

FRIENDS OF PUBLIC RADIO ARIZONA
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022



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**FRIENDS OF PUBLIC RADIO ARIZONA
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of Public Radio Arizona
Tempe, Arizona

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Friends of Public Radio Arizona (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Friends of Public Radio Arizona as of June 30, 2022, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Correction of an Error

As discussed in Note 11, to the consolidated financial statements, an error resulting in an understatement of pledges receivable and in net assets with donor restrictions as of June 30, 2021 was discovered by management of Friends of Public Radio during the current year. Accordingly, an adjustment has been made to beginning net assets with donor restrictions as of July 1, 2021 to correct the error. Our opinion was not modified with respect to this matter.

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 Friends of Public Radio Arizona's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Friends of Public Radio Arizona'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 Friends of Public Radio Arizona's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The statement of activities by license is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
October 10, 2022

**FRIENDS OF PUBLIC RADIO ARIZONA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 4,760,975
Inventory	<u>7,099</u>
Total Current Assets	<u>4,768,074</u>

NONCURRENT ASSETS

Interest in Arizona Community Foundation Investment Pool	2,725,135
Property and Equipment	<u>17,082</u>
Total Noncurrent Assets	<u>2,742,217</u>

Total Assets	<u><u>\$ 7,510,291</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 111,261
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NET ASSETS

Without Donor Restrictions	6,938,697
With Donor Restrictions	<u>460,333</u>
Total Net Assets	<u>7,399,030</u>

Total Liabilities and Net Assets	<u><u>\$ 7,510,291</u></u>
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See accompanying Notes to Consolidated Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and Donations	\$ 7,005,098	\$ 417,577	\$ 7,422,675
Investment Income, Net	77,310	-	77,310
Other Revenue	87,735	-	87,735
Change in Interest in Arizona Community Foundation Investment Pool	(378,175)	-	(378,175)
Special Events Revenue	\$ 5,620		
Less: Cost of Direct Benefit to Donors	(5,510)		
Total	110	-	110
Net Assets Released From Restriction	1,427,643	(1,427,643)	-
Total Revenues and Support	8,219,721	(1,010,066)	7,209,655
EXPENSES			
Program Services	6,865,278	-	6,865,278
Support Services	210,245	-	210,245
Fundraising	644,488	-	644,488
Total Expenses	7,720,011	-	7,720,011
GAINS AND LOSSES			
Loss on Sale of Property and Equipment	171,019	-	171,019
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER			
	328,691	(1,010,066)	(681,375)
Equity Transfer - Donated Services from Affiliate	324,168	-	324,168
CHANGE IN NET ASSETS			
	652,859	(1,010,066)	(357,207)
Net Assets - Beginning of Year	6,285,838	1,375,107	7,660,945
Correction of an Error (Renovation Campaign Pledges)	-	95,292	95,292
Net Assets - Beginning of Year - As Restated	6,285,838	1,470,399	7,756,237
NET ASSETS - END OF YEAR	\$ 6,938,697	\$ 460,333	\$ 7,399,030

See accompanying Notes to Consolidated Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services	Support Services	Fundraising	Totals
Distributions to Public Radio	\$ 5,267,202	\$ -	\$ -	\$ 5,267,202
Public Radio Program Production	1,386,344	-	-	1,386,344
Professional Fees	62,005	28,855	6,039	96,899
Public Awareness	99,601	-	67,649	167,250
Membership	-	-	300,987	300,987
Donated Services	7,185	47,171	269,813	324,169
Conference, Conventions, and Meetings	-	10,514	-	10,514
Donations Processing and Bank Fees	-	105,409	-	105,409
Depreciation	40,846	-	-	40,846
Other	2,095	18,296	-	20,391
Special Event Expenses	-	-	5,510	5,510
Total	<u>6,865,278</u>	<u>210,245</u>	<u>649,998</u>	<u>7,725,521</u>
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:				
Special Event Expenses	<u>-</u>	<u>-</u>	<u>(5,510)</u>	<u>(5,510)</u>
Total Expenses included in the Expense Section of the Consolidated Statement of Activities of Activities	<u>\$ 6,865,278</u>	<u>\$ 210,245</u>	<u>\$ 644,488</u>	<u>\$ 7,720,011</u>
Percentage	<u>88.93%</u>	<u>2.72%</u>	<u>8.35%</u>	<u>100.00%</u>

See accompanying Notes to Consolidated Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Sales, Grants, and Contributions	\$ 7,714,487
Cash Received from Interest and Dividends	68,635
Cash Payments to Suppliers for Goods and Services	<u>(7,287,073)</u>
Net Cash Provided by Operating Activities	496,049

