



KUOW/Puget Sound Public Radio

Financial Statements
Years Ended June 30, 2022 and 2021

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



KUOW/Puget Sound Public Radio

Financial Statements
Years Ended June 30, 2022 and 2021

KUOW/Puget Sound Public Radio

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Independent Auditor's Report

To the Board of Directors
KUOW/Puget Sound Public Radio
Seattle, Washington

Opinion

We have audited the financial statements of KUOW/Puget Sound Public Radio, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of KUOW/Puget Sound Public Radio as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KUOW/Puget Sound Public Radio's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing our audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KUOW/Puget Sound Public Radio'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KUOW/Puget Sound Public Radio's ability to continue as a going concern for a reasonable period of time.

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

BDO USA, LLP

November 21, 2022

Financial Statements

KUOW/Puget Sound Public Radio

Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,206,078	\$ 7,293,723
Investments	3,866,580	4,438,572
Accounts receivable, net	699,939	565,712
Pledges receivable	118,948	161,153
Prepaid expenses	327,575	225,436
Total Current Assets	12,219,120	12,684,596
Investments held for long-term purposes	5,172,168	5,410,284
Interest in endowment held by the University	100,601	96,828
Long-term pledges receivable, net	415,074	-
Property, plant, and equipment, net	4,144,762	4,363,575
Total Assets	\$ 22,051,725	\$ 22,555,283
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 582,493	\$ 216,628
Paycheck Protection Program Loan	-	2,112,670
Total Liabilities	582,493	2,329,298
Net Assets		
Without donor restrictions	20,745,288	19,837,993
With donor restrictions	723,944	387,992
Total Net Assets	21,469,232	20,225,985
Total Liabilities and Net Assets	\$ 22,051,725	\$ 22,555,283

See accompanying notes to financial statements.

KUOW/Puget Sound Public Radio

Statements of Activities

Year Ended June 30,	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Listener support, net	\$ 13,902,403	\$ 504,047	\$ 14,406,450	\$ 13,804,373	\$ 47,239	\$ 13,851,612
Business support, net	4,371,887	-	4,371,887	3,730,062	-	3,730,062
Community service grant from Corporation for Public Broadcasting	974,694	-	974,694	877,898	-	877,898
Interest and dividend income	241,182	-	241,182	124,796	-	124,796
Donated services and supplies	19,000	-	19,000	38,630	-	38,630
Direct support from the University	131,615	-	131,615	130,356	-	130,356
Indirect support from the University	106,123	-	106,123	130,978	-	130,978
Other income	74,935	-	74,935	64,025	-	64,025
	19,821,839	504,047	20,325,886	18,901,118	47,239	18,948,357
Net Assets Released from Restrictions	168,095	(168,095)	-	231,105	(231,105)	-
Total Revenue and Support	19,989,934	335,952	20,325,886	19,132,223	(183,866)	18,948,357
Expenses						
Program services						
Programming and production	8,856,880	-	8,856,880	8,432,533	-	8,432,533
Broadcasting	768,300	-	768,300	727,479	-	727,479
Public information	4,076,904	-	4,076,904	3,833,323	-	3,833,323
Total program services	13,702,084	-	13,702,084	12,993,335	-	12,993,335
Supporting services						
Listener support	2,316,592	-	2,316,592	2,277,129	-	2,277,129
General and administrative	2,526,478	-	2,526,478	2,017,999	-	2,017,999
Business support	1,106,538	-	1,106,538	928,373	-	928,373
Total supporting services	5,949,608	-	5,949,608	5,223,501	-	5,223,501
Total Expenses	19,651,692	-	19,651,692	18,216,836	-	18,216,836
Change in Net Assets Before Gain on Forgiveness of Paycheck Protection Program Loan and Investment Gain (Loss)	338,242	335,952	674,194	915,387	(183,866)	731,521
Gain on Forgiveness of Paycheck Protection Program Loan Investment Gain (Loss)	2,112,670 (1,543,617)	- -	2,112,670 (1,543,617)	1,723,091	-	1,723,091
Change in Net Assets	907,295	335,952	1,243,247	2,638,478	(183,866)	2,454,612
Net Assets, beginning of year	19,837,993	387,992	20,225,985	17,199,515	571,858	17,771,373
Net Assets, end of year	\$ 20,745,288	\$ 723,944	\$ 21,469,232	\$ 19,837,993	\$ 387,992	\$ 20,225,985

See accompanying notes to financial statements.

