

**METROPOLITAN INDIANAPOLIS
PUBLIC MEDIA, INC.**

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.

CONSOLIDATED FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Metropolitan Indianapolis Public Media, Inc., which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Indianapolis Public Media, Inc. as of September 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was 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 and 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
April 14, 2022

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash	\$ 7,017,339	\$ 3,318,177
Accounts and grants receivable (less allowance of \$5,450 for 2021 and \$10,196 for 2020)	923,238	1,129,159
Contributions receivable, net (Note 2)	61,250	106,525
Prepaid capitalized lease expenses	80,000	80,000
Other prepaid expenses	<u>340,335</u>	<u>812,597</u>
Total current assets	<u>8,422,162</u>	<u>5,446,458</u>
Non-current assets		
Contributions receivable, net (Note 2)	24,772	31,616
Investments (Note 3)	4,786,892	4,107,574
Beneficial interest in assets held by Community Foundation (Note 4)	386,080	295,475
Prepaid capitalized lease expenses	320,000	400,000
Property and equipment, net (Note 5)	<u>8,999,619</u>	<u>8,753,458</u>
Total non-current assets	<u>14,517,363</u>	<u>13,588,123</u>
 Total assets	 <u>\$ 22,939,525</u>	 <u>\$ 19,034,581</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 329,978	\$ 322,981
Accrued salaries and wages	479,649	500,564
Paycheck Protection Program Loan	1,216,677	1,228,300
Unearned underwriting revenue	47,013	91,532
Deferred maintenance revenue	16,668	-
Notes payable (Note 6)	88,580	67,500
Deferred capitalized lease revenue	86,077	86,077
Other liabilities	<u>214,995</u>	<u>63,647</u>
Total current liabilities	<u>2,479,637</u>	<u>2,360,601</u>
Non-current liabilities		
Deferred maintenance revenue	231,943	-
Notes payable (Note 6)	847,583	860,625
Deferred capitalized lease revenues	<u>344,310</u>	<u>430,387</u>
Total non-current liabilities	<u>1,423,836</u>	<u>1,291,012</u>
 Total liabilities	 <u>3,903,473</u>	 <u>3,651,613</u>
Net assets		
Without donor restrictions	16,319,831	12,997,102
With donor restrictions (Note 7)	<u>2,716,221</u>	<u>2,385,866</u>
Total net assets	<u>19,036,052</u>	<u>15,382,968</u>
 Total liabilities and net assets	 <u>\$ 22,939,525</u>	 <u>\$ 19,034,581</u>

See accompanying notes to consolidated financial statements.

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Public support	\$ 6,626,487	\$ -	\$ 6,626,487
Grants and other contributions	3,894,858	1,384,717	5,279,575
FYI Productions revenue	462,548	-	462,548
Special events revenue	35,835	-	35,835
Capital campaign support	-	7,656	7,656
Rent revenue	515,683	-	515,683
EBS Spectrum lease revenue	872,123	-	872,123
Other support	638,311	-	638,311
Investment return (Note 3)	747,945	225,695	973,640
Gain on sale of fixed assets	683,048	-	683,048
Gain on forgiveness of debt	1,152,762	-	1,152,762
Net assets released from restriction	<u>1,287,713</u>	<u>(1,287,713)</u>	<u>-</u>
Total support and revenue	<u>16,917,313</u>	<u>330,355</u>	<u>17,247,668</u>
EXPENSES			
Program services:			
Programming and production	6,866,429	-	6,866,429
Broadcasting	1,338,113	-	1,338,113
Program information	<u>673,306</u>	<u>-</u>	<u>673,306</u>
Total program services	<u>8,877,848</u>	<u>-</u>	<u>8,877,848</u>
Supporting services:			
Fundraising and membership	1,696,623	-	1,696,623
Underwriting	839,174	-	839,174
Management and general	1,213,538	-	1,213,538
Facility rentals and costs	<u>967,401</u>	<u>-</u>	<u>967,401</u>
Total support services	<u>4,716,736</u>	<u>-</u>	<u>4,716,736</u>
Total expenses	<u>13,594,584</u>	<u>-</u>	<u>13,594,584</u>
Changes in net assets	3,322,729	330,355	3,653,084
Net assets, beginning of year	<u>12,997,102</u>	<u>2,385,866</u>	<u>15,382,968</u>
Net assets, end of year	<u>\$ 16,319,831</u>	<u>\$ 2,716,221</u>	<u>\$ 19,036,052</u>

See accompanying notes to consolidated financial statements.

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Public support	\$ 6,519,886	\$ -	\$ 6,519,886
Grants and other contributions	2,675,900	1,333,994	4,009,894
FYI Productions revenue	498,876	-	498,876
Special events revenue	181,907	-	181,907
Capital campaign support	-	11,049	11,049
Rent revenue	482,554	-	482,554
EBS Spectrum lease revenue	872,123	-	872,123
Other support	346,431	-	346,431
Investment return (Note 3)	165,398	61,579	226,977
Net assets released from restriction	<u>1,195,012</u>	<u>(1,195,012)</u>	<u>-</u>
Total support and revenue	<u>12,938,087</u>	<u>211,610</u>	<u>13,149,697</u>
EXPENSES			
Program services:			
Programming and production	6,611,170	-	6,611,170
Broadcasting	1,385,060	-	1,385,060
Program information	<u>623,757</u>	<u>-</u>	<u>623,757</u>
Total program services	<u>8,619,987</u>	<u>-</u>	<u>8,619,987</u>
Supporting services:			
Fundraising and membership	1,636,887	-	1,636,887
Underwriting	901,976	-	901,976
Management and general	1,254,409	-	1,254,409
Facility rentals and costs	<u>1,140,844</u>	<u>-</u>	<u>1,140,844</u>
Total support services	<u>4,934,116</u>	<u>-</u>	<u>4,934,116</u>
Total expenses	<u>13,554,103</u>	<u>-</u>	<u>13,554,103</u>
Changes in net assets	(616,016)	211,610	(404,406)
Net assets, beginning of year	<u>13,613,118</u>	<u>2,174,256</u>	<u>15,787,374</u>
Net assets, end of year	<u>\$ 12,997,102</u>	<u>\$ 2,385,866</u>	<u>\$ 15,382,968</u>

