FRIENDS OF WWOZ, INC.

Audits of Financial Statements

August 31, 2023 and 2022

LaPorte
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Officers and Board of Directors
Friends of WWOZ, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Friends of WWOZ, Inc. (the Station), which comprise the statements of financial position as of August 31, 2023 and 2022, the related statements of activities and changes in net assets, 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 the Station as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Station 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 the Station's ability to continue as a going concern for one year after the date that the financial statements are issued or available to be issued.

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 and *Government Auditing Standards* 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 an audit in accordance with GAAS and *Government Auditing Standards*, 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 the Station'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 the Station'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 audits.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of grant activity and the schedule of compensation, benefits, and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2024 on our consideration of the Station's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
January 9, 2024

FRIENDS OF WWOZ, INC.
Statements of Financial Position
August 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash	**$ 4,105,835**	$ 4,152,635
Grants and Accounts Receivable	**64,289**	62,486
Certificates of Deposit	**500,000**	-
Investments, Held-to-Maturity Debt Securities	**500,000**	-
Prepaid Expenses	**63,598**	64,049
Total Current Assets	**5,233,722**	4,279,170
Other Assets		
Right-of-Use Assets, Operating Leases	**76,558**	-
Property and Equipment, Net	**174,631**	230,102
Total Assets	**$ 5,484,911**	$ 4,509,272
Liabilities		
Current Liabilities		
Accounts Payable	**$ 69,077**	$ 112,082
Operating Lease Liabilities, Current	**6,067**	-
Deferred Revenue	**122,610**	55,000
Total Current Liabilities	**197,754**	167,082
Long-Term Liabilities		
Operating Lease Liabilities, Long-Term	**71,736**	-
Total Liabilities	**269,490**	167,082
Net Assets		
Without Donor Restrictions		
Undesignated	**2,584,321**	1,690,326
Board-Designated Cash Reserves	**2,456,469**	2,421,762
Designated for Equipment	**174,631**	230,102
Total Net Assets Without Donor Restrictions	**5,215,421**	4,342,190
Total Liabilities and Net Assets	**$ 5,484,911**	$ 4,509,272

The accompanying notes are an integral part of these financial statements.

FRIENDS OF WWOZ, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended August 31, 2023 and 2022

	2023	2022
Revenue and Support		
Contributions and Membership		
Brass Pass Revenue	$ 2,960,930	$ 2,341,490
Membership Fees and Contributions	1,882,934	1,734,724
Underwriting	190,719	278,760
Underwriting, In-Kind	57,489	45,400
Total Contributions and Membership	5,092,072	4,400,374
Grant Revenues		
Foundation Grants	525,000	600,000
Corporation for Public Broadcasting	248,339	206,311
State and Local	-	3,015
Total Grant Revenues	773,339	809,326
Other Revenues		
Special Events and Sponsorships	128,391	118,456
Merchandise Sales, Net	131,291	162,940
Interest Income	34,707	1,416
Other Revenues	19,541	25,241
Paycheck Protection Program Loan Forgiveness	-	309,235
Total Other Revenues	313,930	617,288
Total Revenue and Support	6,179,341	5,826,988
Expenses		
Program Services		
Programming and Production	1,749,105	1,581,040
Broadcasting and Internet Services	1,123,714	1,048,225
Program Information and Promotion	-	10,338
Total Program Services	2,872,819	2,639,603
Supporting Services		
Fundraising and Membership Development	1,413,637	1,411,454
Management and General	1,019,654	870,870
Total Supporting Services	2,433,291	2,282,324
Total Expenses	5,306,110	4,921,927
Change in Net Assets	873,231	905,061
Net Assets Without Donor Restrictions, Beginning of Year	4,342,190	3,437,129
Net Assets Without Donor Restrictions, End of Year	$ 5,215,421	$ 4,342,190

The accompanying notes are an integral part of these financial statements.