KUOW/Puget Sound Public Radio

Statement of Functional Expenses

Year Ended June 30, 2022	Program Services				Supporting Services				Total
	Programming and Production	Broadcasting	Public Information	Total Program Services	Listener Support	General and Administrative	Business Support	Total Supporting Services	
Salaries and benefits, including pension expense of \$812,727	\$ 5,452,516	\$ 443,792	\$ 2,806,830	\$ 8,703,138	\$ 888,578	\$ 1,720,445	\$ 871,386	\$ 3,480,409	\$ 12,183,547
Professional services	306,782	26,469	284,010	617,261	659,877	262,503	24,917	947,297	1,564,558
Contract services									
Program acquisition	2,213,005	-	-	2,213,005	-	-	-	-	2,213,005
Rent	502,920	43,389	334,238	880,547	136,739	127,611	63,734	328,084	1,208,631
Other contract services	52,794	142,219	397,899	592,912	265,791	254,048	58,869	578,708	1,171,620
Printing	610	45	2,009	2,664	98,240	2,569	125	100,934	103,598
Telecommunications	59,163	25,010	35,536	119,709	14,140	11,482	8,036	33,658	153,367
Postage	-	368	1,258	1,626	46,377	4,415	91	50,883	52,509
Depreciation and amortization	202,176	12,905	107,539	322,620	60,222	38,715	30,111	129,048	451,668
Supplies	4,931	63,080	62,219	130,230	129,921	72,343	5,581	207,845	338,075
Travel	14,758	7,945	5,002	27,705	2,487	16,544	1,848	20,879	48,584
Miscellaneous	-	-	-	-	-	2,677	34,730	37,407	37,407
Total expenses before donated services and similar	8,809,655	765,222	4,036,540	13,611,417	2,302,372	2,513,352	1,099,428	5,915,152	19,526,569
Donated services and supplies and indirect support from the University	47,225	3,078	40,364	90,667	14,220	13,126	7,110	34,456	125,123
Total Expenses	\$ 8,856,880	\$ 768,300	\$ 4,076,904	\$ 13,702,084	\$ 2,316,592	\$ 2,526,478	\$ 1,106,538	\$ 5,949,608	\$ 19,651,692

See accompanying notes to financial statements.

KUOW/Puget Sound Public Radio
Statement of Functional Expenses

Year Ended June 30, 2021	Program Services				Supporting Services				Total
	Programming and Production	Broadcasting	Public Information	Total Program Services	Listener Support	General and Administrative	Business Support	Total Supporting Services	
Salaries and benefits, including pension expense of \$695,804	\$ 5,181,708	\$ 440,794	\$ 2,664,089	\$ 8,286,591	\$ 1,089,146	\$ 1,414,499	\$ 677,069	\$ 3,180,714	\$ 11,467,305
Professional services	124,179	3,016	151,758	278,953	379,982	148,067	19,534	547,583	826,536
Contract services									
Program acquisition	2,118,577	-	-	2,118,577	-	-	-	-	2,118,577
Rent	532,101	41,165	285,780	859,046	160,228	104,029	80,114	344,371	1,203,417
Other contract services	58,380	87,395	366,475	512,250	194,483	192,882	52,258	439,623	951,873
Printing	561	2	15	578	156,255	401	4	156,660	157,238
Telecommunications	59,226	33,310	29,634	122,170	16,297	9,922	7,970	34,189	156,359
Postage	28	291	675	994	45,113	5,451	783	51,347	52,341
Depreciation and amortization	281,546	17,971	149,759	449,276	83,865	53,913	41,933	179,711	628,987
Supplies	4,877	84,939	130,024	219,840	130,430	50,283	1,141	181,854	401,694
Travel	12,850	7,106	432	20,388	517	16,857	263	17,637	38,025
Miscellaneous	-	-	-	-	3,197	3,183	38,496	44,876	44,876
Total expenses before donated services and similar	8,374,033	715,989	3,778,641	12,868,663	2,259,513	1,999,487	919,565	5,178,565	18,047,228
Donated services and supplies and indirect support from the University	58,500	11,490	54,682	124,672	17,616	18,512	8,808	44,936	169,608
Total Expenses	8,432,533	\$ 727,479	\$ 3,833,323	\$ 12,993,335	\$ 2,277,129	\$ 2,017,999	\$ 928,373	\$ 5,223,501	\$ 18,216,836

See accompanying notes to financial statements.