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Interest in Arizona Community Foundation Strategic Initiative	(68,635)
Proceeds from Sales of Property and Equipment	<u>50,000</u>
Net Cash Used by Investing Activities	<u>(18,635)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

477,414

Cash and Cash Equivalents - Beginning of Year

4,283,561

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 4,760,975

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in Net Assets	\$ (357,207)
Depreciation	40,846
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Loss on Disposal of Property and Equipment	171,019
Change in Interest in Arizona Community Foundation Investment Pool	378,175
Decrease in Current Assets:	
Pledge Receivable	195,292
Inventory	1,002
Decrease in Current Liabilities:	
Accounts Payable	67,202
Deferred Revenue and Other Current Liabilities	<u>(280)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 496,049</u></u>

See accompanying Notes to Consolidated Financial Statements.

FRIENDS OF PUBLIC RADIO ARIZONA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Friends of Public Radio Arizona's (the Organization) mission is to assure the future vitality and excellence of the Phoenix community's public radio stations and to broaden public radio support. Funding for the Organization is provided through individual donations and fundraising.

Basis of Accounting

The consolidated financial statements of Friends of Public Radio Arizona have been prepared on the accrual basis of accounting. The more significant of the Organization's accounting policies are described below.

Principles of Consolidation

These consolidated financial statements include the activities of Friends of Public Radio Arizona, SPOT 127, and FT Mobile Productions, collectively the Organization. SPOT 127 began operations in conjunction with Friends of Public Radio Arizona in 2011 and was organized as a separate entity in fiscal year 2014. FT Mobile Productions began operations and was organized as a separate entity in fiscal year 2017. All material intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The Organization follows accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

FRIENDS OF PUBLIC RADIO ARIZONA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Contributions

Support is recognized when received. Support that is restricted by the donor/grantor is reported as an increase in net assets without donor restrictions if the restriction expires in the fiscal year in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions. Support that is perpetually restricted by the donor/grantor is reported as an increase in net assets with donor restrictions.

Revenue Recognition

Revenue received from investment activity and other noncontribution revenue is recognized as earned.

Special Events

The Organization conducts several special events to raise funds for the benefit of the Phoenix community's public radio stations. Special event revenue consists of event attendance fees and sales of goods at events. Cost of direct benefits to donors is the cost incurred by the Organization to provide goods and services to donors at the events.

Deferred Revenue

Cash received for special events in advance of their occurrence is deferred until the period in which the event takes place.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, has no provision for federal income taxes.

The Organization follows a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization has not identified any uncertain tax positions.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

Cash equivalents consisted of short term, highly liquid investments that are both (a) readily convertible to known amounts of cash; and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

FRIENDS OF PUBLIC RADIO ARIZONA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy at the measurement date. This fair value hierarchy maximizes the use of observable inputs by requiring that the observable inputs be used when available. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Inventory

Inventory is stated at lower of cost, determined by the first-in, first-out method, or net realizable value. Inventory consists of retail goods held for resale.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets which are seven years.

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in the consolidated statement of activities.

FRIENDS OF PUBLIC RADIO ARIZONA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The Organization's primary mission is to assure the future vitality and excellence of the Phoenix community's public radio stations and to broaden public radio support. Costs related to this purpose are reported as program expenses on the consolidated statement of functional expenses. Activities performed by the Organization to generate funds and/or resources to support its programs and operations are reported as fundraising activities. All costs not identifiable with a specific program or fundraising activities, but indispensable to the conduct of such programs and activities and to the Organization's existence, are included as management and general expenses. This includes expenses for the overall direction of the Organization, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as donated services, donations processing and bank fees, and other expenses.

Expenses that benefit more than one function of the Organization are allocated among the functions based generally on management's estimate of the benefit received by each function.

Designation of Net Assets Without Donor Restrictions

The board of directors of the Organization reviews its plans for future support of the local Phoenix public radio stations KJZZ and KBAQ. It has designated a portion of net assets without donor restrictions as board-designated endowments to assure adequate funds are available for such support.

Risks and Uncertainties

The Organization invests in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the consolidated statement of activities.

In the ordinary course of business, the Organization is subject to various litigation risks. In the opinion of management, there are no current proceedings or claims against the Organization that would have a material effect on the consolidated statements of financial position, activities, functional expenses, or cash flows.

FRIENDS OF PUBLIC RADIO ARIZONA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying consolidated financial statements or disclosures.