FRIENDS OF WWOZ, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2023

	Program Services			Supporting Services			
	Programming and Production	Broadcasting and Internet Services	Total Program Services	Fundraising and Membership Development	Management and General	Total Supporting Services	Total
Expenses							
Salaries, Payroll Taxes, and Employee Benefits	$ 573,105	$ 422,534	$ 995,639	$ 343,225	$ 653,194	$ 996,419	$ 1,992,058
Jazz Fest-Related Expenses	934,432	280,329	1,214,761	654,102	-	654,102	1,868,863
Telephone	56,001	60,890	116,891	24,000	24,000	48,000	164,891
Membership Premiums	-	-	-	142,433	-	142,433	142,433
Occupancy	17,247	42,123	59,370	40,242	62,579	102,821	162,191
Special Events	38,132	-	38,132	88,975	-	88,975	127,107
IT Support Services	16,339	-	16,339	38,125	38,861	76,986	93,325
Professional Services	23,690	-	23,690	-	63,477	63,477	87,167
Related Business	-	87,040	87,040	-	-	-	87,040
Website Expense (Digital Deployment)	-	82,722	82,722	-	-	-	82,722
Development and Training	17,340	-	17,340	40,460	20,597	61,057	78,397
Financial Fees	17,905	-	17,905	41,779	6,960	48,739	66,644
Insurance	-	64,049	64,049	-	-	-	64,049
Depreciation	17,558	-	17,558	-	41,188	41,188	58,746
Contract Labor	-	54,981	54,981	-	-	-	54,981
Other Expenses	-	-	-	-	54,289	54,289	54,289
Office Supplies and Postage	16,045	-	16,045	-	22,946	22,946	38,991
Operations and Maintenance	-	29,046	29,046	-	-	-	29,046
Program Production	21,311	-	21,311	-	-	-	21,311
Bad Debt Expense	-	-	-	-	14,033	14,033	14,033
Affiliation Fees	-	-	-	-	9,505	9,505	9,505
Printing, Publications, and Graphics	-	-	-	296	8,025	8,321	8,321
Total Expenses	$ 1,749,105	$ 1,123,714	$ 2,872,819	$ 1,413,637	$ 1,019,654	$ 2,433,291	$ 5,306,110

The accompanying notes are an integral part of these financial statements.

FRIENDS OF WWOZ, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2022

	Program Services				Supporting Services			
	Programming and Production	Broadcasting and Internet Services	Program Information and Promotion	Total Program Services	Fundraising and Membership Development	Management and General	Total Supporting Services	Total
Expenses								
Salaries, Payroll Taxes, and Employee Benefits	$ 543,599	$ 396,995	$ -	$ 940,594	$ 329,704	$ 613,228	$ 942,932	$ 1,883,526
Jazz Fest-Related Expenses	833,276	249,983	-	1,083,259	583,293	-	583,293	1,666,552
Membership Premiums	-	-	-	-	288,270	-	288,270	288,270
Occupancy	17,247	42,393	-	59,640	28,153	56,957	85,110	144,750
Telephone	41,598	44,850	-	86,448	17,828	17,828	35,656	122,104
Related Business	-	99,614	-	99,614	-	-	-	99,614
Website Expense (Digital Deployment)	-	85,557	-	85,557	-	-	-	85,557
Depreciation	26,017	-	-	26,017	-	50,762	50,762	76,779
Professional Services	18,787	-	-	18,787	-	55,672	55,672	74,459
Special Events	22,028	-	-	22,028	51,400	-	51,400	73,428
IT Support Services	15,595	-	-	15,595	36,388	18,777	55,165	70,760
Financial Fees	19,100	-	-	19,100	44,567	6,748	51,315	70,415
Development and Training	13,473	-	-	13,473	31,437	8,209	39,646	53,119
Operations and Maintenance	-	45,611	-	45,611	-	-	-	45,611
Contract Labor	-	42,510	-	42,510	-	-	-	42,510
Insurance	-	40,712	-	40,712	-	-	-	40,712
Office Supplies and Postage	15,810	-	-	15,810	-	15,658	15,658	31,468
Program Production	14,314	-	-	14,314	-	-	-	14,314
Other Expenses	-	-	-	-	-	13,626	13,626	13,626
Printing, Publications, and Graphics	-	-	10,338	10,338	414	-	414	10,752
Affiliation Fees	-	-	-	-	-	8,905	8,905	8,905
Bad Debt Expense	-	-	-	-	-	4,500	4,500	4,500
Loss on Asset	196	-	-	196	-	-	-	196
Total Expenses	$ 1,581,040	$ 1,048,225	$ 10,338	$ 2,639,603	$ 1,411,454	$ 870,870	$ 2,282,324	$ 4,921,927

The accompanying notes are an integral part of these financial statements.

