FY2023

Chicago Public Media, Inc.

CONSOLIDATED FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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Independent Auditor's Report

To the Board of Directors
Chicago Public Media, Inc.

Opinion

We have audited the consolidated financial statements of Chicago Public Media, Inc. (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022 and the changes in its net assets, functional expenses, and 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 Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our 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.

Responsibilities of Management for the Consolidated 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Consolidated 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 audits 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.

To the Board of Directors
Chicago Public Media, Inc.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Organization'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 the Organization'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

October 11, 2023

Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$10,589,474	$16,824,417
Pledges receivable, net of discount	9,882,045	16,616,700
Grants receivable	9,943,040	7,285,000
Underwriting and other receivables, net of allowance	2,218,132	2,427,365
Prepaid Expenses	971,462	1,031,615
Investments	74,147,954	53,201,917
Property and equipment, net	17,634,163	17,400,873
Right-of-use operating lease asset	1,791,549	1,903,905
Frequency rights and other intangible assets	1,360,513	1,360,513
Asset under swap agreement	2,369,076	1,817,177
Total Assets	**$130,907,408**	**$119,869,482**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$1,073,339	$1,170,915
Accrued expenses	4,195,407	3,926,737
Operating lease liability	1,791,549	1,921,712
Deferred revenue	3,343,824	3,313,132
Promissory note payable	3,888,889	4,499,972
Revenue bonds payable, net of issuance costs	21,850,169	21,841,484
Total Liabilities	36,143,177	36,673,952
Net assets		
Net assets without donor restrictions	$65,913,057	$51,932,995
Net assets with donor restrictions	28,851,174	31,262,535
Total net assets	$94,764,231	$83,195,530
Total Liabilities and Net Assets	**$130,907,408**	**$119,869,482**

See notes to the consolidated financial statements.

Consolidated Statements of Activities

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Operating revenues						
Membership contribut ons	$13,756,325	-	$13,756,325	$13,134,143	-	$13,134,143
Circulat on	20,710,996	-	20,710,996	9,166,994	-	9,166,994
Corporation for Publ c Broadcasting - Commun ty Serv ce Grant	1,085,136	385,039	1,470,175	1,015,436	368,180	1,383,616
Contributions and other grants	2,213,230	18,289,850	20,503,080	2,432,016	36,820,395	39,252,411
Program underwr ting and advertising	13,465,154	-	13,465,154	8,864,986	-	8,864,986
Contributions of Nonfinancial Assets	4,054,597	-	4,054,597	1,360,493	-	1,360,493
Special events (net of expenses of $374,956 and $131,203 respectively)	1,399,481	-	1,399,481	864,584	-	864,584
Production, rental, and other revenue	2,661,615	-	2,661,615	2,739,047	-	2,739,047
Total operating revenue	**59,346,534**	**18,674,889**	**78,021,423**	**39,577,699**	**37,188,575**	**76,766,274**
Net assets released from restr ct ons	21,280,001	(21,280,001)	-	12,213,049	(12,213,049)	-
Net assets released from restr ct ons - Corporat on for Publ c Broadcasting - Emergency Stabilization	-	-	-	740,423	(740,423)	-
Total operating revenues, including restricted and released revenues	**80,626,535**	**(2,605,112)**	**78,021,423**	**52,531,171**	**24,235,103**	**76,766,274**
Operating expenses						
Program services						
Content creat on	28,021,239	-	28,021,239	19,152,336	-	19,152,336
Content distribution	17,931,992	-	17,931,992	9,011,604	-	9,011,604
Community and audience engagement	5,050,050	-	5,050,050	3,167,285	-	3,167,285
Total program services	**51,003,281**	-	**51,003,281**	**31,331,225**	-	**31,331,225**
Supporting services						
Management and General	10,307,786	-	10,307,786	5,569,368	-	5,569,368
Fundraising	11,403,823	-	11,403,823	8,620,245	-	8,620,245
Total supporting services	**21,711,609**	-	**21,711,609**	**14,189,613**	-	**14,189,613**
Total operating expenses	**72,714,890**	-	**72,714,890**	**45,520,838**	-	**45,520,838**
Increase (decrease) in net assets from operations	**7,911,645**	**(2,605,112)**	**5,306,533**	**7,010,333**	**24,235,103**	**31,245,436**
Nonoperating activities						
Change in investments	5,406,450	193,751	5,600,201	(7,453,983)	(156,331)	(7,610,314)
Change in value of interest rate swap agreements	551,899	-	551,899	2,619,658	-	2,619,658
Gain on disposal of assets	110,068	-	110,068	124,674	-	124,674
Acquisit on expenses	-	-	-	(1,509,969)	-	(1,509,969)
Excess of liabil ties over assumed assets from acquisit on	-	-	-	(3,790,138)	-	(3,790,138)
Total nonoperating activities	**6,068,417**	**193,751**	**6,262,168**	**(10,009,758)**	**(156,331)**	**(10,166,089)**
Increase (decrease) in net assets	**13,980,062**	**(2,411,361)**	**11,568,701**	**(2,999,425)**	**24,078,772**	**21,079,347**
Net assets						
Beginning of year	51,932,995	31,262,535	83,195,530	54,932,420	7,183,763	62,116,183
End of year	**$65,913,057**	**$28,851,174**	**$94,764,231**	**$51,932,995**	**$31,262,535**	**$83,195,530**

See notes to the consolidated financial statements.

Consolidated Statements of Functional Expenses

Year Ended June 30, 2023

	Program Services				Supporting Services			
	Content Creation	Content Distribution	Community and Audience Engagement	Total	Management and General	Fundraising	Total	2023
Salaries and Benefits	$18,831,281	$2,954,001	$2,558,541	$24,343,823	$4,916,184	$5,149,404	$10,065,588	$34,409,411
Programming and Production Costs	3,035,872	8,378,780	-	11,414,652	-	-	-	11,414,652
Membership Services	-	-	488,599	488,599	-	1,322,363	1,322,363	1,810,962
Marketing and Public Relations	21,648	62,074	394,589	478,311	-	437,666	437,666	915,977
Consulting, Freelance, and Professional Fees	1,696,603	4,904,349	615,638	7,216,590	1,462,976	2,163,503	3,626,479	10,843,069
Travel and Training	475,860	32,406	52,986	561,252	142,685	38,223	180,908	742,160
In Kind Occupancy, Services, and Trade	901,987	107,545	64,203	1,073,735	2,577,360	207,950	2,785,310	3,859,045
Technology and Supplies	468,140	693,339	625,471	1,786,950	473,975	565,861	1,039,836	2,826,786
Dues and Subscriptions	172,371	2,256	14,749	189,376	18,100	41,239	59,339	248,715
Occupancy	882,615	278,835	80,213	1,241,663	192,827	169,360	362,187	1,603,850
Insurance	323,537	54,600	29,601	407,738	63,363	65,350	128,713	536,451
Miscellaneous	7,318	(44,863)	1,097	(36,448)	102,884	57,598	160,482	124,034
Financing and Other Bank and Transaction Costs	357,334	78,226	46,700	482,260	161,644	979,805	1,141,449	1,623,709
Depreciation and Amortization	846,673	430,444	77,663	1,354,780	195,788	205,501	401,289	1,756,069
	$28,021,239	**$17,931,992**	**$5,050,050**	**$51,003,281**	**$10,307,786**	**$11,403,823**	**$21,711,609**	**$72,714,890**

See notes to the consolidated financial statements.