Accounting Pronouncement Not Yet Effective

In February 2016, FASB issued ASU 2016-02, *Leases*. This accounting standard requires organizations that lease assets to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its consolidated statement of financial position. This accounting standard will also require additional disclosures about the amount, timing and uncertainty of cash flows arising from leases. This accounting standard is effective for the Organization as of fiscal year 2023. Management is currently evaluating the impact of adopting this accounting standard.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 10, 2022, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

1. Operating within a prudent range of financial soundness and stability,
2. Maintaining adequate liquid assets, and
3. Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of FPRAZ.

**FRIENDS OF PUBLIC RADIO ARIZONA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

FPRAZ receives support without donor restrictions; such support has historically represented approximately 88% of annual program funding needs, with the remainder funded by gifts with donor restrictions, investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

FPRAZ regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. FPRAZ has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and commercial paper facilities.

As of June 30, 2022, the following financial assets could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

Cash and Cash Equivalents	\$	4,760,975
Interest in Arizona Community Foundation		
Investment Pool		<u>2,725,135</u>
Total Financial Assets		7,486,110
Less:		
Net Assets Designated by Board for Endowment		(2,725,135)
Net Assets with Donor Restrictions		<u>(460,333)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	<u><u>4,300,642</u></u>

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of a book balance of \$4,760,975 and bank balances of \$4,736,699, of which \$250,000 was insured by federal depository insurance. The remaining \$4,486,699 was uninsured and uncollateralized.

NOTE 4 INTEREST IN INVESTMENT POOLS AND FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Interest in Arizona Community Foundation Investment Pool	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,725,135</u>	<u>\$ 2,725,135</u>

**FRIENDS OF PUBLIC RADIO ARIZONA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 4 INTEREST IN INVESTMENT POOLS AND FAIR VALUE MEASUREMENTS
(CONTINUED)**

The Organization holds assets in an agreement with the Arizona Community Foundation. Under this agreement, the funds will remain at Arizona Community Foundation as board-designated endowment funds. The funds are stated at fair value, which was determined based on quoted market prices.

As both the resource provider (the transferor of assets to the Arizona Community Foundation) and as the self-named beneficiary, Friends of Public Radio Arizona recognizes the funds held by the Arizona Community Foundation as community foundation holdings and classifies the funds in long-term assets. The Arizona Community Foundation holds these assets in a board-advised fund with the income and principal available for distribution to the Organization subject to the Organization’s board of directors’ approval and subject to the Organization advising that the distribution be made in accordance with the provisions of the agreement.

The board-designated endowment net assets and activity for the year ended June 30, 2022, consisted of the following:

	<u>Board- Designated</u>
Board-Designated Endowment Net Assets - Beginning	\$ 3,034,675
Change in Value in Arizona Community Foundation:	
Investment Income	68,635
Change in Value	<u>(378,175)</u>
Board-Designated Endowment Net Assets - Ending	<u><u>\$ 2,725,135</u></u>

Level 3 Assets and Liabilities

The following table provides a summary of changes in fair value of the Organization’s Level 3 financial assets for the year ended June 30, 2022:

	<u>Arizona Community Foundation Investment Pool</u>
Purchases	<u><u>\$ -</u></u>

FRIENDS OF PUBLIC RADIO ARIZONA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 4 INTEREST IN INVESTMENT POOLS AND FAIR VALUE MEASUREMENTS
(CONTINUED)**

The following table describes the valuation techniques used to calculate fair value for assets in Level 3. There were no changes in valuation techniques and related inputs from the prior year.

	Fair Value at June 30, 2022	Valuation	Unobservable Inputs
Arizona Community Foundation Investment Pool	\$ 2,725,135	Percentage ownership of investment pool	The percentage ownership of investment pool as applied to investment statements

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022:

Vehicles	\$ 55,717
Less: Accumulated Depreciation	(38,635)
Property and Equipment, Net	<u>\$ 17,082</u>

NOTE 6 NET ASSETS

Without Donor Restrictions

The Organization's board of directors has chosen to place the following limitations on net assets without donor restrictions:

Board-Designated for Endowment Purposes	\$ 2,725,135
Undesignated	4,213,562
Total	<u>\$ 6,938,697</u>

**FRIENDS OF PUBLIC RADIO ARIZONA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 NET ASSETS (CONTINUED)

Included within net assets without donor restrictions on the consolidated statement of financial position, the Organization has board-designated endowment funds established for the purpose of providing an operating cash reserve. As required by U.S. GAAP, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization’s interpretation of the laws governing restrictions on net appreciation of donor-restricted endowments is based on the State of Arizona Management of Charitable Fund Act. The Organization reinvests earnings on the fund back into the board-designated endowment. In addition, management fees are deducted from the fund. The fund is spendable based on appropriations from the board. The board has deposited the fund with the Arizona Community for an interest in the investment pools.