FRIENDS OF WWOZ, INC.
Statements of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	$ 873,231	$ 905,061
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	58,746	76,779
Amortization of Right-of-Use Assets, Operating Leases	6,852	-
Bad Debt Expense	14,033	4,500
Loss on Asset	-	196
Paycheck Protection Program Loan Forgiveness	-	(309,235)
(Increase) Decrease in Assets		
Grants and Accounts Receivable	(15,836)	(6,226)
Prepaid Expenses	451	(32,115)
Increase (Decrease) in Liabilities		
Accounts Payable	(43,005)	58,701
Operating Lease Liabilities	(5,607)	-
Deferred Revenue	67,610	(1,564,650)
Net Cash Provided by (Used in) Operating Activities	956,475	(866,989)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(3,275)	(48,494)
Net Cash Used in Investing Activities	(3,275)	(48,494)
Cash Flows from Financing Activities		
Purchase of Certificates of Deposit	(500,000)	-
Purchases of Held-to-Maturity Investments, Debt Securities	(500,000)	-
Net Cash Used in Financing Activities	(1,000,000)	-
Net Decrease in Cash	(46,800)	(915,483)
Cash, Beginning of Year	4,152,635	5,068,118
Cash, End of Year	$ 4,105,835	$ 4,152,635
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	$ 21	$ 311
Right-of-Use Assets, Operating Leases, Obtained in Exchange for Operating Lease Liabilities Upon Adoption of ASC 842	$ 83,410	$ -

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

Nature of Activities

Friends of WWOZ, Inc. (the Station) is a non-profit community radio station which was organized under the laws of the State of Louisiana on June 16, 1986. The Station operates a noncommercial, educational radio station which was licensed to operate by the Federal Communications Commission on October 29, 1981. The Station's call letters are WWOZ-FM. The mission of the Station is to celebrate the cultural diversity of New Orleans and its surrounding regions through music and information. The Station is funded mainly by federal and state grants, support from the New Orleans Jazz and Heritage Foundation (the Foundation), community fundraising, and underwriting contributions.

Basis of Accounting

The accounts of the Station are maintained in conformity with the principles of not-for-profit accounting. The accompanying financial statements of the Station have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

Allowance for Doubtful Accounts

Accounts receivable are recorded at the amount the Station expects to collect on balances outstanding as of fiscal year-end. Management closely monitors outstanding balances and writes off balances when they are deemed to be uncollectible on the basis of specific identification. The use of this method does not differ materially from the allowance method required by accounting principles generally accepted in the United States of America. No allowance for doubtful accounts was considered necessary at August 31, 2023 and 2022.

Property and Equipment

The Station records all asset acquisitions at cost, except for assets donated to the Station. Donated assets are recorded at appraisal value or estimated fair value determined as of the date of donation.

Acquisitions of property and equipment in excess of $2,500, computer equipment in excess of $3,000, and all expenditures for improvements that materially prolong the useful lives of assets are capitalized.

Equipment acquired with funds received through grants or contributions on which specific objectives are stipulated are reported as net assets designated for equipment.

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Depreciation expense is determined using the straight-line method and is intended to allocate the cost of the assets over their estimated useful lives as follows:

Asset Category	Estimated Useful Life
Leasehold Improvements	Lesser of Lease Term or 3 - 10 Years
Broadcast Equipment	7 - 45 Years
Radio Station Equipment	5 - 10 Years
Furniture and Fixtures	7 - 10 Years
Broadcast Trucks	5 Years
Computers and Website	3 Years

Costs Incurred for Programs Not Yet Broadcast

Costs incurred for programs not yet broadcast are capitalized. Such costs relate to programs produced by the Station that will be broadcast subsequent to August 31st. Programs to be completed and broadcast within one year are classified as current assets whereas programs to be completed and broadcast in more than one year are classified as long-term. As the programs are broadcast, the costs incurred will be included in operating expenses. Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value. As of August 31, 2023 and 2022, there were no costs incurred for programs not yet broadcast.

