrictions</b>	<b>Total</b>
Net assets			
Unrestricted	\$ 2,712,198	\$ -	\$ 2,712,198
Temporarily restricted	-	1,377,609	1,377,609
Permanently restricted	-	878,999	878,999
Total net assets	<u>\$ 2,712,198</u>	<u>\$ 2,256,608</u>	<u>\$ 4,968,806</u>

**New Accounting Pronouncements Not Yet in Effect**

*Revenue Recognition – Exchange Transactions*

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes all existing revenue recognition requirements, including most industry-specific guidance. Together with subsequent amendments, this created Accounting Standards Codification Topic 606 ("ASC 606"). ASC 606 requires an entity to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the entity expects to receive for those goods and services. ASC 606 also expands disclosure requirements. ASC 606 will be effective for non-public entities for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. ASC 606 allows for either "full retrospective" adoption, meaning the standard is applied to all of the periods presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements. WSBO is currently evaluating the impact of the adoption of ASC 606. At this time, management believes that the adoption of ASC 606 will not have a material impact on its financial statements because existing contractual performance obligations, which determine when and how revenue is recognized, are not materially changed under ASC 606.

*Leases*

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of WBGO's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2020.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

*Revenue Recognition - Contributions*

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB is issuing this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations (“NFPs”) because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. This ASU is effective for annual periods and interim periods beginning after December 15, 2018.

WBGO is currently evaluating the potential impact these pronouncements will have on its financial statements.

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

As of September 30, 2019, the Organization’s liquidity resources and financial assets available within one year for general expenditures, such as operating expenses, were as follows:

Financial assets	
Cash and cash equivalents	\$ 1,218,526
Investments	1,654,829
Underwriting receivables, net	196,647
Pledges receivable, net	228,834
Grants and contracts receivable	<u>434,881</u>
	3,733,717
Less amounts not available within one year for general expenditures	
Net assets with donor restrictions	<u>(1,948,707)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,785,010</u>

The Organization regularly monitors liquidity required to meet its operating needs and commitments. The Organization’s cash flows fluctuate during the year attributable to the timing of program operations and collection of funds from donors and grantors.

**4. GRANTS AND CONTRACTS RECEIVABLE**

WBGO was due certain amounts at September 30, 2019 and 2018 from funding sources which resulted from expenditures incurred in excess of payments received or from donors’ notifications of intent to give. Grants and contracts receivable are as follows at September 30:

	<u>2019</u>	<u>2018</u>
New Jersey State Council on the Arts	\$ 107,804	\$ 51,335
Foundation and other receivables	<u>327,077</u>	<u>399,971</u>
	<u>\$ 434,881</u>	<u>\$ 451,306</u>

Management expects collection of these receivables during fiscal year ending September 30, 2020.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

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**5. INVESTMENTS**

The following summarizes the relationship between the market value and cost of investments at September 30:

	2019		2018	
	Cost	Market	Cost	Market
Equities	\$ 51,207	\$ 87,226	\$ 29,060	\$ 64,603
Mutual funds	16,534	37,685	16,534	37,016
Certificates of deposit	<u>1,527,686</u>	<u>1,529,918</u>	<u>1,525,871</u>	<u>1,526,957</u>
	<u>\$ 1,595,427</u>	<u>\$ 1,654,829</u>	<u>\$ 1,571,465</u>	<u>\$ 1,628,576</u>

Investment income consisted of the following at September 30:

	2019	2018
Interest and dividend income	\$ 32,991	\$ 19,818
Realized gains	3,000	596
Unrealized gains	4,205	9,195
Investment fees	<u>(150)</u>	<u>(150)</u>
	<u>\$ 40,046</u>	<u>\$ 29,459</u>

*Fair Value Measurements*

WBGO has provided fair value disclosure information for relevant assets and liabilities in these financial statements. For applicable assets and liabilities, WBGO values such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, WBGO values such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, WBGO develops measurement criteria based on the best information available.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities WBGO has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own estimates about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include WBGO's own data.)