Consolidated Statements of Functional Expenses

Year Ended June 30, 2022

	Program Services				Supporting Services			
	Content Creation	**Content Distribution**	**Community and Audience Engagement**	**Total**	**Management and General**	**Fundraising**	**Total**	**2022**
Salaries and Benefits	$12,487,547	$1,687,246	$1,771,444	$15,946,237	$3,331,351	$3,859,316	$7,190,667	$23,136,904
Programming and Production Costs	2,412,900	3,730,019	-	6,142,919	-	-	-	6,142,919
Membership Services	-	-	244,311	244,311	-	960,521	960,521	1,204,832
Marketing and Public Relations	21,444	31,485	321,058	373,987	-	101,436	101,436	475,423
Consulting, Freelance, and Professional Fees	822,334	2,147,094	178,012	3,147,440	1,029,373	1,997,779	3,027,152	6,174,592
Travel and Training	171,400	7,438	10,064	188,902	49,717	30,334	80,051	268,953
In Kind Occupancy, Services, and Trade	1,029,814	129,644	75,042	1,234,500	169,033	240,097	409,130	1,643,630
Technology and Supplies	320,600	517,867	404,701	1,243,168	235,187	380,113	615,300	1,858,468
Dues and Subscriptions	82,134	859	317	83,310	14,122	23,572	37,694	121,004
Occupancy	455,799	204,812	34,273	694,884	93,909	93,843	187,752	882,636
Insurance	189,341	29,364	16,282	234,987	35,537	45,400	80,937	315,924
Miscellaneous	5,811	5,297	216	11,324	273,649	28,196	301,845	313,169
Financing and Other Bank and Transaction Costs	290,991	63,400	36,698	391,089	139,252	638,670	777,922	1,169,011
Depreciation and Amortization	862,221	457,079	74,867	1,394,167	198,238	220,968	419,206	1,813,373
	$19,152,336	**$9,011,604**	**$3,167,285**	**$31,331,225**	**$5,569,368**	**$8,620,245**	**$14,189,613**	**$45,520,838**

See notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Increase in net assets	$11,568,701	$21,079,347
Adjustments to reconcile increase in net assets to net cash used in operating		
Depreciation and amortization	1,756,069	1,813,373
Change in right of use asset	112,357	(285,343)
Gain or loss on asset disposal	19,910	(124,674)
Net realized and unrealized (gain) loss on investments	(3,612,988)	8,732,525
Change in value of interest rate swap agreements	(551,899)	(2,619,658)
Changes in:		
Pledges receivable	6,734,655	(13,226,959)
Grants receivable	(2,658,040)	(7,055,000)
Underwriting and other receivables	209,233	(1,169,615)
Prepaid expenses	60,153	(662,790)
Accounts payable	(97,576)	650,981
Accrued expenses	268,671	2,097,283
Operating lease liability	(130,164)	303,150
Deferred revenue	30,692	3,268,910
Net cash and cash equivalents provided by operating activities	**13,709,774**	**12,801,530**
Cash flows from investing activities		
Capital expenditures	(2,000,584)	(447,151)
Purchases of investments	(46,787,157)	(5,974,530)
Sales of investments	29,454,107	1,754,798
Net cash and cash equivalents used in investing	**(19,333,634)**	**(4,666,883)**
Cash flows from financing activities		
Principal payments on promissory note payable	(611,083)	(500,001)
Net cash and cash equivalents used in financing activities	**(611,083)**	**(500,001)**
(Decrease) increase in cash and cash equivalents	**(6,234,943)**	**7,634,646**
Cash and cash equivalents		
Beginning of year	16,824,417	9,189,771
End of year	**$10,589,474**	**$16,824,417**
Supplemental disclosure of cash flow information		
Cash paid for interest	$627,148	$568,929
Operating lease obligations entered into	767,385	813,861
Property and equipment additions included in accounts payable and accrued expenses	168,284	9,430

See notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Originally established as an extension service of the Chicago Board of Education, WBEZ first signed on in 1943. For most of its early years, the station only broadcast educational instruction, operating during the school year on weekdays while Chicago Public Schools were in session. In 1970, the station became one of the first charter member stations of National Public Radio (NPR). In 1990, Chicago Public Media, Inc. acquired the WBEZ license from the Board of Education as an independent community licensee and nonprofit, WBEZ Alliance, Inc.

In April 2010, Chicago Public Media's Board of Directors adopted the name "Chicago Public Media" to become a better recognized and stronger leader among public media creators and distributors, while aiming to continue the creation of challenging, informative, and emotional media experiences that enhance civic life and improve community health by further deepening and growing our existing portfolio of public media brands.

Today, Chicago Public Media serves the public interest by producing and delivering diverse, compelling content of multiple viewpoints and expression. Chicago Public Media broadcasts its service on four noncommercial FM radio stations: WBEZ 91.5 FM in Chicago, WBEQ 90.7 FM in Morris, 91.7 FM (W219CD) in Elgin, and WBEK 91.1 FM in Kankakee, Illinois; via WBEZ.org, smart speakers, mobile apps, and podcasts; and in live events that generate conversations across communities. In 2005, Chicago Public Media launched a new media service, Vocalo, which is broadcast on WBEW 89.5 FM in Chesterton, Indiana, and on 91.1 FM (W216CL) in Chicago; online at Vocalo.org; and syndicated on multiple stations around Chicagoland.

Chicago Public Media occupies facilities on property leased under a long-term arrangement with Navy Pier, Inc., an Illinois nonprofit corporation at Navy Pier in Chicago. The facilities and improvements were financed, in part, by proceeds from the issuance of $22,000,000 in revenue bonds.

Chicago Public Media, Inc. formed CPR Communications Services, LLC (CPR) in 2008 for the sole purpose of purchasing property for the construction of a new radio tower in Porter County, Indiana. In July 2011, Media Chicago, LLC (Media) was formed to invest in and develop new media and other property, to hold title property and to collect income for the exclusive benefit of its sole member, Chicago Public Media, Inc.

In January 2022, Chicago Public Media, Inc. formed an entity called Chicago Sun-Times Media, Inc. (CSTM), a Delaware not-for-profit corporation, that acquired the assets of the Sun-Times Media Group, LLC. and ST Acquisition Holdings LLC. for the sole purpose of extending its reach in providing news and information to educate and inform the public through local and independent journalism through print and digital publications, websites, mobile apps, social media, and community engagement. The results of the acquired entity have been included in these consolidated financial statements beginning after the acquisition date of January 31, 2022.

[redacted]

The following table summarizes fair values of the assets acquired and the liabilities assumed as of the acquisition date:

Cash and Cash Equivalents	$60,534
Accounts receivable, net	871,037
Prepaid expenses	269,662
Property, plant and equipment	374,210
Accounts payable	678,635
Accrued expenses	1,576,261
Deferred revenue	3,070,620
Operating lease liability	40,066

Acquisition-related costs, which include due diligence, legal, accounting, and valuation fees, totaled $1,509,969 for the year ended June 30, 2022, and have been included in the acquisition expenses in the accompanying consolidated statement of activities. Additionally, in accordance with applicable requirements under not-for-profit business combinations, Chicago Public Media, Inc. expensed $3,790,138 for the year ended June 30, 2022, which represents the fair value of liabilities assumed over assets acquired as a result of this acquisition.