KUOW/Puget Sound Public Radio

Statements of Cash Flows

Year Ended June 30,	2022	2021
Cash Flows from (for) Operating Activities		
Change in net assets	\$ 1,243,247	\$ 2,454,612
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	451,668	628,987
Loss (gain) on investments	1,543,617	(1,723,091)
Gain on forgiveness of Paycheck Protection Program Loan	(2,112,670)	-
Change in operating assets and liabilities		
Accounts receivable	(134,227)	53,750
Pledges receivable	(372,869)	222,440
Prepaid expenses	(102,139)	(80,196)
Accounts payable and accrued expenses	293,991	25,124
Net Cash Flows from Operating Activities	810,618	1,581,626
Cash Flows from (for) Investing Activities		
Acquisitions of property and equipment	(160,981)	(132,449)
Purchase of investments	(1,428,504)	-
Sale of investments	691,222	(223,890)
Net Cash Flows for Investing Activities	(898,263)	(356,339)
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program Loan	-	2,112,670
Net Cash Flows from Financing Activity	-	2,112,670
Change in Cash and Cash Equivalents	(87,645)	3,337,957
Cash and Cash Equivalents, beginning of year	7,293,723	3,955,766
Cash and Cash Equivalents, end of year	\$ 7,206,078	\$ 7,293,723
Supplemental Cash Flow Information		
Noncash Investing and Financing Activity		
Purchase of property and equipment not yet paid	\$ 71,874	\$ -

See accompanying notes to financial statements.

KUOW/Puget Sound Public Radio

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Organization

KUOW/Puget Sound Public Radio (KUOW) is a nonprofit corporation providing public radio programming and services to the Puget Sound region including Seattle, Tacoma, and other communities in Western Washington and Southern British Columbia. KUOW currently operates the three following public radio stations:

- KUOW FM Seattle
- KUOW Tumwater
- KQOW Bellingham

All three stations are licensed to the University of Washington (the University).

Fiscal Year

KUOW operates on a fiscal year ending on June 30.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Financial Statement Presentation

KUOW reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions restricted by time or program are reported as restricted support and are then reclassified to net assets without donor restrictions when the restrictions are met. If restricted contributions are received and the restrictions are met in the period received, they are recorded as being without donor restrictions.

Net Assets with Donor Restrictions

Some net assets with donor restrictions are temporary in nature and consist of unexpended contributions restricted for particular programs or time periods. Other net assets have perpetual donor restrictions, where the principal of the contributions is restricted in perpetuity and the income from which is utilized for the purposes specified by the donors. Net assets with temporary donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as time restrictions are met.

KUOW/Puget Sound Public Radio

Notes to Financial Statements

Net assets with donor restrictions consist of the following at June 30:

	2022	2021
Net Assets with Purpose or Time Restrictions		
Future periods	\$ 470,305	\$ 111,870
Wayne C. Roth Fund	121,941	121,941
Arts Coverage	26,128	26,128
Opportunities for youth	4,969	-
RadioActive studio construction	-	31,225
	623,343	291,164
Net Assets with Endowment Restrictions		
Interest in endowment held by the University	100,601	96,828
	\$ 723,944	\$ 387,992

Net assets with endowment restrictions consist of a portion of a pool of various investments. The investment is accounted for at the fair value of the underlying investments and is considered Level 3 in the fair value hierarchy described below. The income is to be used to support the operations of KUOW.

The value of Level 3 assets is provided by the University. The change in value year over year is a result of changes in fair value of the underlying assets (a gain of \$3,733 and a gain of \$24,400 during the years ended June 30, 2022 and 2021, respectively).

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are allocated across several services. Payroll expenses are allocated based on the program or function benefitted. Payroll-related costs, including payroll taxes and employer benefits, are allocated based on employment classifications using a percentage rate calculated by the University of Washington each year. Expenses such as rent, insurance (which is included with contract services on the statement of functional expenses), depreciation, and amortization are allocated on a headcount basis.

Donated Services and Supplies/Support from the University

Donated services and supplies are recognized at their estimated fair value in the financial statements and consist of the following for the years ended June 30:

	2022	2021
Services	\$ 19,000	\$ 16,150
Supplies	-	22,480
	\$ 19,000	\$ 38,630

KUOW/Puget Sound Public Radio

Notes to Financial Statements

Direct support from the University (amounting to \$131,615 in 2022 and \$130,356 in 2021) primarily represents the portion of the salary and benefits for KUOW's President that was paid for by the University. Direct support also includes other payroll-related support.