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

The following table summarizes assets which have been accounted for at fair value on a recurring basis along with the basis of the determination of fair value as of September 30, 2019 and 2018:

	<b>2019</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equities	\$ 87,226	\$ 87,226	\$ -	\$ -
Mutual funds	37,685	37,685	-	-
Certificates of deposit (A)	<u>1,529,918</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 1,654,829</u>	<u>\$ 124,911</u>	<u>\$ -</u>	<u>\$ -</u>

  

	<b>2018</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equities	\$ 64,603	\$ 64,603	\$ -	\$ -
Mutual funds	37,016	37,016	-	-
Certificates of deposit (A)	<u>1,526,957</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 1,628,576</u>	<u>\$ 101,619</u>	<u>\$ -</u>	<u>\$ -</u>

(A) Certificates of deposit are held at cost plus accrued interest, therefore, not included in the fair value hierarchy.

**6. PROPERTY AND EQUIPMENT**

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

	<u>2019</u>	<u>2018</u>
Land	\$ 47,855	\$ 47,855
Buildings	82,684	82,684
Building improvements	2,431,597	2,431,597
Broadcasting equipment	1,786,003	1,786,003
Office equipment	<u>487,929</u>	<u>487,929</u>
	4,836,068	4,836,068
Less: Accumulated depreciation	<u>3,665,073</u>	<u>3,547,147</u>
	<u>\$ 1,170,995</u>	<u>\$ 1,288,921</u>

Depreciation expense totaled \$117,926 and \$114,524 for the years ended September 30, 2019 and 2018, respectively.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

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**7. COMMITMENTS**

*Operating Leases - Rental Expense*

WBGO leases antenna and other space under month to month and non-cancelable operating lease arrangements with expirations ranging from May 2020 to March 2025. Additionally, WBGO leases office equipment and space for events held during the year under various contracts. Rental expense was approximately \$188,000 and \$187,000 for the years ended September 30, 2019 and 2018, respectively.

Minimum future annual rentals to be paid under non-cancellable lease agreements for the remaining lease terms are as follows:

2020	\$ 100,557
2021	83,943
2022	80,704
2023	77,496
2024	79,046
Thereafter	<u>39,914</u>
	<u>\$ 461,660</u>

**8. EMPLOYEE RETIREMENT PLAN**

All full time employees of WBGO who have completed minimum service requirements are eligible to participate in Newark Public Radio, Inc.'s Retirement Plan (the "Plan"), a defined contribution plan. Participants in the Plan may contribute a percentage of their compensation up to the maximum allowed by Internal Revenue Service regulations. WBGO makes discretionary contributions to each participant's account of up to 4% of the participant's compensation. Participants become vested immediately upon entry into the Plan. It is WBGO's policy to fund contributions currently. WBGO's discretionary contribution was approximately \$43,000 and \$42,000 for the years ended September 30, 2019 and 2018, respectively.



**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

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**9. NET ASSETS WITH DONOR RESTRICTIONS**

Components of net assets with donor restrictions were as follows at September 30:

	<u>2019</u>	<u>2018</u>
Restricted by donor for programmatic use as follows		
Jazz night in America/Jazzset	\$ 537,892	\$ 732,234
Children's jazz project	17,761	17,861
Live jazz productions	16,612	34,168
Capacity grant	12,181	14,806
Capacity grant - strategic plan	104,382	164,382
Fellowship funds	38,760	64,786
Kids jazz @ play	17,754	17,754
Newark 350	6,960	6,960
Security system	5,354	17,213
Investigative reporting	4,121	4,230
WBGO/NPR Journalism	236,431	225,000
Enhancing financial health	71,500	78,215
	<u>\$ 1,069,708</u>	<u>\$ 1,377,609</u>
 Donor restricted endowed principal		
National Endowment for the Arts	\$ 240,000	\$ 240,000
Jazznet Endowment	300,000	300,000
Prudential Financial	250,000	250,000
NJ Cultural Trust	88,999	88,999
	<u>878,999</u>	<u>878,999</u>
 Total net assets with donor restrictions	<u>\$ 1,948,707</u>	<u>\$ 2,256,608</u>