Income Taxes

The Station's activities relating to the operation of its radio station are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Station qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. However, income from certain activities not directly related to the Station's tax-exempt purpose is subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Station believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contracts vs. Contributions

The Station utilizes the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08 in the assessment of whether a revenue is an exchange transaction (contract) or contribution (non-contract) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Performance obligations are determined based on the nature of the services provided by the Station. Revenue from performance obligations satisfied over time is recognized based on actual time incurred in relation to the total expected period of providing the service.

The Station believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to sponsorship efforts. The Station measures the performance obligation throughout the fiscal year. Revenue for performance obligations satisfied at a point in time, which include events and merchandise sales, are recognized when events, services, or goods are provided. The Station determines the transaction price based on standard charges for goods or services provided to customers, which are predetermined by management.

Contracts and contributions are both generally nonrefundable unless approved by senior management. Total refunds were insignificant during the year ended August 31, 2023.

Brass Pass Revenue

Brass Pass revenue includes 1) contributions from donors and 2) the transfer of a Brass Pass which is satisfied upon providing access to The New Orleans Jazz and Heritage Festival (Jazz Fest) and the related VIP amenities. The contributions are treated as a conditional contribution and the sales are treated as contracts with customers. Contribution values for Brass Passes vary based on the timing and cost of Brass Passes purchased from the New Orleans Jazz and Heritage Foundation. During the years ended August 31, 2023 and 2022, the contribution value associated with a Brass Pass was $280 per Brass Pass for each of the years then ended. Brass Pass exchange transaction revenue recognized during the years ended August 31, 2023 and 2022 totaled approximately $1.99 million and $1.52 million, respectively.

Contributions

Contributions are recognized when they are received or unconditionally pledged. Conditional contributions are recognized when they are received with donor stipulations that limit the use of the contributions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions (Continued)

Revenues and expenses from various activities conducted for the purpose of raising funds for the Station's operations, other than membership drives, are reported at gross amounts. The expenses include the cost of direct benefits to donors. The value of items donated for such events are not recorded as these amounts are not readily determinable. The Station considers the value of membership premiums provided for regular membership contributions to be immaterial to the overall financial statements.

Underwriting

The Station categorizes underwriting credit revenue from donors as contributions. Underwriting credits are presumed to be of nominal value to the donor and, as such, are not determined to be exchange transactions.

In-Kind Contributions

The Station records as revenue the value of the free air space that they provide to other businesses through underwriting credit agreements in exchange for free use of office facilities and supplies. Likewise, a similar amount is thus recorded as rent and supplies expense. Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of the donation. The Station reports gifts of equipment, professional services, materials, and other non-monetary contributions as unrestricted revenue in the accompanying statements of activities and changes in net assets. If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded. Donated personal services of non-professional volunteers, as well as national and local programming services, are not recorded as revenue and expenses as there is no objective basis available to measure the value of such services. Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

Grant Revenues

Grant revenues are recognized when the grant is received or when the grantor makes a promise that is, in substance, unconditional. For certain grants where eligibility is determined based on the Station's ability to secure financial support from other sources, the grant revenue is recognized when the conditions are substantially met. Certain grants are restricted for the purchase of equipment and for the payment of certain operational expenses. When the Station is notified that it is a recipient of these grants, the amounts are included as donor-restricted grant revenue in the accompanying statements of activities and changes in net assets. Grant funding received in advance of expenditures for allowable grant purposes is recognized as deferred (unearned) grant revenue.

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Other Revenue

The Station recognizes revenue from special events, sponsorships, and merchandise sales as revenue from contracts with customers at the time the event or sale occurs, which is considered the performance obligation. Payments for these events are generally nonrefundable. Any significant contributed amounts associated with these transactions are recorded as a contribution. The Station has not identified any significant contributions associated with other revenue.

Deferred Revenue

Amounts paid in advance for events and merchandise are deferred to the period to which the underlying event takes place. Typically, due to the nature and timing of the performance and/or transfer of services, substantially all contract liabilities as of August 31st of each year are recognized in the following year. Of the August 31, 2022 deferred revenue balances, $55,000 (100%) was recognized in the year ended August 31, 2023. Of the August 31, 2021 deferred revenue balances, $1,619,650 (100%) was recognized in the year ended August 31, 2022.