See accompanying notes to consolidated financial statements.

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 3,653,084	\$ (404,406)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	808,416	807,576
Provision for bad debts (recovery)	(5,977)	7,578
Gain on sale of property and equipment	(683,048)	-
Net realized and unrealized gains on investments	(962,528)	(150,003)
Forgiveness of paycheck protection program loan	(1,152,762)	-
Changes in certain assets and liabilities:		
Accounts and grants receivable	211,898	(169,555)
Contributions receivable	52,119	36,497
Prepaid expenses	552,262	12,875
Accounts payable	6,997	(79,549)
Paycheck Protection Program Loan	1,216,677	1,228,300
Other liabilities	<u>248,448</u>	<u>(113,426)</u>
Net cash flows from operating activities	<u>3,945,586</u>	<u>1,175,887</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,133,149)	(231,910)
Proceeds from sale of property and equipment	761,620	-
Purchase of investments	(1,864,885)	(1,759,466)
Proceeds from sale of investments	<u>2,057,490</u>	<u>1,606,376</u>
Net cash flows from investing activities	<u>(178,924)</u>	<u>(385,000)</u>
Cash flows from financing activities		
Payments on notes payable	<u>(67,500)</u>	<u>(67,500)</u>
Net cash flows from financing activities	<u>(67,500)</u>	<u>(67,500)</u>
Net change in cash and cash equivalents	3,699,162	723,387
Cash and cash equivalents, beginning of year	<u>3,318,177</u>	<u>2,594,790</u>
Cash and cash equivalents, end of year	<u>\$ 7,017,339</u>	<u>\$ 3,318,177</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 8,940	\$ 16,965
In-kind contributions	69,768	133,617
Supplemental disclosure of non-cash information:		
Paycheck Protection Program Loan converted to note payable	\$ 75,538	\$ -

See accompanying notes to consolidated financial statements.

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Metropolitan Indianapolis Public Media, Inc. ("MIPM") is a nonprofit corporation which operates a noncommercial public television station ("WFYI") and a public radio station ("WFYI/FM") in Indianapolis, 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, WFYI Foundation, Inc. (the "Foundation") and MIPB media Center LLC, which was dissolved during 2021. 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.

MIPB Media Center LLC: As of January 4, 2021, Metropolitan Indianapolis Public Broadcasting Media Center LLC ("LLC") was voluntarily dissolved as its business purpose of participating in the new Market Tax Credit Program was complete. The LLC was wholly owned by MIPM, and all its assets were distributed to MIPM per the LLC operating agreement. All debts, liabilities, and obligations were paid or otherwise discharged prior to dissolution.

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. The LLC is a pass-through taxable entity, and any related taxable activity will flow through to MIPM as unrelated business income (loss). Tax expense for the years ended September 30, 2021 and 2020 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, 2021 and 2020, 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, 2021 and 2020.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2021 and 2020, current and non-current Prepaid Capitalized Lease Expense was \$400,000 and \$480,000, respectively, on the consolidated statement 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, 2021 and 2020, management believes that no impairments exist.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Maintenance Revenue: In August 2021, MIPM sold its surface parking lot to Wesley Place Apartments, LLC (“Wesley”) for \$750,000. For the year ending September 30, 2021, MIPM recognized a \$678,080 gain on the sale, which is included in the gain on the sale of fixed assets on the statement of activities.

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 year ending September 30, 2021, \$248,611 of these funds have been recorded as deferred maintenance revenue on the statement of financial position, while \$1,388 has been recognized as rent revenue on the statement of activities for the year then ended.

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, 2021 and 2020, current and non-current Deferred Capitalized Lease Revenue was \$430,387 and \$516,464, respectively, on the consolidated statement of financial position.

Support and Revenue Recognition: All contributions are considered to be available for use without restrictions unless specifically restricted 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.

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 aren’t 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.

In-kind Contributions: In addition to receiving cash contributions, MIPM receives in-kind contributions from various donors, primarily in support of special events and MIPM’s capital campaign. It is the policy of the MIPM to record the estimated fair value of certain in-kind contributions as both revenue and expense for the programs or activities benefited. For the years ended September 30, 2021 and 2020, in-kind contributions totaled \$69,768 and \$133,617, respectively.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 square footage occupied.

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.

Coronavirus Impacts and Paycheck Protection Program (PPP) Loan: The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The coronavirus has negatively impacted various parts of MIPM's operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology and COVID-19 protection and other related operating expenditures.

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 is \$75,538, which was converted to a note payable during the year ending September 30, 2021. The remaining balance has a five-year repayment period and the interest rate on the loan would be 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 will be recognized as revenue during the year ending September 30, 2022.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to September 30, 2020 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the years ended September 30, 2021 and 2020. Management has performed their analysis through April 14, 2022, the date the financial statements were available to be issued.