KUOW also receives indirect administrative support from the University. This support consists of:

- Human resources
- Payroll
- Legal counsel
- Purchasing and disbursing
- Media relations and communications

The value of indirect support is recorded based on the Corporation for Public Broadcasting guidelines, and totaled \$106,123 and \$130,978 for the years ended June 30, 2022 and 2021, respectively.

On the statements of functional expenses, donated services and supplies and the indirect support from the University are combined into one line and consist of the following at June 30:

	2022	2021
Donated services and supplies	\$ 19,000	\$ 38,630
Indirect support from the University	106,123	130,978
	\$ 125,123	\$ 169,608

The University pays certain expenses such as payroll, benefits, and rent on behalf of KUOW, and KUOW reimburses the University for these costs each month. As of June 30, 2022, KUOW owed \$51,266 to the University, which is included in accounts payable and accrued expenses. As of June 30, 2021, KUOW had overpaid for these reimbursements and was due \$9,387 from the University, which is included in accounts receivable.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash in a bank and money market funds held in an investment account. At times during the year, KUOW has cash in banks in excess of the FDIC insurance limits. Amounts held in investment accounts are not covered by FDIC insurance; however, some balances may be covered by the Securities Investor Protection Corporation. To mitigate this risk, management believes it has selected financially sound financial institutions to hold its funds.

Accounts Receivable

Almost all donations and business support revenues come from individuals and companies located in the Pacific Northwest. Business support receivables are stated at their outstanding principal balances. Management reviews receivables on a regular basis and establishes an allowance for accounts that may not be collectible. Any amounts written off are charged against the allowance. The allowance for doubtful accounts balances was \$24,261 and \$13,975 at June 30, 2022 and 2021, respectively.

KUOW/Puget Sound Public Radio

Notes to Financial Statements

Pledges Receivable

Pledges receivable consist of unconditional promises to give and are recognized as revenue when the promise is made. Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are initially recorded at fair value at the time of donation, which is measured at the present value of expected future cash flows. To arrive at fair value, the pledges are discounted using an estimated present value risk-adjusted discount rate and an allowance for doubtful accounts. As of June 30, 2022, KUOW has one pledge receivable due over a multiple year period. This pledge receivable is discounted using a rate of 3.0%. As of June 30, 2021, no discount was recorded. Pledges receivable were as follows as of June 30:

	2022	2021
Due within one year	\$ 119,861	\$ 161,153
Due within one to five years	155,717	-
Thereafter	404,866	-
	680,444	161,153
Less: discount on pledge receivable	(146,422)	-
	\$ 534,022	\$ 161,153

Pledges receivable are recorded in the statements of financial position as follows at June 30:

	2022	2021
Pledges receivable, current portion	\$ 118,948	\$ 161,153
Pledges receivable, net of current portion and discount	415,074	-
	\$ 534,022	\$ 161,153

For the years ended June 30, 2022 and 2021, 83% and 89% of total pledges receivable is due from one individual/organization.

Fair Value Measurements

Fair value is defined as 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 (i.e., an exit price). Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurement, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

KUOW/Puget Sound Public Radio

Notes to Financial Statements

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Level 2: inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments are stated at fair value in these financial statements

Investments

KUOW's investments consists of common stock, domestic equity mutual funds, international equity mutual funds, commingled equity funds, and fixed income funds and are reported at fair value in the statements of financial position using Level 1 inputs on the fair value hierarchy. The fair value of Level 1 investments is based on the quoted prices in active markets.

Investment in interest in endowment held by the University is accounted for at the fair value of the underlying investments and is considered Level 3 in the fair value hierarchy described below.

Investments also include the Bernstein Multi-Manager Alternative Fund, which is a diversified fund of hedge funds and is also not actively traded. The Multi-Manager Alternative Fund seeks to provide long-term capital appreciation by allocating assets among hedge funds that employ a broad range of strategies. The Bernstein Multi-Manager Alternative Fund is valued based on the Net Asset Value (NAV) of the underlying investments. NAV would not be used as a practical expedient to determine fair value if it is expected the related investments would sell for a different amount than NAV. The investments have no redemption restrictions and have no future funding requirements.