Note 1. Nature of Activities and Significant Accounting Policies – Continued

In October 2022, CSTM transitioned to a membership-supported donation model and removed its paywall from suntimes.com to make its digital content available as a public good.

Through an Administrative Services Agreement, Chicago Public Media, Inc. and Chicago Sun-Times Media, Inc. share resources to conduct business related to further their charitable and educational purposes. Shared resources from Chicago Public Media, Inc. to Chicago Sun-Times Media, Inc. totaled $2,433,803 and $427,297 as of June 30, 2023 and 2022 respectively, which are eliminated upon consolidation.

Chicago Public Media, CPR, and Media, collectively referred to as WBEZ, and CSTM together are referred to herein as the Organization.

A summary of significant accounting policies is as follows:

Accounting policies: The Organization follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of activities and cash flows. References to accounting principles generally accepted in the United States of America (U.S. GAAP) in these footnotes are to the FASB Accounting Standards Codification™, sometimes referred to as the Codification or ASC. Management also follows the Corporation for Public Broadcasting's publication, Principles of Accounting and Financial Reporting for Public Telecommunication Entities, which follows U.S. GAAP and promotes consistency in financial reporting among public broadcasting entities.

Basis of presentation: The Organization follows the accounting guidance for financial statements of nonprofit organizations, which requires that net assets and related revenue, expenses, gains, and losses be classified into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. These net asset classes are described as follows:

> *Net assets without donor restrictions:* Net assets available for use in general operations and not subject to donor restrictions. Included in net assets without donor restrictions is $9,775,000 and $5,850,000 as of June 30, 2023 and 2022, respectively, which has been designated by the Organization's Board of Directors for organizational growth.
>
> *Net assets with donor restrictions:* Net assets with donor restrictions arise from contributions whose use is limited by donor-imposed restrictions that either require the principal of a gift to be invested in perpetuity, expire with the passage of time, or can be fulfilled by actions of the Organization pursuant to those restrictions. When a restriction expires or is satisfied, net assets with donor restrictions are transferred to net assets without donor restrictions and are reported in the statement of activities as net assets released from donor restrictions.

Principles of consolidation: The consolidated financial statements include the activity of Chicago Public Media, Inc., CPR and Media, collectively referred to as WBEZ, and CSTM. All significant intercompany transactions have been eliminated upon consolidation.

Revenue from contracts with customers: The Organization's revenue streams under contracts with customers are:

1. Circulation (Print and Digital)
2. Advertising (Print and Digital)
3. Program Underwriting
4. Special Events
5. Production, rental, and other revenue, to include:
    a. E-commerce Sales
    b. Ticketed Events
    c. Royalty and Wire Service Fees
    d. Trade
    e. Studio Rental
    f. Earn-out

Note 1. Nature of Activities and Significant Accounting Policies – Continued

Revenue from contracts with customers – continued:

Revenue recognized from contracts with customers was $35,493,380 and $18,686,784 for the year ended June 30, 2023 and 2022, respectively.

Summary of Performance Obligations: For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. Amounts received in advance are recorded as deferred revenue. The following explains the performance obligations related to each revenue stream and how those are recognized:

Circulation (Print and Digital):

Print circulation revenue results from the sale of print editions of newspapers to individual subscribers and to sales outlets that resell the newspapers. For individual subscribers, revenue is recognized at a point in time when the newspapers are delivered to the subscribers. For sales outlets, revenue is recognized at a point in time when the newspapers are delivered to the sales outlets or to an intermediary that has purchased the newspapers to resell to the sales outlets.

Digital circulation revenue results from the provision of online content to digital-only subscribers. The Organization recognizes revenue daily, per the contract term, as the customer receives access to the digital content.

The Organization receives a significant portion of the payments from its print and digital circulation subscribers in advance of the delivery of the content. These upfront payments and fees are recorded as deferred revenue upon receipt with revenue recognition occurring in future periods as performance obligations that are established by the subscription agreements are met.

Advertising (Print and Digital):

For print advertising, classified and preprint advertising, the transfer occurs at a point in time when the advertising appears in the newspaper. Print advertising revenue is typically in the form of a print display appearing in the newspaper or preprinted advertising inserts placed in Organization newspapers. Digital advertising consists of digital impressions, digital inserts, native advertising, or social media impressions. Customers submit advertisements to appear either in the print newspapers or digital properties. Advertising revenue is recognized over time as the Organization satisfies performance obligations in amounts that reflect the consideration due.

Digital advertising is typically sold on a cost-per-impression basis. An advertiser pays an amount based on the number of days the advertisement is displayed on the Organization's websites. Revenue is recognized daily as the advertisement is displayed on the digital version of the publication(s).

Advertising revenue for the year ended June 302, 2023, amounted to $8,473,122. Advertising revenue for the period January 31, 2022 to June 30, 2022 amounted to $3,544,893.

Program Underwriting:

The Organization generates revenue from written and implied program underwriting agreements which identify specific obligations, such as air-time radio spots and digital impressions that are delivered on behalf of a corporate sponsor. These air-time radio spots and digital impressions are recognized over time as they are delivered, satisfying each performance obligation. Program underwriting revenue for the year ended June 30, 2023 and 2022 amounted to $4,992,032 and $5,320,093, respectively.

Special Events:

The Organization often hosts special events, such as a gala, to raise contributions and generate support for its mission. Special event tickets consist of an exchange portion and a contribution portion, set at the donor's discretion. The Organization records the exchange portion as deferred revenue and the contribution as restricted revenue until the event occurs, at which time, all revenue is recognized, and the performance obligations are satisfied.

Note 1. Nature of Activities and Significant Accounting Policies – Continued

Summary of Performance Obligations – continued:

E-commerce Sales:

The Organization generates revenue from occasional pop-up, e-commerce merchandise sales. E-commerce sales are point-of-sale transactions and revenue is recognized at the point-in-time when the sales occur.

Ticketed Events:

The Organization earns revenue for ticketed events that are held throughout the year. The exchange-based revenue is recognized at the time of performance, meeting the performance obligation.

Royalty and Wire Service Fees:

The Organization earns revenue for royalty and wire services fees for the use of its news stories by other organizations. Royalty revenue is based on content usage and is earned over time. All but one wire service contract, which is month-to-month, are annual contracts with automatic one-year term renewals. This revenue is recognized over time.

Trade:

The Organization earns trade revenue by delivering air-time radio spots, digital impressions, and other alternative revenue on behalf of a sponsor in exchange for other products and services. This revenue is recognized over time as the performance obligations are satisfied.

Studio Rental:

The Organization earns studio rental revenue through the contracted use of its available studio space and equipment by groups or individuals for their own productions. Studio rental revenue is recognized once the renter has used the studio, satisfying the performance obligation.

Earn-out:

From July 2015, the Organization previously received a share of net revenues for two programs and recognized revenue based on a calculation of the Organization's share of earnings. In July 2020, the Organization released their rights to future revenue for one of the programs but is entitled to potential future payments for three years from the release date of their rights. For each year ended June 30, 2023 and June 30, 2022, $260,400 and $172,400 respectively, was collected and is included with Production, rental, and other revenue in the statement of activities.

Underwriting receivables: Underwriting from corporations is recorded as a receivable each month after the corporation's name and message have been broadcast. An allowance for doubtful accounts is maintained at a level management believes is sufficient to cover potential losses. The allowance is based on specific identification of uncollectible accounts and the Organization's historical collection experience. The allowance was $10,518 and $24,620 on June 30, 2023, and 2022, respectively. The balance of underwriting receivables as of July 1, 2021 was $880,768.