The endowment net assets and activity for the year ended June 30, 2022 have been presented in Note 4.

With Donor Restrictions

The following is a summary of net assets with donor restrictions at June 30, 2022:

Youth Media	\$ 272,338
Ford Foundation	100,000
Next 50 SS	25,000
Nina Mason Pulliam	21,797
ThunderBird Charities	15,000
Hearizona	8,444
Hearizona	5,728
Virginia Piper	5,081
VGP GGF Funds	5,000
Whole Foods Hearizona	1,699
Business Desk	171
Hearizona	60
Capital Campaign Funds - KBAQ	10
VGP GGF Funds	5
Total	<u>\$ 460,333</u>

NOTE 7 DONATED GOODS AND SERVICES

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying consolidated statement of activities because the criteria for recognition of such volunteer efforts under U.S. GAAP have not been satisfied.

FRIENDS OF PUBLIC RADIO ARIZONA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 DONATED GOODS AND SERVICES (CONTINUED)

The Organization received \$324,168 of donated program, management and fundraising services from their public radio stations, KBAQ and KJZZ, related parties to the Organization, during the year ended June 30, 2022, that is included in revenues and expenses in the consolidated statement of activities. The value of donated services was obtained using the personnel costs from the organization that provided the services. Additionally, the Organization received proceeds of \$662,866 from the auction of donated vehicles. There were no donated services or goods with donor restrictions received during the year ended June 30, 2022.

NOTE 8 ECONOMIC DEPENDENCE

Friends of Public Radio Arizona is dependent upon contributions from individuals, corporations, and foundations and proceeds from its special events for support of its program services.

NOTE 9 RELATED PARTIES

The Organization conducts fundraising efforts for which contributions are received and shared with their public radio stations, KBAQ and KJZZ. During the current year, the Organization provided the stations with \$5,267,202.

NOTE 10 RISKS AND UNCERTAINTIES

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to Friends of Public Radio Arizona, COVID-19 may impact various parts of its fiscal year 2023 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

NOTE 11 CORRECTION OF AN ERROR

The Organization did not recognize \$95,292 of pledges related to the renovation campaign of the radio stations when they were received during the year ended June 30, 2021 and recognized them during the year ended June 30, 2022. As a result, the Organization's beginning net asset with donor restrictions were increased by \$95,292.

FRIENDS OF PUBLIC RADIO ARIZONA
STATEMENT OF ACTIVITIES BY LICENSE
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>KJZZ</u>	<u>KBAQ</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions and Donations	\$ 5,589,321	\$ 1,833,354	\$ 7,422,675
Investment Income, Net	57,983	19,327	77,310
Other Revenue	85,670	2,065	87,735
Change in Interest in Arizona Community Foundation Investment Pool	(283,631)	(94,544)	(378,175)
Special Events Revenue	5,620	-	5,620
Less: Cost of Direct Benefit to Donors	(4,065)	(1,445)	(5,510)
Total Revenues and Support	<u>5,450,898</u>	<u>1,758,757</u>	<u>7,209,655</u>
EXPENSES			
Distributions to Public Radio	4,617,202	650,000	5,267,202
Public Radio Program Production	1,160,731	225,613	1,386,344
Professional Fees	41,582	55,317	96,899
Public Awareness	86,477	80,773	167,250
Membership	232,957	68,030	300,987
Donated Services	243,127	81,042	324,169
Conference, Conventions, and Meetings	7,885	2,629	10,514
Donations Processing and Bank Fees	80,412	24,997	105,409
Depreciation	40,846	-	40,846
Other	15,619	4,772	20,391
Total Expenses	<u>6,526,838</u>	<u>1,193,173</u>	<u>7,720,011</u>
GAINS AND LOSSES			
Loss on Sale of Property and Equipment	171,019	-	171,019
Total (Gains) and Losses	<u>171,019</u>	<u>-</u>	<u>171,019</u>
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	(1,246,959)	565,584	(681,375)
Equity Transfer - Donated Services from Affiliate	<u>243,126</u>	<u>81,042</u>	<u>324,168</u>
CHANGE IN NET ASSETS	<u>\$ (1,003,833)</u>	<u>\$ 646,626</u>	<u>\$ (357,207)</u>



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