

**METROPOLITAN INDIANAPOLIS
PUBLIC MEDIA, INC.**

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 and 2022

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.

CONSOLIDATED FINANCIAL STATEMENTS
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CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION.....	3
CONSOLIDATED STATEMENTS OF ACTIVITIES.....	4
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	7
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – 2023.....	22
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – 2022.....	24
CONSOLIDATING STATEMENT OF ACTIVITIES – 2023	26
CONSOLIDATING STATEMENT OF ACTIVITIES – 2022	27

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Metropolitan Indianapolis Public Media, Inc.
Indianapolis, Indiana

Report on the Audit of the Financial Statements***Opinion***

We have audited the consolidated financial statements of Metropolitan Indianapolis Public Media, Inc. ("MIPM"), which comprise the consolidated statements of net position as of September 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of MIPM as of September 30, 2023 and 2022, 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.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, MIPM has adopted Accounting Standards Update (ASU) 2016-02 – *Leases (Topic 842)* for the year ended September 30, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MIPM's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities, which are presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the individual companies, are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 8, 2024

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash	\$ 5,808,230	\$ 7,005,969
Accounts and grants receivable (less allowance of \$0 for 2023 and 2022)	2,695,343	1,611,620
Contributions receivable, net	134,899	918,500
Prepaid capitalized lease expenses	80,000	80,000
Other prepaid expenses	<u>412,769</u>	<u>1,034,299</u>
Total current assets	<u>9,131,241</u>	<u>10,650,388</u>
Non-current assets		
Contributions receivable, net	921,968	883,060
Investments	5,137,420	4,146,564
Beneficial interest in assets held by Community Foundation	365,501	337,053
Right of use lease asset	658,813	-
Prepaid capitalized lease expenses	160,000	240,000
Intangibles, net	1,009,412	1,009,412
Property and equipment, net	<u>11,242,121</u>	<u>10,915,766</u>
Total non-current assets	<u>19,495,235</u>	<u>17,531,855</u>
Total assets	<u>\$ 28,626,476</u>	<u>\$ 28,182,243</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 709,379	\$ 959,837
Accrued salaries and wages	529,557	509,793
Unearned underwriting revenue	670,486	741,964
Deferred maintenance revenue	16,668	16,668
Notes payable	293,906	285,343
Deferred capitalized lease revenues	86,077	86,077
Lease liability	85,159	-
Other liabilities	<u>243,652</u>	<u>29,310</u>
Total current liabilities	<u>2,634,884</u>	<u>2,628,992</u>
Non-current liabilities		
Deferred maintenance revenue	198,608	215,275
Notes payable	2,282,318	2,576,204
Deferred capitalized lease revenues	172,156	258,233
Lease liability	<u>583,223</u>	<u>-</u>
Total non-current liabilities	<u>3,236,305</u>	<u>3,049,712</u>
Total liabilities	<u>5,871,189</u>	<u>5,678,704</u>
Net assets		
Without donor restrictions	18,400,658	19,530,401
With donor restrictions	<u>4,354,629</u>	<u>2,973,138</u>
Total net assets	<u>22,755,287</u>	<u>22,503,539</u>
Total liabilities and net assets	<u>\$ 28,626,476</u>	<u>\$ 28,182,243</u>

See accompanying notes to consolidated financial statements.

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended September 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Public support	\$ 7,261,265	\$ -	\$ 7,261,265
Grants and other contributions	2,163,496	3,798,357	5,961,853
FYI Productions revenue	239,592	-	239,592
Events revenue	56,704	-	56,704
Rent revenue	699,904	-	699,904
EBS Spectrum lease revenue	872,123	-	872,123
Other support	239,878	-	239,878
Investment return	477,707	140,869	618,576
Contribution of nonfinancial assets	360,651	-	360,651
Net assets released from restriction	<u>2,557,735</u>	<u>(2,557,735)</u>	<u>-</u>
Total support and revenue	<u>14,929,055</u>	<u>1,381,491</u>	<u>16,310,546</u>
EXPENSES			
Program services:			
Programming and production	7,637,111	-	7,637,111
Broadcasting	1,333,515	-	1,333,515
Program information	<u>851,989</u>	<u>-</u>	<u>851,989</u>
Total program services	<u>9,822,615</u>	<u>-</u>	<u>9,822,615</u>
Supporting services:			
Fundraising and membership	1,888,645	-	1,888,645
Underwriting	1,084,377	-	1,084,377
Management and general	1,865,376	-	1,865,376
Facility rentals and costs	<u>1,397,785</u>	<u>-</u>	<u>1,397,785</u>
Total support services	<u>6,236,183</u>	<u>-</u>	<u>6,236,183</u>
Total expenses	<u>16,058,798</u>	<u>-</u>	<u>16,058,798</u>
Changes in net assets	(1,129,743)	1,381,491	251,748
Net assets, beginning of year	<u>19,530,401</u>	<u>2,973,138</u>	<u>22,503,539</u>
Net assets, end of year	<u>\$ 18,400,658</u>	<u>\$ 4,354,629</u>	<u>\$ 22,755,287</u>

See accompanying notes to consolidated financial statements.

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended September 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Public support	\$ 7,158,572	\$ -	\$ 7,158,572
Grants and other contributions	4,133,311	2,196,719	6,330,030
FYI Productions revenue	344,466	-	344,466
Events revenue	25,340	-	25,340
Rent revenue	619,351	-	619,351
EBS Spectrum lease revenue	872,123	-	872,123
Other support	806,747	-	806,747
Investment return	(631,127)	(204,028)	(835,155)
Loss on sale of fixed assets	(74,383)	-	(74,383)
Gain on forgiveness of debt	1,216,677	-	1,216,677
Contribution of nonfinancial assets	1,639,755	-	1,639,755
Net assets released from restriction	<u>1,735,774</u>	<u>(1,735,774)</u>	<u>-</u>
Total support and revenue	<u>17,846,606</u>	<u>256,917</u>	<u>18,103,523</u>
EXPENSES			
Program services:			
Programming and production	7,110,938	-	7,110,938
Broadcasting	1,408,046	-	1,408,046
Program information	<u>623,039</u>	<u>-</u>	<u>623,039</u>
Total program services	<u>9,142,023</u>	<u>-</u>	<u>9,142,023</u>
Supporting services:			
Fundraising and membership	1,872,782	-	1,872,782
Underwriting	925,150	-	925,150
Management and general	1,576,154	-	1,576,154
Facility rentals and costs	<u>1,119,927</u>	<u>-</u>	<u>1,119,927</u>
Total support services	<u>5,494,013</u>	<u>-</u>	<u>5,494,013</u>
Total expenses	<u>14,636,036</u>	<u>-</u>	<u>14,636,036</u>
Changes in net assets	3,210,570	256,917	3,467,487
Net assets, beginning of year	<u>16,319,831</u>	<u>2,716,221</u>	<u>19,036,052</u>
Net assets, end of year	<u>\$ 19,530,401</u>	<u>\$ 2,973,138</u>	<u>\$ 22,503,539</u>

See accompanying notes to consolidated financial statements.