Within Underwriting and Other Receivables are the Organization's circulation and advertising receivables, net of an allowance for doubtful accounts. The Organization records receivables based on the amounts billed to circulation and advertising customers. The allowance for doubtful accounts is estimated by the Organization based on existing economic conditions and historical collection experience with customers. The allowance was $146,722 and $97,615 as of June 30, 2023 and 2022, respectively.

Contribution revenue: Membership and other contributions are recorded as receivables and recognized as revenue when pledged. If not pledged, membership and other contributions are recognized as revenue when received in cash. Grants and donations restricted for a particular purpose or project are recorded as revenue with restrictions when awarded and are transferred to the fund without donor restrictions when the provisions of the grants and donations are satisfied (net assets released upon meeting restricted purposes). Conditional promises to give (those with a measurable performance or other barrier and a right of return or release) are not recognized until the conditions on which they depend have been met. Conditional contributions that have been

Note 1. Nature of Activities and Significant Accounting Policies – Continued

Contribution revenue – continued: awarded but not yet recognized as revenue totaled $10,000,000 and $11,000,000 as of June 30, 2023 and 2022, respectively. Of these conditional contributions, $3,000,000 as of June 30, 2023 and 2022, respectively, are based on the attainment of specific metrics and $7,000,000 and $8,000,000 as of June 30, 2023 and 2022, respectively, are based on the agreement between a donor and the Organization.

Pledges and grants receivables: Pledges receivable are considered due within one year, unless otherwise indicated by the donor. Provision for estimated losses on collection of unpaid pledges is maintained at a level management believes is sufficient to cover potential losses and is based on the Organization's pledge collection history. Management considers all pledges to be fully collectible at June 30, 2023, and 2022. Pledges, not due within one year, are recorded at the present value of estimated future cash flows.

The Organization has a sustaining membership program whereby the donors choose an amount and frequency (monthly or annually) to contribute, and the Organization automatically bills the donor's credit card, debit card or bank account based on their selections. Donor contributions are non-binding until paid and revenue is recognized upon receipt.

Various grants for programming and general operations which have yet to be received in cash are recorded as grants receivable.

Cash and cash equivalents: The balances in certain of the Organization's cash accounts during the fiscal year have exceeded the federally insured limits from time to time. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. Total uninsured deposits as of June 30, 2023 and 2022 are $10,073,150 and $16,302,936, respectively. The Organization considers instruments with a maturity of 3 months or less to be a cash equivalent.

Investments: Investments are presented in the financial statements at fair value. Investment income, realized gains (losses), and change in unrealized gains (losses) are reflected in the consolidated statements of activities. Investments received as contributions are recorded at fair value at the date of receipt. Included in investments are cash equivalents which are intended to be held long term.

Investments are exposed to various risks such as interest rate, market, and credit risks. It is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported.

Property and equipment: Land, leasehold improvements, equipment, and furnishings are recorded at cost. Land held for sale is recorded at the lower of its cost or fair value less costs to sell. It is the Organization's policy to capitalize property and equipment with a useful life longer than one year. Qualifying website development costs have been capitalized in accordance with accounting standards for website development costs. Depreciation is being recorded on equipment and furnishings on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are being amortized over the shorter of their estimated useful lives or the terms of their leases. Estimated useful lives range from three to forty years depending on the asset classification.

Frequency rights and other intangible assets: The Organization owns various frequency rights and intangibles. All license acquisitions were approved by the Federal Communications Commission (FCC), and include WBEW (FM), WRTE (FM), WBEK (FM), WBEQ (FM), and W219CD (FM). The Organization also acquired intellectual property, which is included in other intangible assets. These licenses and intellectual property are recorded as intangible assets on the consolidated statements of financial position.

Frequency rights and other intangible assets of $1,360,513 for the years ending June 30, 2023 and 2022 are considered to have an indefinite life, and therefore, are not amortized. The value of these intangibles is assessed for impairment on an annual basis.

Interest-rate swap agreements: The Organization's interest-rate swap agreements are reported as assets or liabilities at fair value on the statement of financial position, with changes in fair value recorded in the current period change in net assets. The fair value of these agreements is the estimated amount the Organization

Note 1. Nature of Activities and Significant Accounting Policies – Continued

Interest-rate swap agreements – continued: would pay or receive to terminate the agreement, taking into account current interest rates and the current creditworthiness of the swap counterparty.

Contributions of nonfinancial assets and trade: The estimated fair value of business-related, in-kind contributions (principally operating space) and professional services are recorded as revenue and expense in the period that the contributions and services are received.

The estimated fair value of business-related trade benefits, primarily the exchange of program underwriting for marketing and event services, is recorded as revenue and expense in the period that the obligation is fulfilled.

Use of estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income tax status: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income. CPR and Media are disregarded entities for tax purposes. All entities are subject to taxes on unrelated business income.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position, if any, are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods presented in these financial statements.

The Organization files Form 990 in the U.S. federal jurisdiction and the State of Illinois and is generally no longer subject to examination by the Internal Revenue Service for tax years before 2020.

Major Supplier: The Organization’s newspapers are largely printed and distributed by a single supplier. Failure by this supplier to fulfill its obligations could result in disruption of operations due to the inability of the Organization to print or distribute newspapers. Such failure could materially and adversely affect operations until an alternate supplier is in its place. Total print distribution and management fees paid to the supplier amounted to $12,257,859 for the period from July 1, 2022 through June 30, 2023. Total print distribution and management fees paid to the supplier amounted to $5,251,562 for the period from January 31, 2022 through June 30, 2022. The supplier also charges the Organization for scan losses, which are losses sustained from newspapers distributed through newsstands and convenience stores. Total scan losses for the period from July 1, 2022 through June 30, 2023 were $7,841. Total scan losses for the period from January 31, 2022 through June 30, 2022 were $278,308. As of June 30, 2023, the Organization has accrued $399,703, related to printing and production costs owed to the above-referenced supplier.

Functional expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated by headcount include the following:

Expense Method of Allocation
Salaries and Benefits (Technology Staff)
In-Kind Occupancy, Services, and Trade
Technology and Supplies
Occupancy
Insurance
Financing and Other Bank and Transaction Costs
Depreciation and Amortization

Note 1. Nature of Activities and Significant Accounting Policies – Continued

Subsequent events: The Organization evaluated its June 30, 2023 financial statements for subsequent events through October 11, 2023, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Note 2. Pledges Receivable

The Organization receives pledges from various donors throughout the year. Donations that have yet to be received in cash are recorded as pledges receivable and revenue. Pledges receivable on June 30, 2023 and 2022, consist of the following:

Amounts due in:		2023	2022
	Less than one year	$5,351,239	$6,641,676
	One to five years	5,038,700	10,226,108
		10,389,939	16,867,784
	Less: Present value discount	(507,894)	(251,084)
		$9,882,045	$16,616,700

Pledges Receivable are discounted at rates ranging from 4.33 to 0.19 percent as of June 30, 2023 and 2022, respectively.