At August 31, 2023 and 2022, deferred revenues primarily consisted of sponsorships paid and tickets sold in advance for future periods.

At August 31, 2021, deferred revenues primarily consisted of patron deposits from payments towards Brass Passes for a future Jazz Fest, which was cancelled due to the COVID-19 pandemic. These deposits were being held for patrons who had communicated to the Station that they would prefer to receive a future Jazz Fest Brass Pass rather than receive a refund, as well as payments from patrons who had not yet responded to the Station. These deposits are inclusive of the conditional contribution value and the sales value associated with a Brass Pass. The condition and the sale were realized upon the occurrence of the 2022 Jazz Fest production during May 2022.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, non-profit grant-making organization responsible for funding more than 1,000 television and radio stations. The CPB was established by Congress with the purpose of providing services, funding, and advocacy for public television and radio stations in America. In doing so, the CPB annually awards grants to qualified stations, such as WWOZ-FM.

The Station receives a Community Service Grant from CPB annually. The funds from this grant may be used for general operations and are, therefore, reported on the accompanying financial statements as an increase in net assets without donor restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Corporation for Public Broadcasting Community Service Grants (Continued)

The Station also receives a National Program Production and Acquisition Grant (NPPAG), which provides funding for restricted uses: either for the acquisition of programs produced for national distribution or the actual production of programs that are distributed nationally. NPPAG funds must be expended within 18 months of receipt. NPPAG funds are reported on the accompanying financial statements as an increase in net assets with donor restrictions until satisfaction of the time and purpose restrictions, after which they are reported as a release from net assets with donor restrictions and an increase in net assets without donor restrictions. If restrictions are satisfied within the period received, funds are reported as an increase in net assets without donor restrictions.

Certain general provisions must be satisfied in connection with the application for and use of grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record keeping audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

Advertising Costs

Advertising costs are expensed in the year incurred.

Commissions

The Station has agreements with employees to solicit and acquire funds for program underwriting and other activities related to public broadcasting. The agreements provide for payment of commissions to the employees based on varying percentages of funds received. Commission expense recognized is included in Salaries, Payroll taxes and Employee Benefits on the Statements of Functional Expenses.

Basis of Net Asset Presentation

The Station reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Statement of Cash Flows

For the purposes of reporting cash flows, the Station considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At August 31, 2023 and 2022, the Station had no cash equivalents.

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocated if an expenditure benefits more than one program or function. The expenses that are allocated are allocated based on estimates of employee time or estimates of usage and effort for costs shared by each of Station's departments. Expenses which were allocated during the years ended August 31, 2023 and 2022 include salaries, payroll taxes, and employee benefits, IT support services, occupancy, telephone, special events, financial fees, development and training, depreciation, and Jazz Fest-related expenses.

Liquidity and Availability

The Station's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. The Station regularly monitors liquidity required to meet its operating needs and other contractual commitments.

Expenditures are generally met within 30 days, utilizing the financial resources the Station has available. In addition, the Station operates with a budget to monitor sources and uses of funds throughout the year.

The Station also has access to a line of credit for additional liquidity, as needed. See Note 5.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash	**$ 4,105,835**	$ 4,152,635
Grants and Accounts Receivable	**64,289**	62,486
Total Liquid Financial Assets	**4,170,124**	4,215,121
Less: Cash Held in Reserves	**(2,456,469)**	(2,421,762)
Total Liquid Financial Assets Available for General Expenditure	**$ 1,713,655**	$ 1,793,359

Funds on hand associated with designated balances have been excluded from cash to present a more accurate liquidity calculation.

Note 1. Summary of Significant Accounting Policies (Continued)

Liquidity and Availability (Continued)

The Station's Board of Directors (Board) has designated certain funds to be set aside as "rainy" day fund reserves, reserves for future capital projects, and reserves for specific future events, including purchasing Brass Passes to satisfy deferred revenue obligations for a future Jazz and Heritage Festival. As of August 31, 2023 and 2022, cash held in reserves, which are subject to finance committee or executive committee approval to be used, totaled $2,456,469 and $2,421,762, respectively. During October 2023, the finance committee approved the usage of up to $500,000 in reserve funds for leasehold improvements toward the Station's new facilities lease in New Orleans (See Note 14).