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 251,748	\$ 3,467,487
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,076,728	868,447
Right of use lease asset amortization	91,069	-
Provision for bad debts (recovery)	2,420	216
Loss (Gain) on sale of property and equipment	-	74,383
Net realized and unrealized gains on investments	(412,070)	1,122,953
Forgiveness of paycheck protection program loan	-	(1,216,677)
Changes in certain assets and liabilities:		
Accounts and grants receivable	(1,086,143)	(688,598)
Contributions receivable	744,693	(1,715,538)
Prepaid expenses	701,530	(613,964)
Lease liability	(81,500)	-
Accounts payable	(239,405)	629,859
Intangibles	-	(1,009,412)
Other liabilities	48,831	436,665
Net cash flows from operating activities	<u>1,097,901</u>	<u>1,355,821</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,403,083)	(2,858,977)
Purchase of investments	(1,067,713)	(1,388,370)
Proceeds from sale of investments	460,479	954,772
Net cash flows from investing activities	<u>(2,010,317)</u>	<u>(3,292,575)</u>
Cash flows from financing activities		
Borrowings on notes payable	-	2,150,223
Payments on notes payable	(285,323)	(224,839)
Net cash flows from financing activities	<u>(285,323)</u>	<u>1,925,384</u>
Net change in cash and cash equivalents	(1,197,739)	(11,370)
Cash and cash equivalents, beginning of year	<u>7,005,969</u>	<u>7,017,339</u>
Cash and cash equivalents, end of year	<u>\$ 5,808,230</u>	<u>\$ 7,005,969</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 88,446	\$ 73,480
Repayment of note payable by third-party	-	849,375
Supplemental disclosure of non-cash information:		
Non-cash gifts received	\$ 360,651	\$ 1,639,755
Right of use lease asset	749,882	-
Lease liability	749,882	-

See accompanying notes to consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Metropolitan Indianapolis Public Media, Inc. (“MIPM”) is a nonprofit corporation which operates public television and radio stations in Indiana. Throughout the Notes, references to MIPM relate to all entities included in the consolidated financial statements when applicable.

The consolidated financial statements include MIPM and WFYI Foundation, Inc. (the “Foundation”). All significant intercompany transactions and accounts have been eliminated in consolidation.

WFYI Foundation, Inc.: MIPM formed the Foundation for the purpose of holding certain investments and soliciting contributions on behalf of MIPM. The Foundation Board of Directors includes certain directors of MIPM, and its bylaws require that all contributions and earnings on invested assets are for the benefit of MIPM. Accordingly, the accounts of the Foundation have been consolidated herein, as required by accounting principles generally accepted in the United States of America.

Income Taxes: MIPM and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Additionally, MIPM and the Foundation have been determined not to be private foundations under Section 509(a) of the Internal Revenue Code. Tax expense for the years ended September 30, 2023 and 2022 was \$0 for each year.

Current accounting standards require MIPM to disclose the amount of potential benefit or obligation to be realized as a result of an examination performed by a taxing authority. For the years ended September 30, 2023 and 2022, management has determined that MIPM does not have any tax positions that result in any uncertainties regarding the possible impact on MIPM's financial statements.

MIPB does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. MIPM recognizes interest and/or penalties related to income tax matters in income tax expense. MIPM did not have any amounts accrued for interest and/or penalties at September 30, 2023 and 2022.

Net Asset Classifications: The classification of MIPM's net assets and its support, revenues, expenses, gains, and losses is based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions are released from restrictions when donor-imposed restrictions are met, or the stipulated time period has elapsed. The following classes of net assets are presented:

- Without Donor Restrictions – Includes all funds that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
- With Donor Restrictions – Includes funds whose use by MIPM is subject to donor-imposed stipulations that can be fulfilled by actions of MIPM pursuant to those stipulations or that expire by the passage of time. This classification also includes funds subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by MIPM. For restricted gifts that are received and the restrictions are met in the same period, those gifts are recorded as with donor restrictions and released through releases of net assets.

Cash and Cash Equivalents: MIPM considers investments in marketable securities and other highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents managed by outside investment managers are included in investments. Designated cash and cash equivalents consist of certain capital campaign proceeds to be used for future capital expenditures. Cash balances held in financial institutions are federally insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation. At times, MIPM maintains cash balances at various financial institutions in excess of this insurance limit.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts and Grants Receivable: The accounts and grants receivable balance consists of amounts billed or billable for underwriting, rent, government grants and other miscellaneous revenues, net of an allowance for doubtful accounts. Interest is not charged on outstanding accounts and grants receivable.

Allowance for Doubtful Accounts: The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. Periodically, management reviews accounts receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with collection policies.

Contributions 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 in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates commensurate with risk applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Allowance for Uncollectible Contributions Receivable: MIPM uses an allowance for doubtful accounts to estimate for uncollectible contributions receivable based on past experience and payment history.

Investments: Investments are reported at fair value with realized and unrealized gains and losses reflected in the consolidated statement of activities.

Prepaid Capitalized Lease Expenses: In fiscal year 2016, MIPM leased portions of its Educational Broadband Service (EBS) spectrum. Consulting and advisory expenses incurred in connection with these leases are being amortized on a straight-line basis over a ten-year term that began on the Commencement Date of the lease(s). For the years ended September 30, 2023 and 2022, the total current and non-current Prepaid Capitalized Lease Expense was \$240,000 and \$320,000, respectively, on the consolidated statements of financial position.

Property and Equipment: Property and equipment with an original cost basis of \$5,000, or greater, is capitalized and amounts under \$5,000 are expensed. Depreciation is provided on the straight-line method over the estimated useful lives of the related asset (3-40 years).

Impairment of Long-Lived Assets: On an ongoing basis, MIPM reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. MIPM recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of September 30, 2023 and 2022, management believes that no impairments exist.