Note 3. Grants Receivable

Various grants for programming and general operations, which were in effect, but had yet to be received in cash, are recorded as grants receivable and revenue. Grants receivable on June 30, 2023 and 2022 consist of amounts due for various purposes, as follows:

	2023	2022
Amounts due in:		
Less than one year		
General Operations	$2,660,000	$ 2,155,000
Content Journalism	683,040	1,375,000
Digital Expansion	-	1,250,000
Print Production	-	1,250,000
Strategic Reserve	-	1,250,000
	$3,343,040	$7,280,000
One to five years		
General Operations	6,600,000	5,000
	$9,943,040	$7,285,000

Note 4. Fair Value Measurements

The Organization follows ASC Topic 820, *Fair Value Measurements and Disclosure,* which provides the framework for measuring fair value under U.S. GAAP. This topic applies to all financial instruments that are being measured and reported on a fair value basis. As defined in the Topic, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize

Note 4. Fair Value Measurements - Continued

the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used on the valuation techniques, the Organization is required to provide the following information

according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

> Level 1. Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 assets primarily include zero-coupon bonds, equities, money market funds, U.S. Government securities and mutual funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
>
> Level 2. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities. Level 2 assets include corporate notes, government-sponsored enterprises, and interest rate swaps.
>
> Level 3. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal year ended June 30, 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent with techniques used in the previous year.

The interest swap is valued using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of the interest rate swap. This analysis reflects the contractual terms of the interest rate swap, including the period to maturity, and uses of observable market-based inputs, including interest rates. The fair value estimate is classified as Level 2.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the highest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The table below presents the balances of assets and liabilities measured at fair value as of June 30, 2023 and 2022:

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Money Market	$25,883,575	$25,883,575	$ -	$ -
Small Cap Equity Funds	-	-	-	-
Mid Cap Equity Funds	2,074,986	2,074,986	-	-
Large Cap Equity Funds	23,065,148	23,065,148	-	-
International Equity Funds	8,754,098	8,754,098	-	-
Fixed Income Funds	14,370,147	14,370,147	-	-
	$74,147,954	$74,147,954	$ -	$ -
Interest Rate Swap Agreements	$2,369,076		$2,369,076	

Note 4. Fair Value Measurements - Continued

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Money Market	$9,111,928	$9,111,928	$ -	$ -
Small Cap Equity Funds	1,612,640	1,612,640	-	-
Mid Cap Equity Funds	2,952,288	2,952,288	-	-
Large Cap Equity Funds	18,637,187	18,637,187	-	-
International Equity Funds	6,042,713	6,042,713	-	-
Fixed Income Funds	14,845,161	14,845,161	-	-
	$53,201,917	$53,201,917	$ -	$ -
Interest Rate Swap Agreements	$1,817,177		$1,817,177	

Note 5. Property and Equipment

The Organization's property, equipment, and furnishings on June 30, 2023 and 2022 consist of:

	2023	2022
Land	$1,155,658	$1,155,658
Leasehold Improvements	23,858,438	24,965,854
Broadcast Equipment	5,768,122	5,867,601
Office Equipment	2,443,473	2,094,879
Furnishings	1,292,417	1,378,242
Website	1,801,226	1,801,126
Construction in Progress	521,155	-
	36,840,489	37,263,360
Accumulated Depreciation	(19,206,326)	(19,862,487)
	$17,634,163	$17,400,873

Depreciation expense amounted to $1,747,384 and $1,804,688 for the years ended June 30, 2023 and 2022, respectively.

Land located in Porter County, Indiana, is the site for a radio tower. In addition, there are three parcels of land in Porter County, Indiana for sale by the Organization. The parcels for sale were valued at $639,992 on June 30, 2023 and 2022.

Note 6. Line of Credit

On June 22, 2023, the Organization amended its line of credit agreement with BMO Harris Bank, N.A. to extend its maturity date by one year, from July 15, 2023 to July 15, 2024. The amendment also increased the maximum borrowing amount from $3 million to $4 million. The interest rate consists of the Secured Overnight Financing Rate (SOFR) plus 1.55 percent. The Organization did not have any borrowings on the line of credit during the 2023 and 2022 fiscal years.

Note 7. Promissory Note Payable

The Organization entered into a $2,111,108 loan agreement in June 2011 with BMO Harris Bank, N.A., which was most recently amended on July 22, 2022. The Organization amended the variable interest rate from the discontinued LIBOR Index Rate to the SOFR Index Rate plus 1.45 percent. $277,750 was outstanding on June

Note 7. Promissory Note Payable - Continued

30, 2022, and the note was paid off on April 28, 2023. The interest rate was 6.34 percent at the time of payoff (2022 - 2.47 percent). Interest expense on the loan amounted to $8,121 and $5,727 for fiscal years 2023 and 2022, respectively.

Note 8. Renovation Term Loans

On December 6, 2018, the Organization entered into a 5-year term loan, 15-year amortization agreement with BMO Harris Bank, N.A., to borrow up to $7,000,000 to fund a facility renovation project. Any extension of credit exceeding $5,000,000 was to be used for project contingencies and was subject to additional bank conditions.

On July 22, 2022, the Organization amended the variable interest rate from the discontinued LIBOR Index Rate plus 1.35 percent to the SOFR Index Rate plus 1.45 percent. The interest rate was 6.61 percent on June 30, 2023 and 2.47 percent on June 30, 2022.

The Organization drew $5,000,000 against the term loan agreement in 2020, with interest payments beginning on November 1, 2019, monthly principal payments beginning on March 1, 2020, and a final balloon payment due on or before December 6, 2023. Management is in the process of extending the maturity date on this loan, however, at the time of issuance, extension has not been finalized. The outstanding principal amount of the renovation term loan was $3,888,889 on June 30, 2023.

Interest expense on the loan amounted to $216,026 and $72,076 for fiscal year 2023 and 2022, respectively.

On July 22, 2022, the Organization entered a $5 million draw-down, 5-year term loan with BMO Harris Bank, N.A. to fund the renovation of the broadcast studio core at Navy Pier. The interest rate on the term loan is equal to SOFR plus 1.55 percent. The Organization will pay interest only for the first 15 months during the renovation period followed by level principal payments plus interest due monthly. Amortization will be calculated based on a 180-month basis with a balloon payment due and payable at maturity. On June 22, 2023, the Organization amended the loan agreement to extend its payment commencement date by 6 months, from January 2, 2024 to June 3, 2024. The maturity date is December 6, 2028. As of June 30, 2023, no funds had been drawn.

Note 9. Revenue Bonds

Pursuant to an agreement with the Illinois Finance Authority, in October 2005, the Organization received the proceeds from the issuance of $22,000,000 of variable rate demand revenue bonds, Series 2005, whose proceeds were to finance the expansion, construction, renovation and equipping of their public radio facilities and to repay the outstanding principal amount of $7,600,000 of a 1994 bond issuance.

The Series 2005 bonds have a stated maturity in 2040; however, the bonds are subject to redemption or mandatory tender prior to maturity under terms stated in the Indenture. The bonds bear interest at a rate determined weekly by the remarketing agent (Piper Sandler, Inc., or the Bank) with interest due monthly. This rate averaged approximately 3.21 percent for the year ended June 30, 2023 (2022 – 0.96 percent). The revenue bonds are shown on the statements of financial position net of issuance costs of $149,831 and $158,516 for the years ended June 30, 2023 and 2022, respectively (amortization expense was $8,685 for June 30, 2023 and 2022, respectively).

Subject to certain conditions specified in the Indenture, the interest rate on the Series 2005 bonds may be converted to a fixed rate.