Investments

Investments in certificates of deposit, U.S. Treasury notes, and U.S. Treasury bills are recorded at amortized cost. All investments are expected to be held to maturity. Interest on certificates of deposit is paid upon maturity. Interest on government securities is paid upon maturity for U.S. Treasury notes and U.S. Treasury bills.

Leases

Effective September 1, 2022, the Station accounts for leases under FASB Accounting Standards Codification (ASC) 842, which requires lessees to record right-of-use (ROU) assets and related lease obligations on the statement of financial position. The ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments over that term.

Operating ROU assets and lease liabilities are recognized at commencement based on the present value of lease payments over the lease term. ROU assets also include any lease payments made prior to lease commencement and exclude lease incentives. The lease term is the noncancelable period of the lease and includes options to extend or terminate the lease when it is reasonably certain that an option will be exercised.

The Station has elected the private company alternative available in ASC 842 to use a risk free rate over a similar term in computing the present value of lease payments.

The Station has also elected, for all asset classes, the short-term lease exemption. A short-term lease is a lease that, at the commencement date, has a term of twelve months or less and does not include an option to purchase the underlying asset.

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Recent Accounting Pronouncements - Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize a right-of-use (ROU) asset and lease liability on the statement of financial position for all leases with terms longer than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current U.S. GAAP.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Adopted (Continued)

The Station adopted ASU 2016-02 as of September 1, 2022 using the modified retrospective approach and applied the package of practical expedients in transitioning to the new guidance. Electing the package of practical expedients allowed the Station to carry forward its prior conclusions on lease definition, lease classification, and initial direct costs related to the existing leases as of the adoption date. Both at transition and for new leases thereafter, ROU assets and lease liabilities are initially recognized based on the present value of future minimum lease payments over the lease term. Upon adoption of ASU 2016-02, the Station recognized ROU assets and lease liabilities of approximately $83,410 with no cumulative effect adjustment to the opening balance of net assets.

Note 2. Property and Equipment

Property and equipment at August 31, 2023 and 2022 consisted of the following:

	2023	2022
Broadcast Equipment	**$ 357,884**	$ 354,609
Broadcast Trucks	**126,523**	126,523
Radio Station Equipment	**125,244**	125,244
Leasehold Improvements, Tower	**328,573**	328,573
Leasehold Improvements, Building	**52,907**	52,907
Website	**173,038**	173,038
Total	**1,164,169**	1,160,894
Less: Accumulated Depreciation	**(989,538)**	(930,792)
Property and Equipment, Net	**$ 174,631**	$ 230,102

During the years ended August 31, 2023 and 2022, the amount charged to depreciation totaled $58,746 and $76,779, respectively.

Note 3. Investments

Investments consisted of the following as of August 31, 2023:

	Estimated Fair Value	**Amortized Cost**
U.S. Treasury Bonds, Due in 1 Year or Less	$ 501,401	$ 500,000
Total Investments, Held to Maturity, Debt Securities	**$ 501,401**	**$ 500,000**

Note 4. Concentration of Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Station's deposits may not be recovered. The Station periodically maintains cash in bank accounts in excess of insured limits. As of August 31, 2023, the Station's bank balances were approximately $4,200,000 in demand deposits and $500,000 in certificates of deposit. Balances insured by the Federal Deposit Insurance Corporation (FDIC), which covers the total balance of accounts up to $250,000 per financial institution, totaled $250,000. Deposits of approximately $4,900,000 were uninsured and subject to custodial credit risk at August 31, 2023. The Station has entered into an agreement with a financial institution to invest its cash in overnight repurchase agreements in order to secure its cash balances. The Station has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 5. Line of Credit

The Station has a $300,000 line of credit with a bank, maturing on August 12, 2024. The line is unsecured and carries a variable rate of interest payable monthly at the Wall Street Journal prime rate (9.25% at August 31, 2023) plus 0.75%, for a total interest rate of 6.25% at August 31, 2022). There were no borrowings outstanding against the line of credit as of August 31, 2023 and 2022. There was no interest expense recognized related to the line of credit for the years ended August 31, 2023 and 2022.