Deferred Maintenance Revenue: In August 2021, MIPM sold its surface parking lot to Wesley Place Apartments, LLC (“Wesley”) for \$750,000. Additionally, In August 2021, Wesley entered a fifteen-year lease for parking spaces in MIPM’s parking structure. Per the lease agreement, Wesley paid MIPM \$250,000 up front to repair, renovate and maintain the parking structure. These proceeds were recorded as deferred maintenance revenue on the statement of financial position and will be recognized over the lease term. For the years ended September 30, 2023 and 2022, \$215,276 and \$231,943 of these funds have been recorded as deferred maintenance revenue on the consolidated statements of financial position, while \$16,668 has been recognized as rent revenue on the statement of activities for the years then ended.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Capitalized Lease Revenues: In 2016, MIPM leased portions of its EBS spectrum. Advance payments were received that mature over a ten-year period. The payments are being amortized on a straight-line basis over a ten-year term that began on the Commencement Date of the lease(s). For the years ended September 30, 2023 and 2022, the total current and non-current Deferred Capitalized Lease Revenue was \$258,233 and \$344,310, respectively, on the consolidated statements of financial position.

Support and Revenue Recognition: All contributions are considered to be available for use without restrictions unless specifically restricted by the donor. Conditional gifts, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year as the gifts are received are reported in the net asset with donor restrictions class.

MIPM reports gifts of land, buildings and equipment at fair value at the date of donation. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

FYI productions revenue includes fees received for facility and equipment use and other telecommunication services. The revenue is recognized when the related services have been provided.

Public support revenue includes underwriting and membership revenue. Underwriting revenue is received from various sources and then recognized once the programs are aired. Underwriting revenue relating to programs that have not yet broadcast is reported as deferred revenue. Membership revenue is recognized as the membership gifts are received, since these are not traditional memberships, but rather gifts to MIPM.

Other support revenue consists of ancillary revenues, the Economic Club of Indiana master services agreement and other gifts. Ancillary revenues are recognized as the service is performed. MIPM recognizes the revenue from the master services agreement, straight-lined over the term of the contract. Other gifts are recognized as they are received.

Contributions of Nonfinancial Assets: In addition to receiving cash contributions, MIPM receives contributions of nonfinancial assets from various donors, primarily in support of events. It is the policy of the MIPM to record the contribution of assets other than cash at estimated fair value. In addition, during 2022, MIPM received a donation of tower usage, studio rental and a broadcast license. These items were valued based on current fair value using estimates and comparable valuation data and will be used as part of MIPM's program services. For the years ended September 30, 2023 and 2022, contributions of nonfinancial assets totaled \$360,651 and \$1,639,755, respectively.

Intangible Assets: Intangible assets of \$1,009,412 as of September 30, 2023 and 2022, consist of two components. \$1,000,000 of the value carried in intangible assets reflects the value of broadcast licenses acquired during the prior fiscal year. The \$1,000,000 of the value of the broadcast licenses was determined based on the valuation performed by Public Media Company. In exchange, MIPM agreed to provide \$700,000 of underwriting and the remaining \$300,000 was a non-cash contribution provided by the seller.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The remaining \$9,412 of the value carried in intangible assets reflects the value of a broadcast license donated during the prior fiscal year. The value of the donation was determined by evaluating comparable sales of construction permits for licenses requiring an operational investment similar to MIPM's capitalized investment to make station W29EL-D operational.

MIPM assesses the intangible assets annually for impairment and the licenses are deemed to have an indefinite life and no diminution in value has occurred. Thus, no impairment charge was recorded during the years ended September 30, 2023 and 2022.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on the actual direct expenditures and cost allocations based upon estimates by MIPM. Facility expenses have been allocated based upon headcount for WFYI occupied space and expensed to support services for non-WFYI occupied space.

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

Right Of Use ("ROU") Lease Assets and Lease Liability: ROU lease asset represents MIPM's right to use the underlying assets for the lease term and lease liabilities represent the net present value of MIPM's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using its incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain MIPM will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying consolidated statement of financial position.

Paycheck Protection Program (PPP) Loan: In April 2020, MIPM obtained a PPP loan under a program offered by the United States Small Business Administration (SBA) in the amount of \$1,228,300. MIPM accounts for the PPP loans as debt under ASC 470 and recognizes the revenue once formal forgiveness has been obtained. Loan forgiveness was obtained on September 17, 2021 in the amount of \$1,152,762. The remaining outstanding principal balance of the PPP Loan was \$75,538, which was converted to a note payable as of September 30, 2021. The remaining balance has a five-year repayment period and the interest rate on the loan is 1%.

In January 2021, MIPM obtained a second PPP loan offered by the SBA in the amount of \$1,216,677. On February 10, 2022, MIPM received formal forgiveness of the entire second PPP loan, which was recognized as revenue during the year ending September 30, 2022.

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METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standard: In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, “Leases” (Topic 842). Under the standard, an entity is required to recognize lease assets and lease liabilities on the consolidated statement of financial position. MIPM implemented this ASU for the year ended September 30, 2023 using the modified retrospective method. The ASU also requires additional disclosure, both quantitative and qualitative, including pertinent information about the leasing arrangement, and the amount, timing, and uncertainty of cash flows arising from leases. MIPM elected the exemption of short-term leases that are 12 months or less in addition to certain practical expedients permitted under the transition guidance. At implementation, a right-to-use lease asset and lease liability of \$749,882 were reported. There was no impact on net assets or change in net assets.

Reclassifications: MIPM has made certain reclassifications of the prior year financial statements in order to conform to the current year presentation. These reclassifications had no effect on net assets or changes in net assets.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to September 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the years ended September 30, 2023 and 2022. Management has performed their analysis through March 8, 2024, the date the financial statements were available to be issued.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

The following represents contributions receivable balances at September 30:

	<u>2023</u>	<u>2022</u>
Currently due	\$ 134,899	\$ 918,500
Due in one to five years	364,823	389,662
Due in over five years	<u>1,105,224</u>	<u>1,212,472</u>
	1,604,946	2,520,634
Unamortized discount	(547,581)	(718,076)
Allowance	<u>(498)</u>	<u>(998)</u>
 Total contributions receivable, net	 <u>\$ 1,056,867</u>	 <u>\$ 1,801,560</u>

Contributions receivable are presented on the statement of financial position as follows:

	<u>2023</u>	<u>2022</u>
Current, net of allowance	\$ 134,899	\$ 918,500
Non-current, net of allowance and discount	<u>921,968</u>	<u>883,060</u>
	<u>\$ 1,056,867</u>	<u>\$ 1,801,560</u>

Qualifying contributions receivable were discounted at a discount rate of 5.13% at September 30, 2023 and 2022, respectively.