The Series 2005 bonds are secured by a transferable, irrevocable, direct-pay letter of credit issued by the Bank. On July 22, 2022, the Organization extended its maturity date from July 15, 2023 to July 15, 2025. The Organization also has a reimbursement agreement with the Bank. The Organization is required to comply with certain financial covenants, which are monitored on both a semiannual and annual basis.

If drawn on, the Organization would be required to repay the principal and interest amounts on the earliest of the following:

i. The date on which any Bonds purchased with funds disbursed under the Letter of Credit in connection with such Liquidity Drawing are redeemed or cancelled pursuant to the Indenture;
ii. The date on which any Bonds purchased with funds disbursed under the Letter of Credit are successfully remarketed pursuant to the Indenture;

Note 9. Revenue Bonds - Continued

iii. The date on which the Letter of Credit is replaced by a substitute letter of credit pursuant to the terms of the Indenture and the Loan Agreement;
iv. The Termination Date; and
v. *Relating to interest only* – The regularly scheduled interest payment date for the Bonds next succeeding the date on which such Liquidity Advance was made.

Note 10. Interest Rate Swap Agreements

To hedge a portion of its exposure to interest rates on its bonds, the Organization has three interest rate swap agreements with the Bank. The notional amount of the 2011 swap agreement is for $11,000,000. On June 26, 2017, the Organization entered into a forward swap instrument with an interest rate of 1.56 percent, which was effective June 28, 2018 through July 1, 2022.

The Organization entered into a second swap agreement on October 1, 2012, with a notional amount for $11,000,000. The Organization entered into a forward swap instrument on June 26, 2017, which was effective October 2, 2017 through July 1, 2022, with an interest rate of 1.46 percent.

The Organization obtained a third swap agreement on February 25, 2021, with a notional amount for $22,000,000. The Organization entered into a forward swap instrument on February 25, 2021, which is effective July 1, 2022 through February 1, 2031, with an interest rate of 1.40 percent.

Interest expense on the bond agreements, as disclosed in Note 9, (including letter of credit and remarketing fees) amounted to $469,773 and $491,125 in fiscal years 2023 and 2022, respectively.

The fair value of the swaps changed due to unrealized gains of $551,899 and $2,619,658 for fiscal year 2023 and 2022, respectively.

Note 11. Lease Obligations

The Organization is obligated under non-cancelable operating leases for certain spaces and transmission facilities through 2028.

Total rent expense under these leases (excluding the Navy Pier rental, see below), was $941,140 and $760,022 for the years ended June 30, 2023 and 2022, respectively. Annual future minimum rent payments by fiscal year are as follows:

2024	614,494
2025	546,814
2026	340,816
2027	102,370
2028	414,542
	$2,019,036
Less: Present value discount	(227,487)
	$1,791,549

The Organization's right-of-use assets relate entirely to the leases described above and are classified as operating leases. The right-of-use asset and related lease liability have been calculated using the incremental borrowing rate, ranging from 3.21 percent to 6.40 percent depending on the lease.

The Organization occupies its primary operating space under a long-term lease with Navy Pier, Inc., pursuant to which the Organization rents three-dimensional air space above Festival Hall on Navy Pier in Chicago, as well as certain supplemental space. The lease expiration date is in 2095.

In lieu of cash rent under the lease, the Organization is obligated to provide certain specified broadcast acknowledgments and promotional services (Base Rent) each day which will identify that the Organization is

Note 11. Lease Obligations - Continued

broadcasting from Navy Pier and promotes events and activities occurring at Navy Pier. In the event the Organization is unable or fails to render these forms of Base Rent, the Base Rent required to be paid under the lease will be the fair market rental value of the premises, which shall be determined in accordance with procedures set forth in the lease. The Organization is not responsible under the lease for any share of the costs of repairing or maintaining the common areas of Navy Pier. Management has determined the fair value of this lease to be and has recorded rental expense of equal amounts at $1,729,058 and $1,480,710 for the years ended June 30, 2023 and 2022, respectively.

Note 12. Restricted Net Assets

Net assets with donor restrictions were available for the following uses:

		2023	2022
Time Restrictions		$23,670,153	$22,146,420
Purpose Restrictions			
	Digital Archiving	405,294	265,731
	Digital Expansion	625,000	1,875,000
	Print Production	625,000	-
	Strategic Reserve	625,000	-
Time and Purpose Restrictions			
	Content Journalism	1,771,137	2,060,385
	Internship & Fellowship Programs	129,590	165,000
	Print Production	-	1,875,000
	Strategic Reserve	-	1,875,000
Endowment held for perpetuity		1,000,000	1,000,000
		$28,851,174	$31,262,535

Net assets released from donor restrictions were as follows:

	2023	2022
Time Restrictions	$14,655,389	$8,175,775
Content Journalism	2,233,385	1,743,115
Digital Archiving	54,188	50,976
Digital Expansion	1,250,000	625,000
Internship & Fellowship Programs	202,000	-
Print Production	1,250,000	625,000
Community Service Grant	385,039	368,183
Strategic Reserve	1,250,000	625,000
	$21,280,001	$12,213,049

Note 13. Donor-Restricted and Board-Restricted Endowments

The Organization's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and thus, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions because those net assets are time-restricted until the Board of Directors appropriates such amounts for expenses. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Organization has interpreted the SPMIFA as not requiring the maintenance of purchasing power of the original

Interpretation of Relevant Law – continued: gift amount contributed to an endowment fund unless the donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment fund, the Organization considers the fund to be underwater if the fair value of the fund is less than the sum (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The Investment Policies of the Organization.

Note 13. Donor-Restricted and Board-Restricted Endowments – Continued

Endowment Net Asset Composition As of June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$1,000,000	$1,000,000
Accumulated Withdrawals/Releases	-	(189,751)	(189,751)
Accumulated Investment Gains/Losses & Income	-	581,335	581,335
Total Funds	$ -	1,391,584	1,391,584

Changes in Endowment Net Assets for the Fiscal Year Ending As of June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$1,255,400	$1,255,400
Unrealized Investment Loss	-	(84,205)	(84,205)
Realized Investment Gain	-	277,955	277,955
Investment Fees	-	(3,379)	(3,379)
Withdrawals/Releases	-	(54,188)	(54,188)
Endowment Net Assets - End of Year	$ -	$1,391,584	$1,391,584

Endowment Net Asset Composition As of June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$1,000,000	$1,000,000
Accumulated Withdrawals/Releases	-	(135,563)	(135,563)
Accumulated Investment Gains/Losses & Income	-	390,963	390,963
Total Funds	$ -	$1,255,400	$1,255,400

Changes in Endowment Net Assets for the Fiscal Year Ending As of June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$1,467,019	$1,467,019
Unrealized Investment Gain	-	(261,778)	(261,778)
Realized Investment Gain	-	105,445	105,445
Investment Fees	-	(4,310)	(4,310)
Withdrawals/Releases	-	(50,976)	(50,976)
Endowment Net Assets - End of Year	$ -	$1,255,400	$1,255,400

Note 13. Donor-Restricted and Board-Restricted Endowments – Continued

Return Objectives and Risk Parameters: The Organization 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). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a return of 5.00 percent net of inflation and investment expenses. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark as defined in its investment policy statement. 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 Organization 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 Organization 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: The Organization has a policy of appropriating for distribution each year no greater than 5.00 percent of its endowment fund's fair value determined on a rolling twelve quarter average with the fair value determined as of the last business day of each quarter. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to preserve the principal in perpetuity. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term.