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METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2021 and 2020

NOTE 2 - CONTRIBUTIONS RECEIVABLE

The following represents contributions receivable balances at September 30:

	<u>2021</u>	<u>2020</u>
Currently due	\$ 61,250	\$ 106,525
Due in one to five years	<u>29,966</u>	<u>39,966</u>
	91,216	146,491
Unamortized discount	(3,696)	(6,352)
Allowance	<u>(1,498)</u>	<u>(1,998)</u>
Total contributions receivable, net	<u>\$ 86,022</u>	<u>\$ 138,141</u>

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

	<u>2021</u>	<u>2020</u>
Current, net of allowance	\$ 61,250	\$ 106,525
Non-current, net of allowance and discount	<u>24,772</u>	<u>31,616</u>
	<u>\$ 86,022</u>	<u>\$ 138,141</u>

Qualifying contributions receivable were discounted at a discount rate of 4% at September 30, 2021 and 2020.

NOTE 3 - INVESTMENTS

Investments as of September 30 are as follows:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 31,472	\$ 205,528
Common stock	580,352	487,296
Municipal bonds	109,219	110,084
Corporate bonds	109,927	136,771
US Treasury securities	254,566	179,666
Mutual funds - equities	2,103,238	2,115,370
Mutual funds - fixed income	664,943	453,207
Mutual funds - international	16,424	18,387
Exchange traded funds	<u>916,751</u>	<u>401,265</u>
	<u>\$ 4,786,892</u>	<u>\$ 4,107,574</u>

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

	<u>2021</u>	<u>2020</u>
Interest and dividends, net of fees of \$34,281 and \$29,626	\$ 101,717	\$ 76,974
Realized gain on investments	336,376	60,724
Unrealized gain on investments	<u>535,547</u>	<u>89,279</u>
Total investment return	<u>\$ 973,640</u>	<u>\$ 226,977</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 3 - INVESTMENTS (Continued)

Interest and dividends include \$508 and \$1,390 of interest earned on cash and equivalents for the years ended September 30, 2021 and 2020, 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, 2021 and 2020 was \$386,080 and \$295,475, respectively, and the change in value of beneficial interest of \$90,605 and \$12,238, respectively, is included in the investment return on the consolidated statement of activities.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment as of September 30 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 662,280	\$ 734,200
Transmitter and studio equipment	4,672,377	5,043,490
Building and improvements	14,568,062	13,766,951
Furniture and office equipment	806,361	1,302,097
Tower and antenna	1,236,334	1,220,173
Vehicles	<u>42,240</u>	<u>42,240</u>
	21,987,654	22,109,151
Less: Accumulated depreciation	<u>(12,988,035)</u>	<u>(13,355,693)</u>
Property and equipment, net	<u>\$ 8,999,619</u>	<u>\$ 8,753,458</u>

Depreciation expense for the years ended September 30, 2021 and 2020 was \$808,416 and \$807,576, respectively.

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 bears interest at the daily LIBOR rate plus .75% (0.83% at September 30, 2021 and 2020, respectively) and currently matures on June 26, 2024. 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, 2021 and 2020, management of MIPM reported compliance with all covenants. MIPM had current outstanding borrowings of \$67,500 and \$67,500 and noncurrent outstanding borrowings of \$793,125 and \$860,625 as of September 30, 2021 and 2020, respectively. Payments are due monthly, which began in July 2014, for \$5,625, and a final installment due upon maturity.

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2021 and 2020

NOTE 6 - NOTES PAYABLE (Continued)

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 \$75,538. 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 \$0 and noncurrent outstanding borrowings of \$54,458 and \$0 as of September 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Current	\$ 88,580	\$ 67,500
Non-current	<u>847,583</u>	<u>860,625</u>
	<u>\$ 936,163</u>	<u>\$ 928,125</u>

Scheduled principal repayments for the next 4 years are as follows:

2022	\$ 88,580
2023	88,580
2024	746,701
Thereafter	<u>12,302</u>
	<u>\$ 936,163</u>

Interest expense on all notes payable totaled \$8,940 and \$16,965 for the years ended September 30, 2021 and 2020, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Capital campaign	\$ 162,227	\$ 235,190
Education reporting	8,608	16,299
Programming	1,084,076	811,935
Endowment earnings	261,559	122,691
Endowment net assets held in perpetuity	<u>1,199,751</u>	<u>1,199,751</u>
	<u>\$ 2,716,221</u>	<u>\$ 2,385,866</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2021 and 2020

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Purpose restrictions accomplished:

	<u>2021</u>	<u>2020</u>
Capital campaign	\$ 80,618	\$ 81,204
Education reporting	7,691	3,701
Programming	1,112,577	1,025,190
Endowment	86,827	-
Strategic growth initiatives	<u>-</u>	<u>84,917</u>
Total net assets released from restriction	<u>\$ 1,287,713</u>	<u>\$ 1,195,012</u>

NOTE 8 - OPERATING LEASES

Lessor:

The LLC dissolved in January 2021 and all assets were distributed to MIPM. Prior to dissolution, the LLC owned the building at 1630 North Meridian Street. The LLC leased the entire building to MIPM under a master lease agreement that expired in April 2014. From that date forward until the dissolution of the LLC, the LLC provided free rent to MIPM, which was recorded as in-kind revenue and in-kind expense on both MIPM and the LLC. The amount was eliminated in consolidation in prior years.