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 3 – INVESTMENTS

Investments as of September 30 are as follows:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 293,898	\$ 385,487
Municipal bonds	100,905	99,700
Corporate bonds	115,363	113,709
US Treasury securities	241,167	246,585
Mutual funds – equities	2,317,252	2,088,233
Mutual funds – fixed income	625,440	526,327
Exchange traded funds	<u>1,443,395</u>	<u>686,523</u>
	<u>\$ 5,137,420</u>	<u>\$ 4,146,564</u>

Investment return for the year ended September 30 is as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividends, net of fees of \$33,289 and \$34,457	\$ 234,954	\$ 238,771
Realized gain (loss) on investments	(120,165)	220,960
Unrealized gain (loss) on investments	<u>503,787</u>	<u>(1,294,886)</u>
Total investment return	<u>\$ 618,576</u>	<u>\$ (835,155)</u>

Interest and dividends include \$78,121 and \$13,423 of interest earned on cash and equivalents for the years ended September 30, 2023 and 2022, respectively.

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

During 2005, the Foundation transferred \$200,000 to the Central Indiana Community Foundation, Inc. (CICF) for investment in CICF's pooled endowment. Variance power was transferred to CICF. The Foundation may withdraw up to 5% of the fund's balance annually. This asset transfer is recorded as a beneficial interest in assets held by Community Foundation in the accompanying statement of financial position. The fair value of this beneficial interest at September 30, 2023 and 2022 was \$365,501 and \$337,053, respectively, and the change in value of beneficial interest of \$28,448 and \$(49,027), respectively, is included in the investment return on the consolidated statements of activities and Note 3.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment as of September 30 is as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 662,280	\$ 662,280
Transmitter and studio equipment	4,840,522	4,820,948
Building and improvements	16,596,089	15,625,797
Furniture and office equipment	865,478	547,055
Tower and antenna	1,369,683	1,274,888
Vehicles	<u>42,240</u>	<u>42,240</u>
	24,376,292	22,973,208
Less: Accumulated depreciation	<u>(13,134,171)</u>	<u>(12,057,442)</u>
Property and equipment, net	<u>\$ 11,242,121</u>	<u>\$ 10,915,766</u>

Depreciation expense for the years ended September 30, 2023 and 2022 was \$1,076,728 and \$868,447, respectively.

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2023 and 2022

NOTE 6 – NOTES PAYABLE

During fiscal year 2014, MIPM entered into a term loan agreement with a bank that provided for a borrowing of \$1,350,000. The agreement bore interest at the daily LIBOR rate plus .75% and was set to mature on June 26, 2024. In fiscal year 2022, MIPM received a new loan with a borrowing of \$3,000,000 and used a portion of the proceeds to pay off their old loan. The new term loan matures on December 15, 2031 and bears interest at a fixed rate of 3.23%.

The term loan agreement is collateralized by certain investment securities. The term loan agreement requires MIPM to meet certain financial and non-financial covenants. At September 30, 2023 and 2022, management of MIPM reported compliance with all covenants. MIPM had current outstanding borrowings of \$272,826 and \$264,263 and noncurrent outstanding borrowings of \$2,270,022 and \$2,542,827 as of September 30, 2023 and 2022, respectively. Principal and interest payments are due monthly, which began in January 2022, for \$29,353, and a final installment due upon maturity.

In April 2020, MIPM obtained a PPP loan under a program offered by the United States Small Business Administration (SBA) in the amount of \$1,228,300. Loan forgiveness was obtained on September 17, 2021 in the amount of \$1,152,762. The remaining outstanding principal balance of the PPP Loan is \$33,377. The remaining balance has a five-year repayment period and the interest rate on the loan would be 1%. MIPM had current outstanding borrowings of \$21,080 and \$21,080 and noncurrent outstanding borrowings of \$12,296 and \$33,377 as of September 30, 2023 and 2022, respectively. Payments are due monthly, which began in October 2021, for \$1,757 and a final installment due upon maturity.

Notes payable are presented in the consolidated statement of financial position as of September 30 are as follows:

	<u>2023</u>	<u>2022</u>
Current	\$ 293,906	\$ 285,343
Non-current	<u>2,282,318</u>	<u>2,576,204</u>
	<u>\$ 2,576,224</u>	<u>\$ 2,861,547</u>

Scheduled principal and interest repayments for the next 5 years are as follows:

2024	\$ 293,906
2025	364,530
2026	352,233
2027	352,233
2028	352,233
Thereafter	<u>861,089</u>
	<u>\$ 2,576,224</u>

Interest expense on all notes payable totaled \$88,446 and \$73,480 for the years ended September 30, 2023 and 2022, respectively.

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2023 and 2022

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30 are as follows:

	<u>2023</u>	<u>2022</u>
Capital campaign	\$ 161,961	\$ 236,961
Education reporting	13,000	6,127
Programming	2,839,048	1,530,299
Endowment earnings	140,869	-
Endowment net assets held in perpetuity	<u>1,199,751</u>	<u>1,199,751</u>
	<u>\$ 4,354,629</u>	<u>\$ 2,973,138</u>

Purpose restrictions accomplished:

	<u>2023</u>	<u>2022</u>
Capital campaign	\$ 75,000	\$ 266
Education reporting	29,627	9,981
Programming	2,453,108	1,667,996
Endowment	<u>-</u>	<u>57,531</u>
Total net assets released from restriction	<u>\$ 2,557,735</u>	<u>\$ 1,735,774</u>

NOTE 8 – LEASES

Lessor:

MIPM leases a portion of their Educational Broadband Service (EBS) channels to a telecommunications provider for a monthly fee plus an initial fee paid at contract execution. The lease term began on the date of issuance announcing the grant of the FCC Long Term Lease Application and expires on the date the current MIPM license(s) expire. The leases will automatically renew for a total term of thirty years unless the provider notifies MIPM in writing at least 90 days prior to the expiration of an initial or renewal term.

MIPM's operating leases to outside parties expire at various dates through 2028. Rental income from these leases was \$1,572,027 and \$1,491,474 for the years ended September 30, 2023 and 2022.

Minimum annual payments receivable under the operating leases as of September 30, 2023 are as follows:

<u>Year Ending</u> <u>September 30</u>	
2024	\$ 1,423,489
2025	1,357,323
2026	1,144,701
2027	835,331
2028	167,925
Thereafter	<u>503,986</u>
	<u>\$ 5,432,755</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 8 – LEASES (Continued)

Lessee:

MIPM adopted ASU 2016-02 on October 1, 2022, under the modified prospective approach and recognized \$658,813 in right of use lease assets and \$668,382 in lease liabilities on the consolidated statements of financial position as of September 30, 2023. The assets and liabilities are initially recognized based on the present value of the future minimum payments over the lease term at the commencement date discounted using appropriate risk-free rates which ranged from 0.93% to 1.63%. Upon adoption of ASU 2016-02, there was no material change to the consolidated net assets.