Of the funds included in the permanently restricted net assets of WBGO, \$430,000 represents donations certified by the New Jersey Cultural Trust.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

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Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Jazz night in America/Jazzset	\$ 401,123	\$ 277,837
Children's jazz project	2,100	37,630
Live jazz productions	20,056	4,108
Capacity grant	2,625	11,543
Capacity grant - strategic plan	60,000	15,618
Community relations	-	42,603
Fellowship funds	39,808	21,047
Security system	11,859	3,287
Investigative reporting	109	15,770
Enhancing financial health	78,215	21,785
WBGO/NPR Journalism	88,569	-
NPR Digital Piece	-	30,000
	<u>\$ 704,464</u>	<u>\$ 481,228</u>

**10. ENDOWMENT FUNDS**

WBGO's endowment consists of four individual funds established to support WBGO operations. The funds are donor-restricted endowment funds. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Trustees of WBGO has interpreted state law as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WBGO classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions in accordance with the donor agreements. Income earned on the endowment funds is without donor restrictions.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

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**Return Objectives and Risk Parameters**

WBGO follows investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that WBGO must hold in perpetuity.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, WBGO relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Changes in endowment net assets for the years ended September 30, 2019 and 2018 are as follows:

	<b>National</b>				
	<b>Endowment</b>	<b>Jazznet</b>	<b>Prudential</b>	<b>NJ Cultural</b>	<b>Total</b>
	<b>for the Arts</b>	<b>Endowment</b>	<b>Endowment</b>	<b>Trust</b>	<b>Total</b>
Balance - 10/01/17	\$ 240,000	\$ 300,000	\$ 250,000	\$ 88,999	\$ 878,999
Contributions	-	-	-	-	-
Investment income	3,504	4,380	3,650	1,300	12,834
Appropriated for expenditure	<u>(3,504)</u>	<u>(4,380)</u>	<u>(3,650)</u>	<u>(1,300)</u>	<u>(12,834)</u>
Balance - 9/30/18	240,000	300,000	250,000	88,999	878,999
Contributions	-	-	-	-	-
Investment income	5,984	7,481	6,234	2,219	21,918
Appropriated for expenditure	<u>(5,984)</u>	<u>(7,481)</u>	<u>(6,234)</u>	<u>(2,219)</u>	<u>(21,918)</u>
Balance - 9/30/19	<u>\$ 240,000</u>	<u>\$ 300,000</u>	<u>\$ 250,000</u>	<u>\$ 88,999</u>	<u>\$ 878,999</u>

**11. BOARD DESIGNATED NET ASSETS**

WBGO has two funds restricted by the board for education and innovation. The funds can be released by approval of the board.

**12. RELATED PARTY TRANSACTIONS**

WBGO received contributions from board members amounting to approximately \$40,000 and \$109,000 for the years ended September 30, 2019 and 2018, respectively.

**13. CONCENTRATIONS**

Financial investments which potentially subject WBGO to concentrations of credit risk consist of cash and cash equivalents, investments and receivables. In an attempt to limit the credit risk, WBGO places all funds with high quality financial institutions. At various times throughout the years, WBGO had cash balances in excess of FDIC insurance coverage. The credit risk with regard to receivables is limited due to amounts being comprised of many immaterial balances from a wide range of individuals and organizations.

WBGO had receivables from three grantors/donors amounting to 49% of total receivables for the year ended September 30, 2019. WBGO had receivables from one grantor amounting to 18% of total receivables for the year ended September 30, 2018.

**Newark Public Radio, Inc.**  
**Notes to Financial Statements**  
**September 30, 2019 and 2018**

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**14. SUBSEQUENT EVENTS**

WBGO has evaluated subsequent events occurring after the statement of financial position date through the date of February 3, 2020, the date the financial statements were available for release. Based upon this evaluation, WBGO has determined the following subsequent event has occurred:

In January 2020, an employee was terminated from employment. As a result of the termination, the employee has alleged matters involving wrongful termination. Although no formal litigation has been filed, the outcome of the matter at this time cannot be determined.