MIPM has entered into sub-leases with other non-related outside tenants. After the expiration of the master lease agreement between MIPM and the LLC, MIPM assigned their interest in the sub-lease agreements to LLC. At that point, the revenue from the sublease agreements was recognized by the LLC. Upon dissolution of the LLC in January 2021, the interest in the sub-lease agreements reverted back to MIPM.

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 \$1,387,806 and \$1,354,677 for the years ended September 30, 2021 and 2020.

Minimum annual payments receivable under the operating leases as of September 30, 2021 are as follows:

<u>Year Ending</u> <u>September 30</u>	
2022	\$ 1,317,116
2023	1,252,258
2024	1,172,076
2025	1,093,195
2026	911,920
Thereafter	<u>1,383,519</u>
	<u>\$ 7,130,084</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 8 - OPERATING LEASES (Continued)

Lessee:

MIPM rents equipment under noncancelable operating leases. Operating lease expense was \$95,515 and \$91,523 for the years ended September 30, 2021 and 2020. MIPM has the following operating lease commitments as of September 30, 2021:

Year Ending <u>September 30</u>	
2022	\$ 93,519
2023	93,672
2024	93,883
2025	95,940
2026	98,059
Thereafter	<u>419,002</u>
	<u>\$ 894,075</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, 2021 and 2020 was \$97,838 and \$103,058, respectively.

NOTE 10 - RELATED PARTIES

Transactions between MIPM, the Foundation, and the LLC 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, 2021 and 2020, the primary activities of this nature included banking, legal, insurance, and other professional services totaling approximately \$808,577 and \$521,860, 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, 2021 and 2020

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>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Funds Valued At Net Asset Value	<u>Total</u>
Assets:					
Money market funds	\$ 31,472	\$ -	\$ -	\$ -	\$ 31,472
Common stock	580,352	-	-	-	580,352
Municipal bonds	-	109,219	-	-	109,219
Corporate bonds	-	109,927	-	-	109,927
US Treasury securities	254,566	-	-	-	254,566
Mutual funds - equities	2,103,238	-	-	-	2,103,238
Mutual funds - fixed income	664,943	-	-	-	664,943
Mutual funds – international	16,424	-	-	-	16,424
Exchange traded funds	<u>916,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>916,751</u>
Total investments	4,567,746	219,146	-	-	4,786,892
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>-</u>	<u>-</u>	386,080	<u>386,080</u>
Total assets	<u>\$ 4,567,746</u>	<u>\$ 219,146</u>	<u>\$ -</u>	<u>\$ 386,080</u>	<u>\$ 5,172,972</u>

<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Funds Valued At Net Asset Value	<u>Total</u>
Assets:					
Money market funds	\$ 205,528	\$ -	\$ -	\$ -	\$ 205,528
Common stock	487,296	-	-	-	487,296
Municipal bonds	-	110,084	-	-	110,084
Corporate bonds	-	136,771	-	-	136,771
US Treasury securities	179,666	-	-	-	179,666
Mutual funds - equities	2,115,370	-	-	-	2,115,370
Mutual funds - fixed income	453,207	-	-	-	453,207
Mutual funds – international	18,387	-	-	-	18,387
Exchange traded funds	<u>401,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,265</u>
Total investments	3,860,719	246,855	-	-	4,107,574
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>-</u>	<u>-</u>	295,475	<u>295,475</u>
Total assets	<u>\$ 3,860,719</u>	<u>\$ 246,855</u>	<u>\$ -</u>	<u>\$ 295,475</u>	<u>\$ 4,403,049</u>

(Continued)

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.

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, 2021 and 2020.

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.

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2021 and 2020

NOTE 12 - ENDOWMENT COMPOSITION DISCLOSURE (Continued)

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 12 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.

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

<u>2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,461,310	\$ 1,461,310
Board designated endowed funds	<u>3,711,659</u>	<u>-</u>	<u>3,711,659</u>
Total funds	<u>\$ 3,711,659</u>	<u>\$ 1,461,310</u>	<u>\$ 5,172,969</u>

<u>2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,322,442	\$ 1,322,442
Board designated endowed funds	<u>3,072,694</u>	<u>-</u>	<u>3,072,694</u>
Total funds	<u>\$ 3,072,694</u>	<u>\$ 1,322,442</u>	<u>\$ 4,395,136</u>

Changes in endowment net assets for year ended September 30, 2021:

<u>2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$ 3,072,694	\$ 1,322,442	\$ 4,395,136
Investment return			
Interest and dividends, net of fees	77,736	23,473	101,209
Net realized and unrealized gains	<u>669,699</u>	<u>202,222</u>	<u>871,921</u>
Total investment return	747,435	225,695	973,130
New gifts	179,074	-	179,074
Appropriation of endowment assets for expenditure	<u>(287,544)</u>	<u>(86,827)</u>	<u>(374,371)</u>
Net assets, end of year	<u>\$ 3,711,659</u>	<u>\$ 1,461,310</u>	<u>\$ 5,172,969</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2021 and 2020

NOTE 12 - ENDOWMENT COMPOSITION DISCLOSURE (Continued)

Changes in endowment net assets for year ended September 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2020</u>			
Net assets, beginning of year	\$ 2,839,093	\$ 1,260,863	\$ 4,099,956
Investment return			
Interest and dividends, net of fees	54,952	20,632	75,584
Net realized and unrealized gains	<u>109,056</u>	<u>40,947</u>	<u>150,003</u>
Total investment return	164,008	61,579	225,587
New gifts	69,593	-	69,593
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 3,072,694</u>	<u>\$ 1,322,442</u>	<u>\$ 4,395,136</u>

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, 2021 and 2020, respectively.