MIPM leases a communications tower and equipment under non-cancelable operating leases, which expire at various dates through 2031. Rent expense under these lease arrangements totaled \$105,766 and \$93,816 for the years ended September 30, 2023 and 2022, respectively.

Future minimum payments due under the lease agreements are as follows:

2024	\$ 94,836
2025	97,384
2026	100,002
2027	74,921
2028	77,169
2029-2032	<u>266,912</u>
Total future lease payments	711,224
Present value discount	<u>(42,842)</u>
Lease liability	<u>\$ 668,382</u>

NOTE 9 – DEFINED CONTRIBUTION PLAN

MIPM has a defined contribution retirement savings plan which covers substantially all employees. Participants may contribute up to 20% of their gross compensation annually. MIPM may contribute an amount as determined by the Board of Directors. Expense for the years ended September 30, 2023 and 2022 was \$89,743 and \$91,985, respectively.

NOTE 10 – RELATED PARTIES

Transactions between MIPM and the Foundation are eliminated in financial statement consolidation. MIPM periodically enters into business transactions with outside vendors that employ or are owned by members of the Board of Directors. Under MIPM's conflict of interest policy, the Governance Committee of the Board of Directors approves and monitors these transactions, and steps are taken by this Committee to ensure that the transactions are appropriate. For the years ended September 30, 2023 and 2022, the primary activities of this nature included banking, legal, insurance, and other professional services totaling approximately \$883,634 and \$1,215,270, respectively.

(Continued)

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in MIPM's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In some cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Pursuant to the adoption of ASU 2015-07, *Fair Value Measurement*, those investments which are valued at net asset value are excluded from the fair value hierarchy. The fair values of MIPM's investments that are readily marketable, such as money market funds, common stock, US Treasury securities, mutual funds and exchange traded funds are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates for corporate and municipal bonds. (Level 2 inputs).

The fair value of beneficial interest in assets held by CICF is based upon MIPM's proportionate share of CICF's pooled investment portfolio. MIPM's management and Finance Committee review the valuations and returns in comparison to industry benchmarks and other information provided by CICF, but do not receive a detailed listing of the holdings in which the Foundation is invested. MIPM uses the net asset value to determine the beneficial interest in assets held by CICF using the market approach based upon MIPM's proportionate share of CICF's pooled investment portfolio. MIPM does not have the ability to redeem this beneficial interest on a short-term basis. Withdrawals are limited to the terms of the MIPM's agreement with CICF.

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following tables present the MIPM's assets and liabilities measured at fair value on a recurring basis at September 30 are as follows:

<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Funds Valued At Net Asset Value</u>	<u>Total</u>
Assets:					
Money market funds	\$ 293,898	\$ -	\$ -	\$ -	\$ 293,898
Municipal bonds	-	100,905	-	-	100,905
Corporate bonds	-	115,363	-	-	115,363
US Treasury securities	241,167	-	-	-	241,167
Mutual funds – equities	2,317,252	-	-	-	2,317,252
Mutual funds – fixed income	625,440	-	-	-	625,440
Exchange traded funds	<u>1,443,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,443,395</u>
Total investments	4,921,152	216,268	-	-	5,137,420
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>-</u>	<u>-</u>	365,501	<u>365,501</u>
Total assets	<u>\$ 4,921,152</u>	<u>\$ 216,268</u>	<u>\$ -</u>	<u>\$ 365,501</u>	<u>\$ 5,502,921</u>

<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Funds Valued At Net Asset Value</u>	<u>Total</u>
Assets:					
Money market funds	\$ 385,487	\$ -	\$ -	\$ -	\$ 385,487
Municipal bonds	-	99,700	-	-	99,700
Corporate bonds	-	113,709	-	-	113,709
US Treasury securities	246,585	-	-	-	246,585
Mutual funds – equities	2,088,233	-	-	-	2,088,233
Mutual funds – fixed income	526,327	-	-	-	526,327
Exchange traded funds	<u>686,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>686,523</u>
Total investments	3,933,155	213,409	-	-	4,146,564
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>-</u>	<u>-</u>	337,053	<u>337,053</u>
Total assets	<u>\$ 3,933,155</u>	<u>\$ 213,409</u>	<u>\$ -</u>	<u>\$ 337,053</u>	<u>\$ 4,483,617</u>

NOTE 12 – ENDOWMENT COMPOSITION DISCLOSURE

The Foundation's endowment exists to support MIPM with a distribution of endowment earnings to assist in its operation. The endowment includes both donor-restricted endowment funds and funds without donor restrictions. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

(Continued)

NOTE 12 – ENDOWMENT COMPOSITION DISCLOSURE (Continued)

As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund continues to be classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no funds with deficiencies as of September 30, 2023 and 2022.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending 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 the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The goal of the endowment fund policy, as approved by the board, is to achieve a total return (income and appreciation) at or above the benchmark over a full market cycle (3 – 5 years). The benchmark will consist of the returns of the S&P 500 and the Barclays Intermediate Government/Credit Index with an allocation of 70% and 30%, respectively. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation 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). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 20 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. The Foundation's spending policy is consistent with its objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 12 – ENDOWMENT COMPOSITION DISCLOSURE (Continued)

Endowment net asset composition by type of fund as of September 30.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2023</u>			
Donor-restricted endowment funds	\$ -	\$ 1,340,620	\$ 1,340,620
Board designated endowed funds	<u>4,162,301</u>	<u>-</u>	<u>4,162,301</u>
Total funds	<u>\$ 4,162,301</u>	<u>\$ 1,340,620</u>	<u>\$ 5,502,921</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2022</u>			
Donor-restricted endowment funds	\$ -	\$ 1,199,751	\$ 1,199,751
Board designated endowed funds	<u>3,283,866</u>	<u>-</u>	<u>3,283,866</u>
Total funds	<u>\$ 3,283,866</u>	<u>\$ 1,199,751</u>	<u>\$ 4,483,617</u>