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 Organization to retain as a fund of perpetual duration. As of June 30, 2023, and 2022, there were no such deficiencies.

Note 14. Corporation for Public Broadcasting Grants

Each year, the Organization receives a Community Service Grant from the Corporation for Public Broadcasting (CPB). This amount represents the Organization's share of an annual appropriation made by Congress for public broadcasting. The CPB Community Service Grant (CSG) received by the Organization and recorded as revenue on the consolidated statement of activities for the years ended June 30, 2023 and 2022 was as follows:

	2023	2022
Corporation for Public Broadcasting - Community Service Grant	$ 1,470,175	$1,383,616

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on non-federal financial support (NFFS). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all respective criteria for each. Each fiscal year, NFFS is calculated and reported to the CPB based on the prior fiscal year's activity and is used to determine the Organization's program eligibility and CSG amount for the following fiscal year.

A contribution is cash, property, or services given to a public broadcasting entity for general operating purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be any entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a non-commercial, educational public broadcasting station or for the production, acquisition, distribution, or dissemination of educational television or radio programming and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station. However, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities, regardless of the source or the form of the contribution, are not included in calculating NFFS. This exclusion includes all revenue received for any capital purchases.

Note 14. Corporation for Public Broadcasting Grants – Continued

A payment is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcasting station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station. Calculated in accordance with the CPB guidelines, the Organization reported the 2022 fiscal year's total NFFS at $30,829,538 in accordance with the CPB's 2023 reporting requirements and reported the 2021 fiscal year's total NFFS at $29,701,095 in accordance with the CPB's 2022 reporting requirements. The reported NFFS amounts for the 2022 and 2021 fiscal years are used to determine the Organization's CSG amounts for the 2024 and 2023 fiscal years, respectively.

Note 15. Contributed Nonfinancial Assets

The Organization recorded the following contributed nonfinancial assets on the consolidated statement of activities for the years ended June 30, 2023 and 2022 as follows:

	2023	2022
Rent	$1,654,547	$1,334,825
Professional Services	2,400,050	25,667
	$4,054,597	$1,360,492

The Organization recognized contributed nonfinancial assets within revenue, including rent and professional services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed services are comprised of legal, consulting, and other professional services that are valued and reported at their estimated fair value in the financial statements based on current rates for similar professional services. Contributed rent is valued and reported at its estimated fair value in the financial statements based on market rental rates for similar real estate properties in the Chicago area.

Note 16. Employee Benefit Plans

The Organization maintains two employee benefit plans: 1) the Chicago Public Media, Inc. Tax-Deferred Annuity Plan and 2) the Chicago Sun-Times Media, Inc. Tax-Deferred Plan.

The Chicago Public Media, Inc. Tax-Deferred Annuity Plan is for the benefit of eligible employees and is exempt from income taxes under the Internal Revenue Code Section 403(b). The Organization provides a discretionary one hundred percent match of employee contributions up to four percent of the employee's compensation. Employees can participate in the Chicago Public Media, Inc. Tax-Deferred Annuity Plan immediately, but they must have one year of service and be at least 21 years of age before they are eligible to receive matching contributions. The participants are also immediately vested in both their contributions and the matching contributions.

Matching contributions for the Chicago Public Media, Inc. Tax-Deferred Annuity Plan totaled $400,496 and $354,275 for the years ended June 30, 2023 and 2022, respectively.

The Chicago Sun-Times Media, Inc. Tax-Deferred Plan is also for the benefit of eligible employees and is exempt from incomes taxes under the Internal Revenue Codes Section 401(k). Full-time employees are eligible to participate in the Chicago Sun-Times Media, Inc. Tax Deferred Plan on date of hire, and part-time employees are eligible to participate after completing 1,000 service hours during an eligibility computation period. The Organization can elect to make discretionary matching contributions equal to a uniform percentage or dollar amount of elective deferrals each plan year. Each year, the Organization determines the formula for the discretionary matching contribution. There were no employer-paid contributions by the Organization for the years ended June 30, 2023 and June 30, 2022.

Note 17. Collective Bargaining Agreements

Certain members of the Organization's workforce are covered by one of three collective bargaining agreements (CBA).

Approximately 49 percent of the Chicago Public Media's workforce are covered by a CBA with either the Screen Actors Guild - American Federation of Television & Radio Artists (Content Creation Professionals Unit) or the Screen Actors Guild - American Federation of Television & Radio Artists (Digital and Technical Operations Unit). The CBA covering Chicago Public Media's employees who were organized under the Content Creation Professional Unit expired on May 4, 2022. A new agreement was ratified on May 13, 2022 and expires on May 13, 2025. The CBA covering Chicago Public Media's employees who were organized under the Digital and Technical Operations Unit expired on June 30, 2022. A new agreement was ratified on July 1, 2022 and expires on June 30, 2025.

Approximately 52 percent of CSTM's workforce is covered by a CBA with the Chicago Newspaper Guild, Local 34071. CSTM's CBA with the Local 34071 was executed and ratified on February 27, 2020 and expired on August 31, 2022. A new agreement was ratified on May 16, 2023 and expires on May 17, 2026.

Note 18. Liquidity/Availability Note

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual, donor, or Board-imposed restrictions within one year of the statement of financial position date.

	2023	2022
Financial assets		
Cash and Cash Equivalents	$10,589,474	$16,824,417
Investments	64,372,954	47,351,917
Other receivables, net	2,218,132	2,427,365
Pledges receivable, net	9,882,045	16,616,700
Grants receivable, net	9,943,040	7,285,000
Board-designated funds	9,775,000	5,850,000
Total finanical assets at year-end	$106,780,645	$96,355,399

Less those financial assets unavailable for general expenditures within one year, due to:	2023	2022
Contractual or donor-imposted restrictions:		
collectible in one to five years	($11,820,606)	($15,171,408)
Investments liquid in one to five years	(12,950,575)	(12,215,537)
Donor-restricted endowment funds	(1,391,584)	(1,255,400)
Board-designated funds	(8,225,000)	(4,100,000)
Total unavailable financial assets at year-end	($34,387,765)	($32,742,345)
Financial assets available to meet cash needs for general expenditures within one year	$72,392,880	$63,613,055

The Organization is partially supported by restricted contributions. Because donors' restrictions require that resources be used for a particular purpose or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has structured its financial assets to be available as its general expenses, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization can draw upon its $4,000,000 line of credit, as described in Note 6.

Note 19. Related Party Note

Members of the Organization's Board of Directors are employed by sponsors that contributed a total of $7,704,581 and $2,567,500 for the years ended June 30, 2023 and 2022, respectively. In addition, individual members of the Board contributed approximately $1,118,157 and $1,121,323 for the years ended June 30, 2023 and 2022, respectively.

Supplementary Information

Independent Auditor's Report on Supplementary Information

To the Board of Directors
Chicago Public Media, Inc.

We have audited the consolidated financial statements of Chicago Public Media, Inc. as of and for the years ended June 30, 2023 and 2022 and have issued our report thereon dated October 11, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating statements of activities and statements of functional expenses are presented for the purpose of additional analysis 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 audits of the consolidated financial statements and certain additional 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.