	Program Expenses			Supporting services				2021 Total	2020 Total
	Programming and production	Broadcasting	Program information	Fundraising and	Underwriting	Management and general	Facility rentals and costs		
Salaries, Commissions, Benefits, Taxes	\$ 2,854,799	\$ 413,873	\$ 389,848	\$ 790,523	\$ 673,026	\$ 589,687	\$ 139,859	\$ 5,851,615	\$ 5,784,710
Pension Plan	46,610	3,886	5,998	14,982	11,873	12,271	2,218	97,838	103,059
Other Employee Benefits	321,877	27,340	47,207	69,620	64,413	58,187	10,356	599,000	555,431
Payroll Taxes	201,181	29,084	27,664	54,560	47,744	40,173	9,179	409,585	413,772
Fees for Services	644,908	234,793	5,463	49,659	1,571	227,401	33,310	1,197,105	1,221,849
Advertising, Marketing and Promotion - Publications	-	-	112,161	-	-	-	-	112,161	133,056
Advertising, Marketing and Promotion - Media Other	30,727	-	55,074	2,384	550	-	-	88,735	100,388
General and Administrative	45,356	45,735	3,066	13,971	2,005	113,722	13,810	237,665	321,696
Information Technology	67,836	69,167	12,878	19,871	5,582	41,611	1,284	218,229	203,758
Occupancy	58,919	64,963	-	-	-	1,914	454,703	580,499	601,223
Travel	11,935	140	259	-	234	29	-	12,597	49,023
Conferences, conventions and meeting expenses	17,516	600	636	19,084	1,233	2,318	597	41,984	15,519
Interest	-	-	-	-	-	8,940	-	8,940	16,923
Depreciation	151,811	384,941	10,254	4,340	4,340	16,168	236,562	808,416	807,576
Insurance	8,238	24,753	-	-	-	36,194	65,523	134,708	134,633
Program Acquisition	1,963,596	-	-	10,499	-	-	-	1,974,095	2,015,895
Station Dues	56,819	24,000	-	4,563	4,563	45,846	-	135,791	134,366
Membership	1,356	-	58	631,625	-	-	-	633,039	353,011
Bad Debt	2,615	-	-	8,614	-	9	-	11,238	26,235
Data Analytics	128,852	-	2,740	-	22,040	-	-	153,632	119,655
Content Creation	240,614	14,838	-	-	-	-	-	255,452	205,721
Special Events	-	-	-	2,328	-	-	-	2,328	89,830
Other Miscellaneous	10,864	-	-	-	-	19,068	-	29,932	146,774
Total expenses	<u>\$ 6,866,429</u>	<u>\$ 1,338,113</u>	<u>\$ 673,306</u>	<u>\$ 1,696,623</u>	<u>\$ 839,174</u>	<u>\$ 1,213,538</u>	<u>\$ 967,401</u>	<u>\$ 13,594,584</u>	<u>\$ 13,554,103</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 13 - EXPENSES BY NATURE (Continued)

	Program Expenses			Supporting Services				2020 Total
	Programming and production	Broadcasting	Program information	Fundraising and membership	Underwriting	Management and general	Facility rentals and costs	
Salaries, commissions, benefits and taxes	\$ 2,664,477	\$ 395,260	\$ 348,674	\$ 807,727	\$ 718,482	\$ 639,478	\$ 210,612	\$ 5,784,710
Pension plan	44,408	3,895	6,944	17,023	15,063	12,673	3,053	103,059
Other employee benefits	303,175	28,842	30,540	66,256	67,724	46,704	12,190	555,431
Payroll taxes	189,000	27,409	26,282	57,987	53,927	43,682	15,485	413,772
Fees for services	666,413	252,037	4,667	57,893	4,054	162,389	74,396	1,221,849
Advertising, marketing and promotion - publications	23,762	13	102,510	6,472	244	55	-	133,056
Advertising, marketing and promotion - media	-	-	83,888	16,500	-	-	-	100,388
General and administrative	94,139	75,713	3,945	22,405	13,062	103,402	9,030	321,696
Information technology	69,175	45,032	7,496	50,658	4,942	25,966	489	203,758
Occupancy	5,665	99,527	-	-	-	-	496,031	601,223
Travel	41,313	970	1,314	1,460	1,772	1,409	785	49,023
Conferences, conventions and meeting expenses	9,082	408	136	2,789	2,149	682	273	15,519
Interest	-	-	-	-	-	16,923	-	16,923
Depreciation	142,858	392,049	5,590	-	-	11,178	255,901	807,576
Insurance	17,415	25,406	-	-	-	32,755	59,057	134,633
Program acquisition	1,958,397	-	-	57,498	-	-	-	2,015,895
Station dues	69,391	15,542	1,771	9,733	9,733	24,654	3,542	134,366
Membership	955	-	-	352,056	-	-	-	353,011
Bad debt	3,831	-	-	14,826	7,578	-	-	26,235
Data analytics	113,593	-	-	2,816	3,246	-	-	119,655
Content creation	182,764	22,957	-	-	-	-	-	205,721
Special events	-	-	-	89,830	-	-	-	89,830
Other miscellaneous	11,357	-	-	2,958	-	132,459	-	146,774
Total expenses	\$ 6,611,170	\$ 1,385,060	\$ 623,757	\$ 1,636,887	\$ 901,976	\$ 1,254,409	\$ 1,140,844	\$ 13,554,103