Changes in endowment net assets for year ended September 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2023</u>			
Net assets, beginning of year	\$ 3,283,866	\$ 1,199,751	\$ 4,483,617
Investment return			
Interest and dividends, net of fees	122,641	34,193	156,834
Net realized and unrealized losses	<u>276,945</u>	<u>106,676</u>	<u>383,621</u>
Total investment return	399,586	140,869	540,455
New gifts	478,849	-	478,849
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 4,162,301</u>	<u>\$ 1,340,620</u>	<u>\$ 5,502,921</u>

Changes in endowment net assets for year ended September 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2022</u>			
Net assets, beginning of year	\$ 3,711,659	\$ 1,461,310	\$ 5,172,969
Investment return			
Interest and dividends, net of fees	165,049	60,300	225,349
Net realized and unrealized losses	<u>(809,598)</u>	<u>(264,328)</u>	<u>(1,073,926)</u>
Total investment return	(644,549)	(204,028)	(848,577)
New gifts	374,225	-	374,225
Appropriation of endowment assets for expenditure	<u>(157,469)</u>	<u>(57,531)</u>	<u>(215,000)</u>
Net assets, end of year	<u>\$ 3,283,866</u>	<u>\$ 1,199,751</u>	<u>\$ 4,483,617</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 13 – EXPENSES BY NATURE

The statements of activities report certain categories of expenses attributable to the programs and supporting functions of MIPM. Program Activities include programming and production, broadcasting, and program information and the costs of other charitable programs. The table below presents these functional expenses by their natural classification for the year ended September 30, 2023 and 2022, respectively.

	Program Expenses			Supporting Services			2023 Total	
	Programming and Production	Broadcasting	Program Information	Fundraising and Membership	Underwriting	Management and General		Facility Rentals and Costs
Salaries, commissions, benefits	\$ 3,063,816	\$ 263,411	\$ 414,564	\$ 604,278	\$ 816,549	\$ 793,793	\$ 169,091	\$ 6,125,502
Pension plan	45,224	1,747	5,894	6,787	14,153	13,292	2,645	89,742
Other employee benefits	285,972	6,662	48,403	63,487	53,912	85,732	21,870	566,038
Payroll taxes	215,827	17,858	27,703	41,949	57,166	53,813	10,469	424,785
Fees for services	438,570	204,124	5,230	35,810	2,593	355,010	5,475	1,046,812
Advertising, marketing and promotion - publications	-	-	155,814	-	-	-	-	155,814
Advertising, marketing and promotion - media other	-	-	120,307	-	-	-	-	120,307
General and administrative	84,260	151,015	6,025	18,048	9,798	168,140	37,968	475,254
Information technology	78,532	361,885	10,700	4,936	32,515	104,521	1,559	594,648
Occupancy	421,513	91,656	-	-	-	8,837	751,648	1,273,654
Travel	57,827	6,537	2,090	8,264	3,491	4,828	887	83,924
Conferences, conventions and meeting expenses	19,777	85	5,058	23,153	4,185	2,750	85	55,093
Interest	-	-	-	-	-	88,446	-	88,446
Depreciation	367,231	169,270	37,903	61,984	59,072	74,974	306,294	1,076,728
Insurance	9,132	20,489	-	-	-	42,199	89,794	161,614
Program acquisition	2,182,400	-	-	73,758	-	-	-	2,256,158
Station dues	70,624	24,000	-	4,813	4,813	55,756	-	160,006
Membership	-	-	-	934,383	-	12,466	-	946,849
Bad debt	-	-	-	(500)	2,420	-	-	1,920
Data analytics	145,294	600	11,981	-	23,710	-	-	181,585
Content creation	151,047	14,538	-	51	-	-	-	165,636
Events	210	-	379	7,444	-	-	-	8,033
Other miscellaneous	(145)	(362)	(62)	-	-	819	-	250
Total expenses	\$ 7,637,111	\$ 1,333,515	\$ 851,989	\$ 1,888,645	\$ 1,084,377	\$ 1,865,376	\$ 1,397,785	\$ 16,058,798

	Program Expenses			Supporting Services			2022 Total	
	Programming and Production	Broadcasting	Program Information	Fundraising and Membership	Underwriting	Management and General		Facility Rentals and Costs
Salaries, commissions, benefits	\$ 2,876,519	\$ 372,918	\$ 356,279	\$ 624,506	\$ 741,385	\$ 573,038	\$ 113,433	\$ 5,658,078
Pension plan	49,413	3,635	4,832	8,525	12,810	11,340	1,430	91,985
Other employee benefits	289,381	21,260	43,347	48,286	68,216	73,711	9,860	554,061
Payroll taxes	201,710	25,275	24,043	43,057	51,182	39,202	6,932	391,401
Fees for services	760,906	159,332	5,660	73,865	120	298,583	-	1,298,466
Advertising, marketing and promotion - publications	-	-	126,984	-	-	-	-	126,984
Advertising, marketing and promotion - media other	70,034	-	33,933	-	-	-	-	103,967
General and administrative	74,550	149,266	4,908	13,711	9,985	110,466	5,887	368,773
Information technology	100,204	88,563	8,377	3,216	11,923	94,281	-	306,564
Occupancy	73,379	68,374	-	-	-	188,224	652,644	982,621
Travel	60,873	413	184	3,288	1,640	1,294	206	67,898
Conferences, conventions and meeting expenses	16,064	184	44	12,921	915	2,712	87	32,927
Interest	-	-	-	2	-	73,478	-	73,480
Depreciation	136,740	464,444	6,215	-	-	12,431	248,617	868,447
Insurance	8,732	15,619	-	-	-	40,975	80,831	146,157
Program acquisition	1,985,251	-	-	54,243	-	-	-	2,039,494
Station dues	60,775	24,000	-	4,753	4,783	40,654	-	134,965
Membership	-	-	-	949,159	-	15,765	-	964,924
Bad debt	(5,450)	-	-	(500)	216	-	-	(5,734)
Data analytics	138,196	-	8,176	528	21,975	-	-	168,875
Content creation	213,661	14,763	57	159	-	-	-	228,640
Events	-	-	-	22,842	-	-	-	22,842
Other miscellaneous	-	-	-	10,221	-	-	-	10,221
Total expenses	\$ 7,110,938	\$ 1,408,046	\$ 623,039	\$ 1,872,782	\$ 925,150	\$ 1,576,154	\$ 1,119,927	\$ 14,636,036

The allocations of certain categories of expenses attributable to more than one program or supporting function are described in Note 1.