KUOW classifies certain investments on the statement of financial position as long-term as the investments have been set aside for use in future years.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost or, in the case of donated property, at the estimated fair market value at the date of donation. Depreciation and amortization are calculated by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the anticipated lease term if shorter than the asset's useful life. Donated assets

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Notes to Financial Statements

are considered unrestricted property unless the use is specifically restricted by the donor. KUOW's policy is to capitalize items with a cost greater than \$3,000 and a useful life greater than one year.

Revenue from Contracts with Customers

KUOW recognizes revenue in accordance with Financial Accounting Standards Board ASC Topic 606 (Topic 606). The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the organization satisfies a performance obligation

KUOW only applies the five-step model to contracts with customers when it is probably that KUOW will collect the consideration it is entitled to in exchange for the goods and services transferred to the customer.

Business support (formerly referred to as underwriting) revenues are recognized when the related programming is aired on the radio or when digital sponsorships are delivered (i.e. the number of times the sponsorship appears in viewed internet pages) at the amount KUOW has the right to invoice. Revenue is recognized as a point in time. No significant judgments are necessary to determine the amount or timing of revenue recognition. Customers are billed at the end of each month for sponsorships aired during that month. Payment is generally due within 30 days of the invoice date. As of June 30, 2022 and 2021, KUOW had receivables for underwriting receivables of \$667,928 and \$508,039, respectively.

Business support received in advance are recognized as deferred business support revenue. As of June 30, 2022 and 2021, KUOW had no deferred business support revenue.

KUOW expenses incremental costs to obtain a contract (such as sales commissions, general and administrative costs, and costs that cannot be assigned to a performance obligation) when incurred because the amortization period would have been one year or less.

Business support revenue is presented net of related agency and processing fees of \$560,510 and \$482,647 for the years ended June 30, 2022 and 2021, respectively.

Contributions and Grants

Listener support represents amounts given or pledged by individuals and are recognized in the period received. Listener support is presented net of related agency and processing fees of \$439,051 and \$512,976 for the years ended June 30, 2022 and 2021, respectively.

Grant revenue from the Corporation for Public Broadcasting represents unrestricted funding to support general operations. All grant revenue is recognized as revenue when the grant is awarded unless there are conditions placed on the grant by the donor. There were no outstanding conditional grants as of June 30, 2022 or 2021.

KUOW/Puget Sound Public Radio

Notes to Financial Statements

Paycheck Protection Program Loan

In March 2021, KUOW received funding under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) totaling \$2,112,670. The proceeds from the loan were used to retain staff. The loan incurred interest at 1.0% and was unsecured. KUOW received forgiveness of both the outstanding principal and interest in August 2021.

The SBA has stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan require or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties. While KUOW believes the PPP loan was properly obtained and forgiven, there can be no assurance regarding the outcome of an SBA review. KUOW has not accrued any liability associated with the risk of an adverse SBA review.

Fundraising

Total fundraising costs were \$3,423,230 and \$3,205,502 for the years ended June 30, 2022 and 2021, respectively. These costs exclude agency and processing fees directly related to revenue, which are netted against related listener support or business support revenue on the statements of activities. The composition of fundraising costs appears in the listener support and business support columns of the statements of functional expenses.

Income Taxes

KUOW is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Recent Accounting Pronouncements Adopted

During the year ended June 30, 2022, KUOW adopted the provisions of Accounting Standards Updated (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, issued by the Financial Accounting Standards Board (FASB). The pronouncement was issued to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU No. 2020-07 does not change the existing recognition and measurement requirements for contributed nonfinancial assets. The standard requires that contributed nonfinancial assets are presented separately in the statement of activities. Disclosures are required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques, and clarify the presentation and disclosure of contributed nonfinancial assets. KUOW adopted this pronouncement on a retrospective basis and the update did not impact nonfinancial assets or contributions recognized in the financial statements.

Subsequent Events

KUOW has evaluated subsequent events through the date these financial statements were available to be issued, which was November 21, 2022.

KUOW/Puget Sound Public Radio

Notes to Financial Statements

2. Liquidity and Availability

KUOW strives to maintain liquid financial assets sufficient to cover three months of general operating expenditures. General expenditures include costs to run programs, fundraise, perform business support services, and other contractual obligations. Financial assets in excess of daily cash requirements are invested with specific investment targets as established by the Finance Committee and the Financial Investment Sub-Committee of Puget Sound Public Radio board.