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

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>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 7,017,339	\$ 3,318,177
Accounts and grants receivable	923,238	1,129,159
Contributions receivable, net	86,022	138,141
Investments	4,786,892	4,107,574
Beneficial interest in assets held by Community Foundation	<u>386,080</u>	<u>295,475</u>
Total financial assets	<u>\$ 13,199,571</u>	<u>\$ 8,988,526</u>
Less amounts not available for general expenditures within one year:		
Contributions receivable	\$ (24,772)	\$ (31,616)
Endowment funds	<u>(5,172,972)</u>	<u>(4,395,136)</u>
	<u>(5,197,744)</u>	<u>(4,426,752)</u>
Add back funds to be allocated for operations per endowment spending policy within one year	<u>193,295</u>	<u>181,978</u>
Financial assets available within one year	<u>\$ 8,195,122</u>	<u>\$ 4,743,752</u>

(Continued)

NOTE 14 - LIQUIDITY AND AVAILABILITY (Continued)

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, 2021

	<u>MIPM</u>	<u>MIPB Media Center, LLC</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Current assets					
Cash	\$ 7,017,339	\$ -	\$ -	\$ -	\$ 7,017,339
Accounts and grants receivable, net	923,238	-	-	-	923,238
Accounts receivable - related party	16,248	-	-	(16,248)	-
Contributions receivable, net	10,000	-	51,250	-	61,250
Prepaid capitalized lease expenses	80,000	-	-	-	80,000
Other prepaid expenses	<u>340,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,335</u>
Total current assets	<u>8,387,160</u>	<u>-</u>	<u>51,250</u>	<u>(16,248)</u>	<u>8,422,162</u>
Non-current assets					
Contributions receivable, net	24,772	-	-	-	24,772
Investments	-	-	4,786,892	-	4,786,892
Investment in subsidiary	-	-	-	-	-
Beneficial interest in assets held by Community Foundation	-	-	386,080	-	386,080
Prepaid capitalized lease expenses	320,000	-	-	-	320,000
Property and equipment, net	<u>8,999,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,999,619</u>
Total non-current assets	<u>9,344,391</u>	<u>-</u>	<u>5,172,972</u>	<u>-</u>	<u>14,517,363</u>
Total assets	<u>\$ 17,731,551</u>	<u>\$ -</u>	<u>\$ 5,224,222</u>	<u>\$ (16,248)</u>	<u>\$ 22,939,525</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2021

	<u>MIPM</u>	<u>MIPB Media Center, LLC</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	\$ 329,978	\$ -	\$ -	\$ -	\$ 329,978
Accounts payable - related party	-	-	16,248	(16,248)	-
Accrued salaries and wages	479,649	-	-	-	479,649
Paycheck Protection Program Loan	1,216,677	-	-	-	1,216,677
Unearned underwriting revenue	47,013	-	-	-	47,013
Deferred maintenance revenue	16,668	-	-	-	16,668
Note payable	88,580	-	-	-	88,580
Deferred capitalized lease revenues	86,077	-	-	-	86,077
Other liabilities	<u>214,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,995</u>
Total current liabilities	<u>2,479,637</u>	<u>-</u>	<u>16,248</u>	<u>(16,248)</u>	<u>2,479,637</u>
Non-current liabilities					
Deferred maintenance revenue	231,943	-	-	-	231,943
Notes payable	847,583	-	-	-	847,583
Deferred capitalized lease revenue	<u>344,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,310</u>
Total non-current liabilities	<u>1,423,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,423,836</u>
Total liabilities	<u>3,903,473</u>	<u>-</u>	<u>16,248</u>	<u>(16,248)</u>	<u>3,903,473</u>
Net assets					
Without donor restrictions	12,659,994	-	3,659,837	-	16,319,831
With donor restrictions	<u>1,168,084</u>	<u>-</u>	<u>1,548,137</u>	<u>-</u>	<u>2,716,221</u>
Total net assets	<u>13,828,078</u>	<u>-</u>	<u>5,207,974</u>	<u>-</u>	<u>19,036,052</u>
Total liabilities and net assets	<u>\$ 17,731,551</u>	<u>\$ -</u>	<u>\$ 5,224,222</u>	<u>\$ (16,248)</u>	<u>\$ 22,939,525</u>

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2020

	<u>MIPM</u>	<u>Center, LLC</u>	<u>MIPB Media Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Current assets					
Cash	\$ 3,318,177	\$ -	\$ -	\$ -	\$ 3,318,177
Accounts and grants receivable, net	1,129,159	-	-	-	1,129,159
Accounts receivable - related party	179,627	3,052,400	-	(3,232,027)	-
Contributions receivable, net	32,775	-	160,593	(86,843)	106,525
Prepaid capitalized lease expenses	80,000	-	-	-	80,000
Other prepaid expenses	<u>812,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>812,597</u>
Total current assets	<u>5,552,335</u>	<u>3,052,400</u>	<u>160,593</u>	<u>(3,318,870)</u>	<u>5,446,458</u>
Non-current assets					
Contributions receivable, net	31,616	-	-	-	31,616
Investments	7,913	-	4,099,661	-	4,107,574
Investment in subsidiary	4,718,842	-	-	(4,718,842)	-
Beneficial interest in assets held by Community Foundation	-	-	295,475	-	295,475
Prepaid capitalized lease expenses	400,000	-	-	-	400,000
Property and equipment, net	<u>787,713</u>	<u>7,965,745</u>	<u>-</u>	<u>-</u>	<u>8,753,458</u>
Total non-current assets	<u>5,946,084</u>	<u>7,965,745</u>	<u>4,395,136</u>	<u>(4,718,842)</u>	<u>13,588,123</u>
Total assets	<u>\$ 11,498,419</u>	<u>\$ 11,018,145</u>	<u>\$ 4,555,729</u>	<u>\$ (8,037,712)</u>	<u>\$ 19,034,581</u>