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 14 – LIQUIDITY AND AVAILABILITY

MIPM's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 5,808,230	\$ 7,005,969
Accounts and grants receivable	2,695,343	1,611,620
Contributions receivable, net	1,056,867	1,801,560
Investments	5,137,420	4,146,564
Beneficial interest in assets held by Community Foundation	<u>365,501</u>	<u>337,053</u>
 Total financial assets	 <u>\$ 15,063,361</u>	 <u>\$ 14,902,766</u>
 Less amounts not available for general expenditures within one year:		
Contributions receivable	\$ (921,968)	\$ (883,060)
Endowment funds	<u>(5,502,921)</u>	<u>(4,483,614)</u>
	(6,424,889)	(5,366,674)
 Add back funds to be allocated for operations per endowment spending policy within one year	 <u>-</u>	 <u>215,000</u>
 Financial assets available within one year	 <u>\$ 8,638,472</u>	 <u>\$ 9,751,092</u>

As part of MIPM's liquidity management, MIPM invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. MIPM's non-endowed donor-restricted funds are restricted for purpose, but the restricted purposes are operating types of expenses for MIPM and therefore, have been included as available for operations in the next year.

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Endowment funds are subject to the spending policy as described in Note 12. Although MIPM does not intend to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of our Board of Director's annual budget approval and appropriation), these amounts could be made available if necessary or can be drawn for special purposes.

SUPPLEMENTARY INFORMATION

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2023

	<u>MIPM</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current assets				
Cash	\$ 5,808,230	-	-	\$ 5,808,230
Accounts and grants receivable, net	2,695,343	-	-	2,695,343
Accounts receivable – related party	44,502	-	(44,502)	-
Contributions receivable, net	98,649	36,250	-	134,899
Prepaid capitalized lease expenses	80,000	-	-	80,000
Other prepaid expenses	412,769	-	-	412,769
Total current assets	<u>9,139,493</u>	<u>36,250</u>	<u>(44,502)</u>	<u>9,131,241</u>
Non-current assets				
Contributions receivable, net	921,968	-	-	921,968
Investments	-	5,137,420	-	5,137,420
Beneficial interest in assets held by Community Foundation	-	365,501	-	365,501
Right of use asset	658,813	-	-	658,813
Prepaid capitalized lease expenses	160,000	-	-	160,000
Intangibles, net	1,009,412	-	-	1,009,412
Property and equipment, net	11,242,121	-	-	11,242,121
Total non-current assets	<u>13,992,314</u>	<u>5,502,921</u>	<u>-</u>	<u>19,495,235</u>
Total assets	<u>\$ 23,131,807</u>	<u>\$ 5,539,171</u>	<u>\$ (44,502)</u>	<u>\$ 28,626,476</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2023

	<u>MIPM</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 709,379	-	-	\$ 709,379
Accounts payable – related party	-	44,502	(44,502)	-
Accrued salaries and wages	529,557	-	-	529,557
Unearned underwriting revenue	670,486	-	-	670,486
Deferred maintenance revenue	16,668	-	-	16,668
Note payable	293,906	-	-	293,906
Deferred capitalized lease revenues	86,077	-	-	86,077
Lease liability	85,159	-	-	85,159
Other liabilities	<u>243,652</u>	-	-	<u>243,652</u>
Total current liabilities	<u>2,634,884</u>	<u>44,502</u>	<u>(44,502)</u>	<u>2,634,884</u>
Non-current liabilities				
Deferred maintenance revenue	198,608	-	-	198,608
Notes payable	2,282,318	-	-	2,282,318
Deferred capitalized lease revenues	172,156	-	-	172,156
Lease liability	583,223	-	-	583,223
Total non-current liabilities	<u>3,236,305</u>	-	-	<u>3,236,305</u>
Total liabilities	<u>5,871,189</u>	<u>44,502</u>	<u>(44,502)</u>	<u>5,871,189</u>
Net assets				
Without donor restrictions	14,246,609	4,154,049	-	18,400,658
With donor restrictions	<u>3,014,009</u>	<u>1,340,620</u>	-	<u>4,354,629</u>
Total net assets	<u>17,260,618</u>	<u>5,494,669</u>	-	<u>22,755,287</u>
Total liabilities and net assets	<u>\$ 23,131,807</u>	<u>\$ 5,539,171</u>	<u>\$ (44,502)</u>	<u>\$ 28,626,476</u>

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2022

	<u>MIPM</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current assets				
Cash	\$ 6,820,969	\$ 185,000	\$ -	\$ 7,005,969
Accounts and grants receivable, net	1,611,620	-	-	1,611,620
Accounts receivable – related party	217,014	-	(217,014)	-
Contributions receivable, net	546,044	372,456	-	918,500
Prepaid capitalized lease expenses	80,000	-	-	80,000
Other prepaid expenses	1,034,299	-	-	1,034,299
Total current assets	<u>10,309,946</u>	<u>557,456</u>	<u>(217,014)</u>	<u>10,650,388</u>
Non-current assets				
Contributions receivable, net	883,060	-	-	883,060
Investments	-	4,146,564	-	4,146,564
Beneficial interest in assets held by Community Foundation	-	337,053	-	337,053
Prepaid capitalized lease expenses	240,000	-	-	240,000
Intangibles, net	1,009,412	-	-	1,009,412
Property and equipment, net	10,915,766	-	-	10,915,766
Total non-current assets	<u>13,048,238</u>	<u>4,483,617</u>	<u>-</u>	<u>17,531,855</u>
Total assets	<u>\$ 23,358,184</u>	<u>\$ 5,041,073</u>	<u>\$ (217,014)</u>	<u>\$ 28,182,243</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2022

	<u>MIPM</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 959,837	-	-	\$ 959,837
Accounts payable – related party	-	217,014	(217,014)	-
Accrued salaries and wages	509,793	-	-	509,793
Unearned underwriting revenue	741,964	-	-	741,964
Deferred maintenance revenue	16,668	-	-	16,668
Note payable	285,343	-	-	285,343
Deferred capitalized lease revenues	86,077	-	-	86,077
Other liabilities	29,310	-	-	29,310
Total current liabilities	<u>2,628,992</u>	<u>217,014</u>	<u>(217,014)</u>	<u>2,628,992</u>
Non-current liabilities				
Deferred maintenance revenue	215,275	-	-	215,275
Notes payable	2,576,204	-	-	2,576,204
Deferred capitalized lease revenue	258,233	-	-	258,233
Total non-current liabilities	<u>3,049,712</u>	<u>-</u>	<u>-</u>	<u>3,049,712</u>
Total liabilities	<u>5,678,704</u>	<u>217,014</u>	<u>(217,014)</u>	<u>5,678,704</u>
Net assets				
Without donor restrictions	15,906,093	3,624,308	-	19,530,401
With donor restrictions	1,773,387	1,199,751	-	2,973,138
Total net assets	<u>17,679,480</u>	<u>4,824,059</u>	<u>-</u>	<u>22,503,539</u>
Total liabilities and net assets	<u>\$ 23,358,184</u>	<u>\$ 5,041,073</u>	<u>\$ (217,014)</u>	<u>\$ 28,182,243</u>