Plante & Moran, PLLC

October 11, 2023

Consolidating Statements of Activities
Year Ended June 30, 2023

	WBEZ			CSTM			Chicago Public Media, Inc.
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Consolidated
Operating revenues							
Membership contributions	$12,980,138	-	$12,980,138	$776,187	-	$776,187	$13,756,325
Circulation	-	-	-	20,710,996	-	20,710,996	20,710,996
Corporation for Public Broadcasting - Community Service Grant	1,085,136	385,039	1,470,175	-	-	-	1,470,175
Contributions and other grants	1,975,902	8,931,074	10,906,976	237,328	9,358,776	9,596,104	20,503,080
Program underwriting and advertising	4,992,032	-	4,992,032	8,473,122	-	8,473,122	13,465,154
Contributions of Nonfinancial Assets	2,854,597	-	2,854,597	1,200,000	-	1,200,000	4,054,597
Special events (net of expenses of $1,399,481)	1,399,481	-	1,399,481	-	-	-	1,399,481
Production, rental, and other revenue	1,854,081	-	1,854,081	807,534	-	807,534	2,661,615
Total operating revenue	**27,141,367**	**9,316,113**	**36,457,480**	**32,205,167**	**9,358,776**	**41,563,943**	**78,021,423**
Net assets released from restrictions	5,994,395	(5,994,395)	-	15,285,606	(15,285,606)	-	-
Total operating revenues, including restricted and released revenues	**33,135,762**	**3,321,718**	**36,457,480**	**47,490,773**	**(5,926,830)**	**41,563,943**	**78,021,423**
Operating expenses							
Program services							
Content creation	14,751,447	-	14,751,447	13,269,792	-	13,269,792	28,021,239
Content distribution	2,715,876	-	2,715,876	15,216,116	-	15,216,116	17,931,992
Community and audience engagement	2,856,097	-	2,856,097	2,193,953	-	2,193,953	5,050,050
Total program services	**20,323,420**	-	**20,323,420**	**30,679,861**	-	**30,679,861**	**51,003,281**
Supporting services							
Management and General	5,290,834	-	5,290,834	5,016,952	-	5,016,952	10,307,786
Fundraising	7,203,088	-	7,203,088	4,200,735	-	4,200,735	11,403,823
Total supporting services	**12,493,922**	-	**12,493,922**	**9,217,687**	-	**9,217,687**	**21,711,609**
Total operating expenses	**32,817,342**	-	**32,817,342**	**39,897,548**	-	**39,897,548**	**72,714,890**
Increase (decrease) in net assets from operations	**318,420**	**3,321,718**	**3,640,138**	**7,593,225**	**(5,926,830)**	**1,666,395**	**5,306,533**
Nonoperating activities							
Change in investments	5,406,450	193,751	5,600,201	-	-	-	5,600,201
Change in value of interest rate swap agreements	551,899	-	551,899	-	-	-	551,899
Gain on disposal of assets	59,698	-	59,698	50,370	-	50,370	110,068
Total nonoperating activities	**6,018,047**	**193,751**	**6,211,798**	**50,370**	-	**50,370**	**6,262,168**
Increase (decrease) in net assets	**6,336,467**	**3,515,469**	**9,851,936**	**7,643,595**	**(5,926,830)**	**1,716,765**	**11,568,701**
Net assets							
Beginning of year	50,950,328	6,272,202	57,222,530	982,667	24,990,333	25,973,000	83,195,530
End of year	**$57,286,795**	**$9,787,671**	**$67,074,466**	**$8,626,262**	**$19,063,503**	**$27,689,765**	**$94,764,231**

Statements of Functional Expenses - WBEZ

Year Ended June 30, 2023

	Program Services				Supporting Services			
	Content Creation	Content Distribution	Community and Audience Engagement	Total	Management and General	Fundraising	Total	2023
Salaries and Benefits	$9,532,692	$1,207,330	$1,648,207	$12,388,229	$2,244,957	$3,192,148	$5,437,105	$17,825,334
Programming and Production Costs	2,196,968	321,111	-	2,518,079	-	-	-	2,518,079
Membership Services	-	-	158,558	158,558	-	968,096	968,096	1,126,654
Marketing and Public Relations	7,604	-	280,860	288,464	-	39,518	39,518	327,982
Consulting, Freelance, and Professional Fees	407,524	35,838	199,899	643,261	961,205	1,693,045	2,654,250	3,297,511
Travel and Training	111,356	14,555	33,478	159,389	98,441	28,623	127,064	286,453
In Kind Occupancy, Services, and Trade	901,987	107,545	64,203	1,073,735	1,377,360	175,619	1,552,979	2,626,714
Technology and Supplies	137,216	351,066	317,346	805,628	195,835	263,294	459,129	1,264,757
Dues and Subscriptions	28,615	1,776	3,644	34,035	17,503	21,876	39,379	73,414
Occupancy	202,384	164,617	21,624	388,625	49,139	59,150	108,289	496,914
Insurance	113,586	18,960	11,319	143,865	18,371	30,961	49,332	193,197
Miscellaneous	797	244	719	1,760	56,474	53,993	110,467	112,227
Financing and Other Bank and Transaction Costs	357,334	78,226	46,700	482,260	95,753	486,544	582,297	1,064,557
Depreciation and Amortization	753,384	414,608	69,540	1,237,532	175,796	190,221	366,017	1,603,549
	$14,751,447	**$2,715,876**	**$2,856,097**	**$20,323,420**	**$5,290,834**	**$7,203,088**	**$12,493,922**	**$32,817,342**

Statements of Functional Expenses - CSTM

Year Ended June 30, 2023

	Program Services				Supporting Services			
	Content Creation	Content Distribution	Community and Audience Engagement	Total	Management and General	Fundraising	Total	2023
Salaries and Benefits	$9,298,589	$1,746,671	$910,334	$11,955,594	$2,671,227	$1,957,256	$4,628,483	$16,584,077
Programming and Production Costs	838,904	8,057,669	-	8,896,573	-	-	-	8,896,573
Membership Services	-	-	330,041	330,041	-	354,267	354,267	684,308
Marketing and Public Relations	14,044	62,074	113,729	189,847	-	398,148	398,148	587,995
Consulting, Freelance, and Professional Fees	1,289,079	4,868,511	415,739	6,573,329	501,771	470,458	972,229	7,545,558
Travel and Training	364,504	17,851	19,508	401,863	44,244	9,600	53,844	455,707
In Kind Occupancy, Services, and Trade	-	-	-	-	1,200,000	32,331	1,232,331	1,232,331
Technology and Supplies	330,924	342,273	308,125	981,322	278,140	302,567	580,707	1,562,029
Dues and Subscriptions	143,756	480	11,105	155,341	597	19,363	19,960	175,301
Occupancy	680,231	114,218	58,589	853,038	143,688	110,210	253,898	1,106,936
Insurance	209,951	35,640	18,282	263,873	44,992	34,389	79,381	343,254
Miscellaneous	6,522	(45,107)	378	(38,207)	46,410	3,605	50,015	11,808
Financing and Other Bank and Transaction Costs	-	-	-	-	65,891	493,261	559,152	559,152
Depreciation and Amortization	93,288	15,836	8,123	117,247	19,992	15,280	35,272	152,519
	$13,269,792	**$15,216,116**	**$2,193,953**	**$30,679,861**	**$5,016,952**	**$4,200,735**	**$9,217,687**	**$39,897,548**