(Continued)

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2020

	<u>MIPM</u>	<u>MIPB Media Center, LLC</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	\$ 409,824	\$ -	\$ -	\$ (86,843)	\$ 322,981
Accounts payable - related party	3,052,400	-	179,627	(3,232,027)	-
Accrued salaries and wages	500,564	-	-	-	500,564
Paycheck Protection Program Loan	1,228,300	-	-	-	1,228,300
Unearned underwriting revenue	91,532	-	-	-	91,532
Note payable	67,500	-	-	-	67,500
Deferred capitalized lease revenues	86,077	-	-	-	86,077
Other liabilities	<u>63,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,647</u>
Total current liabilities	<u>5,499,844</u>	<u>-</u>	<u>179,627</u>	<u>(3,318,870)</u>	<u>2,360,601</u>
Non-current liabilities					
Notes payable	860,625	-	-	-	860,625
Deferred capitalized lease revenue	<u>430,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,387</u>
Total non-current liabilities	<u>1,291,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,291,012</u>
Total liabilities	<u>6,790,856</u>	<u>-</u>	<u>179,627</u>	<u>(3,318,870)</u>	<u>3,651,613</u>
Net assets					
Without donor restrictions	3,644,139	11,018,145	3,053,660	(4,718,842)	12,997,102
With donor restrictions	<u>1,063,424</u>	<u>-</u>	<u>1,322,442</u>	<u>-</u>	<u>2,385,866</u>
Total net assets	<u>4,707,563</u>	<u>11,018,145</u>	<u>4,376,102</u>	<u>(4,718,842)</u>	<u>15,382,968</u>
Total liabilities and net assets	<u>\$ 11,498,419</u>	<u>\$ 11,018,145</u>	<u>\$ 4,555,729</u>	<u>\$ (8,037,712)</u>	<u>\$ 19,034,581</u>

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended September 30, 2021

	MIPM			MIPB Media Center, LLC		Foundation			Consolidated Eliminations	Total
	Without Donor Restrictions Operating Fund	With Donor Restrictions Fund	Total MIPM	Without Donor Restrictions Operating Fund	Total, LLC	Without Donor Restrictions Operating Fund	With Donor Restrictions Fund	Total Foundation		
SUPPORT AND REVENUE										
Public support	\$ 6,626,487	\$ -	\$ 6,626,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,626,487
Grants and other contributions	3,894,858	1,384,717	5,279,575	-	-	-	-	-	-	5,279,575
FYI Productions revenue	462,548	-	462,548	-	-	-	-	-	-	462,548
Special events revenue	35,835	-	35,835	-	-	-	-	-	-	35,835
Capital campaign support	-	7,656	7,656	-	-	-	-	-	-	7,656
Rent revenue	515,683	-	515,683	-	-	-	-	-	-	515,683
EBS Spectrum lease revenue	872,123	-	872,123	-	-	-	-	-	-	872,123
Other support	761,875	-	761,875	-	-	69,731	-	69,731	(193,295)	638,311
Investment return	508	-	508	-	-	747,437	225,695	973,132	-	973,640
Gain (loss) on sale of fixed assets	8,516,696	-	8,516,696	(7,833,648)	(7,833,648)	-	-	-	-	683,048
Gain (loss) on MIPM/LLC transfers	(1,666,442)	-	(1,666,442)	(3,052,400)	(3,052,400)	-	-	-	4,718,842	-
Gain on forgiveness of debt	1,152,762	-	1,152,762	-	-	-	-	-	-	1,152,762
Net assets released from restriction	1,287,713	(1,287,713)	-	-	-	-	-	-	-	-
Total support and revenue	<u>22,460,646</u>	<u>104,660</u>	<u>22,565,306</u>	<u>(10,886,048)</u>	<u>(10,886,048)</u>	<u>817,168</u>	<u>225,695</u>	<u>1,042,863</u>	<u>4,525,547</u>	<u>17,247,668</u>
EXPENSES										
Program services:										
Programming and production	6,837,368	-	6,837,368	29,061	29,061	-	-	-	-	6,866,429
Broadcasting	1,291,879	-	1,291,879	46,234	46,234	-	-	-	-	1,338,113
Program information	671,985	-	671,985	1,321	1,321	-	-	-	-	673,306
Total program services	<u>8,801,232</u>	<u>-</u>	<u>8,801,232</u>	<u>76,616</u>	<u>76,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,877,848</u>
Supporting services:										
Fundraising and membership	1,696,623	-	1,696,623	-	-	-	-	-	-	1,696,623
Underwriting	839,174	-	839,174	-	-	-	-	-	-	839,174
Management and general	1,193,200	-	1,193,200	2,642	-	17,696	-	17,696	-	1,213,538
Distributions to MIPM	-	-	-	-	-	193,295	-	193,295	(193,295)	-
Facility rentals and costs	914,562	-	914,562	52,839	-	-	-	-	-	967,401
Total support services	<u>4,643,559</u>	<u>-</u>	<u>4,643,559</u>	<u>55,481</u>	<u>-</u>	<u>210,991</u>	<u>-</u>	<u>210,991</u>	<u>(193,295)</u>	<u>4,716,736</u>
Total expenses	<u>13,444,791</u>	<u>-</u>	<u>13,444,791</u>	<u>132,097</u>	<u>-</u>	<u>210,991</u>	<u>-</u>	<u>210,991</u>	<u>(193,295)</u>	<u>13,594,584</u>
Changes in net assets	9,015,855	104,660	9,120,515	(11,018,145)	(11,018,145)	606,177	225,695	831,872	4,718,842	3,653,084
Net assets at beginning of year	3,644,139	1,063,424	4,707,563	11,018,145	11,018,145	3,053,660	1,322,442	4,376,102	(4,718,842)	15,382,968
Net assets, end of year	<u>\$ 12,659,994</u>	<u>\$ 1,168,084</u>	<u>\$ 13,828,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,659,837</u>	<u>\$ 1,548,137</u>	<u>\$ 5,207,974</u>	<u>\$ -</u>	<u>\$ 19,036,052</u>