KUOW manages cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability within the approved budgeted parameters,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term mission fulfillment will continue to be met, ensuring the sustainability of the organization.

The following table reflects KUOW's financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions, donor restrictions, or internal board designations. In the event that the need arises to utilize board-designated funds for liquidity purposes, these reserves could be drawn upon through board resolution.

	2022	2021
Cash	\$ 7,206,078	\$ 7,293,723
Investments	3,866,580	4,438,572
Investments held for long-term purposes	5,172,168	5,410,284
Accounts receivable, net	699,939	565,712
Pledges receivable	534,022	161,153
	17,478,787	17,869,444
Long-term pledges receivable	(415,074)	-
Net assets with donor restrictions, not for day-to-day operations	(623,343)	(387,992)
Investments held for long-term purposes	(5,172,168)	(5,410,284)
Financial assets available to meet cash needs for general expenditures within one year	\$ 11,268,202	\$ 12,071,168

KUOW/Puget Sound Public Radio

Notes to Financial Statements

3. Investments

Investments are presented within the statement of activities as follows as of June 30:

	2022	2021
Investments	\$ 3,866,580	\$ 4,438,572
Investments held for long-term purposes	5,172,168	5,410,284
Interest in endowment held by the University	100,601	96,828
	\$ 9,139,349	\$ 9,945,684

The following schedules present information about KUOW's assets that have been measured at fair value on a recurring basis as of June 30, 2022 and 2021, and indicate classifications by level of input within the fair value hierarchy:

June 30, 2022	Level 1	Level 2	Level 3	Total
Fixed income funds	\$ 3,446,008	\$ -	\$ -	\$ 3,446,008
Commingled equity funds	1,886,154	-	-	1,886,154
Domestic equity mutual funds	1,527,309	-	-	1,527,309
Common stock	835,310	-	-	835,310
International equity mutual funds	495,374	-	-	495,374
Cash and accrued dividends	44,964	-	-	44,964
Interest in endowment held by the University	-	-	100,601	100,601
	8,235,119	-	100,601	8,335,720
Assets Measured at Net Asset Value				
Bernstein Multi-Manager Alternative	-	-	-	803,629
	\$ -	\$ -	\$ -	\$ 9,139,349

KUOW/Puget Sound Public Radio

Notes to Financial Statements

<i>June 30, 2021</i>	Level 1	Level 2	Level 3	Total
Fixed income funds	\$ 3,420,969	\$ -	\$ -	\$ 3,420,969
Commingled equity funds	2,187,279	-	-	2,187,279
Domestic equity mutual funds	1,841,150	-	-	1,841,150
Common stock	996,292	-	-	996,292
International equity mutual funds	560,547	-	-	560,547
Cash and accrued dividends	17,331	-	-	17,331
Interest in endowment held by the University	-	-	96,828	96,828
	9,023,568	-	96,828	9,120,396
Assets Measured at Net Asset Value				
Bernstein Multi-Manager Alternative	-	-	-	825,288
	\$ -	\$ -	\$ -	\$ 9,945,684

4. Property, Plant, and Equipment

A summary of property, plant, and equipment is as follows as of June 30:

	2022	2021
Leasehold improvements	\$ 2,705,527	\$ 2,618,644
Equipment	1,276,427	1,049,516
Digital infrastructure	1,326,816	1,326,816
	5,308,770	4,994,976
Less: Accumulated depreciation and amortization	(1,353,123)	(901,455)
	3,955,647	4,093,521
Construction in progress	183,515	264,454
Land	5,600	5,600
	\$ 4,144,762	\$ 4,363,575

Construction in progress as of June 30, 2022 and 2021, is made up of building refurbishments in progress, including an accessible and gender neutral bathroom.

KUOW/Puget Sound Public Radio

Notes to Financial Statements

5. Operating Lease

The University leases KUOW's broadcasting and administrative facilities under a lease that expires in June 2028. Lease payments are adjusted every five years for changes in the Consumer Price Index. The next adjustment will be in the fiscal year ending June 30, 2024. KUOW reimburses the University for the payments due under the lease.

Future minimum lease payments under this lease (assuming no Consumer Price Index adjustment) are as follows for the years ending June 30:

2023	\$	766,478
2024		766,478
2025		766,478
2026		766,478
2027		766,478
Thereafter		8,431,262
		<hr/>
	\$	12,263,652