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
 Year ended September 30, 2023

	MIPM		Foundation			Total
	Without Donor Restrictions Operating Fund	With Donor Restrictions Fund	Total MIPM	Without Donor Restrictions Operating Fund	With Donor Restrictions Fund	
SUPPORT AND REVENUE						
Public support	\$ 7,261,265	-	\$ 7,261,265	-	-	\$ 7,261,265
Grants and other contributions	2,163,496	-	5,961,853	-	-	5,961,853
FYI Productions revenue	239,592	-	239,592	-	-	239,592
Events revenue	56,704	-	56,704	-	-	56,704
Rent revenue	699,904	-	699,904	-	-	699,904
EBS Spectrum lease revenue	872,123	-	872,123	-	-	872,123
Other support	97,235	-	97,235	142,643	-	239,878
Investment return	78,121	-	78,121	399,586	140,869	618,576
Contribution of nonfinancial assets	360,651	-	360,651	-	-	360,651
Net assets released from restriction	2,557,735	(2,557,735)	-	-	-	-
Total support and revenue	<u>14,386,826</u>	<u>1,240,622</u>	<u>15,627,448</u>	<u>542,229</u>	<u>140,869</u>	<u>16,310,546</u>
EXPENSES						
Program services:						
Programming and production	7,637,111	-	7,637,111	-	-	7,637,111
Broadcasting	1,333,515	-	1,333,515	-	-	1,333,515
Program information	851,989	-	851,989	-	-	851,989
Total program services	<u>9,822,615</u>	<u>-</u>	<u>9,822,615</u>	<u>-</u>	<u>-</u>	<u>9,822,615</u>
Supporting services:						
Fundraising and membership	1,888,645	-	1,888,645	-	-	1,888,645
Underwriting	1,084,377	-	1,084,377	-	-	1,084,377
Management and general	1,852,888	-	1,852,888	12,488	-	1,865,376
Facility rentals and costs	1,397,785	-	1,397,785	-	-	1,397,785
Total support services	<u>6,223,695</u>	<u>-</u>	<u>6,223,695</u>	<u>12,488</u>	<u>-</u>	<u>6,236,183</u>
Total expenses	<u>16,046,310</u>	<u>-</u>	<u>16,046,310</u>	<u>12,488</u>	<u>12,488</u>	<u>16,058,798</u>
Changes in net assets	(1,659,484)	1,240,622	(418,862)	529,741	140,869	251,748
Net assets at beginning of year	<u>15,906,093</u>	<u>1,773,387</u>	<u>17,679,480</u>	<u>3,624,308</u>	<u>1,199,751</u>	<u>22,503,539</u>
Net assets, end of year	<u>\$ 14,246,609</u>	<u>\$ 3,014,009</u>	<u>\$ 17,260,618</u>	<u>\$ 4,154,049</u>	<u>\$ 1,340,620</u>	<u>\$ 22,755,287</u>

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended September 30, 2022

	MIPM			Foundation			Total
	Without Donor Restrictions Operating Fund	With Donor Restrictions Fund	Total MIPM	Without Donor Restrictions Operating Fund	With Donor Restrictions Fund	Total Foundation	
SUPPORT AND REVENUE							
Public support	\$ 7,158,572	\$ -	\$ 7,158,572	\$ -	\$ -	\$ -	\$ 7,158,572
Grants and other contributions	4,133,311	2,196,719	6,330,030	-	-	-	6,330,030
FYI Productions revenue	344,466	-	344,466	-	-	-	344,466
Events revenue	25,340	-	25,340	-	-	-	25,340
Rent revenue	619,351	-	619,351	-	-	-	619,351
EBS Spectrum lease revenue	872,123	-	872,123	-	-	-	872,123
Other support	326,319	-	326,319	695,428	-	695,428	806,747
Investment return	13,423	-	13,423	(644,550)	(204,028)	(848,578)	(835,155)
Loss on sale of fixed assets	(74,383)	-	(74,383)	-	-	-	(74,383)
Gain on forgiveness of debt	1,216,677	-	1,216,677	-	-	-	1,216,677
Contribution of nonfinancial assets	1,639,755	-	1,639,755	-	-	-	1,639,755
Net assets released from restriction	1,678,243	(1,678,243)	-	57,531	(57,531)	-	-
Total support and revenue	<u>17,953,197</u>	<u>518,476</u>	<u>18,471,673</u>	<u>108,409</u>	<u>(261,559)</u>	<u>(153,150)</u>	<u>18,103,523</u>
EXPENSES							
Program services:							
Programming and production	7,110,938	-	7,110,938	-	-	-	7,110,938
Broadcasting	1,408,046	-	1,408,046	-	-	-	1,408,046
Program information	623,039	-	623,039	-	-	-	623,039
Total program services	<u>9,142,023</u>	<u>-</u>	<u>9,142,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,142,023</u>
Supporting services:							
Fundraising and membership	1,872,782	-	1,872,782	-	-	-	1,872,782
Underwriting	925,150	-	925,150	-	-	-	925,150
Management and general	1,560,389	-	1,560,389	15,765	-	15,765	1,576,154
Distributions to MIPM	-	-	-	215,000	-	215,000	(215,000)
Facility rentals and costs	1,119,927	-	1,119,927	-	-	-	1,119,927
Total support services	<u>5,478,248</u>	<u>-</u>	<u>5,478,248</u>	<u>230,765</u>	<u>-</u>	<u>230,765</u>	<u>5,494,013</u>
Total expenses	<u>14,620,271</u>	<u>-</u>	<u>14,620,271</u>	<u>230,765</u>	<u>-</u>	<u>230,765</u>	<u>14,636,036</u>
Changes in net assets	3,332,926	518,476	3,851,402	(122,356)	(261,559)	(383,915)	3,467,487
Net assets at beginning of year	12,573,167	1,254,911	13,828,078	3,746,664	1,461,310	5,207,974	19,036,052
Net assets, end of year	<u>\$ 15,906,093</u>	<u>\$ 1,773,387</u>	<u>\$ 17,679,480</u>	<u>\$ 3,624,308</u>	<u>\$ 1,199,751</u>	<u>\$ 4,824,059</u>	<u>\$ 22,503,539</u>