METROPOLITAN INDIANAPOLIS PUBLIC MEDIA, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended September 30, 2020

	MIPM			MIPB Media Center, LLC		Foundation			Consolidated Eliminations	Total
	Without Donor Restrictions Operating Fund	With Donor Restrictions Fund	Total MIPM	Without Donor Restrictions Operating Fund	Total, LLC	Without Donor Restrictions Operating Fund	With Donor Restrictions Fund	Total Foundation		
SUPPORT AND REVENUE										
Public support	\$ 6,519,886	\$ -	\$ 6,519,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,519,886
Grants and other contributions	2,675,900	1,333,994	4,009,894	-	-	-	-	-	-	4,009,894
FYI Productions revenue	498,876	-	498,876	-	-	-	-	-	-	498,876
Special events revenue	181,907	-	181,907	-	-	-	-	-	-	181,907
Capital campaign support	-	11,049	11,049	-	-	-	-	-	-	11,049
Rent revenue	-	-	-	1,252,554	1,252,554	-	-	-	(770,000)	482,554
EBS Spectrum lease revenue	872,123	-	872,123	-	-	-	-	-	-	872,123
Other support	1,128,320	-	1,128,320	-	-	169,187	-	169,187	(951,076)	346,431
Investment return	1,392	-	1,392	-	-	164,129	61,579	225,708	(123)	226,977
Net assets released from restriction	1,195,012	(1,195,012)	-	-	-	-	-	-	-	-
Total support and revenue	<u>13,073,416</u>	<u>150,031</u>	<u>13,223,447</u>	<u>1,252,554</u>	<u>1,252,554</u>	<u>333,316</u>	<u>61,579</u>	<u>394,895</u>	<u>(1,721,199)</u>	<u>13,149,697</u>
EXPENSES										
Program services:										
Programming and production	6,488,201	-	6,488,201	122,969	122,969	-	-	-	-	6,611,170
Broadcasting	1,189,429	-	1,189,429	195,631	195,631	-	-	-	-	1,385,060
Program information	618,168	-	-	5,589	5,589	-	-	-	-	623,757
Total program services	<u>8,295,798</u>	<u>-</u>	<u>8,295,798</u>	<u>324,189</u>	<u>324,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,619,987</u>
Supporting services:										
Fundraising and membership	1,636,887	-	1,636,887	-	-	-	-	-	-	1,636,887
Underwriting	901,976	-	901,976	-	-	-	-	-	-	901,976
Management and general	1,232,604	-	1,232,604	15,329	15,329	6,599	-	6,599	(123)	1,254,409
Distributions to MIPM	-	-	-	-	-	181,076	-	181,076	(181,076)	-
Facility rentals and costs	1,687,266	-	1,687,266	993,578	993,578	-	-	-	(1,540,000)	1,140,844
Total support services	<u>5,458,733</u>	<u>-</u>	<u>5,458,733</u>	<u>1,008,907</u>	<u>1,008,907</u>	<u>187,675</u>	<u>-</u>	<u>187,675</u>	<u>(1,721,199)</u>	<u>4,934,116</u>
Total expenses	<u>13,754,531</u>	<u>-</u>	<u>13,754,531</u>	<u>1,333,096</u>	<u>1,333,096</u>	<u>187,675</u>	<u>-</u>	<u>187,675</u>	<u>(1,721,199)</u>	<u>13,554,103</u>
Changes in net assets	(681,115)	150,031	(531,084)	(80,542)	(80,542)	145,641	61,579	207,220	-	(404,406)
Net assets at beginning of year	4,325,254	913,393	5,238,647	10,953,388	10,953,388	2,908,019	1,260,863	4,168,882	(4,573,543)	15,787,374
Capital contributions	-	-	-	145,299	145,299	-	-	-	(145,299)	-
Net assets, end of year	<u>\$ 3,644,139</u>	<u>\$ 1,063,424</u>	<u>\$ 4,707,563</u>	<u>\$ 11,018,145</u>	<u>\$ 11,018,145</u>	<u>\$ 3,053,660</u>	<u>\$ 1,322,442</u>	<u>\$ 4,376,102</u>	<u>\$ (4,718,842)</u>	<u>\$ 15,382,968</u>