Note 6. Leases

Short-Term Leases

The Station leases its office and studio in New Orleans, Louisiana. During 2019, the lessor orally agreed to an adjusted monthly rent and utility payment of $1,187 and converted the lease to a month-to-month arrangement. The lease references a cooperative endeavor agreement between the Station and the lessor which is used to value a trade with the lessor for underwriting through the Station. This lease operated on a month-to-month basis and was terminated subsequent to year end. The current estimated monthly contribution value of the underwriting provided to the lessor is $3,183, totaling $38,200 annually. Lease expense related to this office space totaled $52,438 for each of the years ended August 31, 2023 and 2022.

The Station leases additional office space in New Orleans, Louisiana. The lease stipulates monthly rental payments of $1,200, totaling $14,400 annually, inclusive of operating expenses estimated at $800 per month. This lease matured on August 31, 2023 and was extended for an additional two-year term maturing August 31, 2025. Under the extension, the lessor granted the Station a right to terminate the lease without penalty with ninety (90) days notice. The lease includes a special stipulation between the Station and the lessor which is used to value a trade with the lessor for 120 annual underwriting spot credits through the Station. The estimated monthly value of the underwriting provided to the lessor was $1,607 and $600 for the years ended August 31, 2023 and 2022, respectively, totaling $19,289 and $7,200. Lease expense related to this office space totaled $33,689 and $21,600 for the years ended August 31, 2023 and 2022, respectively.

Note 6. Leases (Continued)

Short-Term Leases (Continued)
The Station also leases storage facilities and parking space on a monthly and annual basis. Lease expense under these leases totaled $25,005 and $23,810 for the years ended August 31, 2023 and 2022, respectively.

In-kind contributions and related underwriting on the aforementioned leases support all programs, administrative, and supporting services of the Station.

Long-Term Leases
The Station leases a transmitter site at Tulane University pursuant to a lease dated June 1, 2013. The lease stipulates monthly rental payments of $500, with a 3% annual increase through the initial lease expiration date, December 31, 2022. The lease offers two (2) five-year renewal terms through December 31, 2032. The first year of each renewal term results in an increase in the rental payment of 5%. Lease expense related to this lease totaled $9,198 and $7,753 for the years ended August 31, 2023 and 2022, respectively.

The Station executed a long-term lease agreement effective April 1, 2002 with the City of New Orleans for a parcel of land. The initial term of the lease is for forty (40) years ending on March 31, 2042. The annual rental was $75 for the first five (5) years and escalates by 15% for each subsequent five-year period within the initial term. The agreement provides for two (2) optional renewal periods of twenty-five (25) and twenty-four (24) years duration, respectively. Lease expense related to this lease totaled $164 and $131 for the years ended August 31, 2023 and 2022, respectively.

Maturities of lease obligations as of August 31, 2023 are as follows:

Year Ending August 31,	Amount
2024	$ 8,356
2025	8,602
2026	8,857
2027	9,118
2028	9,408
Thereafter	45,866
Total Undiscounted Cash Flows	$ 90,207
Less: Imputed Interest	(12,404)
Total Lease Obligations Under Operating Leases	$ 77,803

Note 6. Leases (Continued)

The following table summarizes the weighted-average remaining lease term and discount rate associated with long-term operating leases at August 31, 2023:

Weighted Average Remaining Lease Term (Years)	9.9
Weighted Average Discount Rate	3.13%

Subsequent to year-end, the Station entered into a long-term office and studio lease in New Orleans, Louisiana. See Note 14.

Note 7. Commitments and Contingencies

As part of the normal course of business, the Station occasionally enters into purchase commitments to manage its various operating needs. Other than leases noted in Note 6, the Station had no other significant long-term purchase commitments as of August 31, 2023 and 2022.

The Station is the recipient of grants from state, local, or federal funds. These grants are governed by various guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants is under the control and administration of the Station and is subject to audit and/or review by the applicable funding sources. Any grant or award of funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

During 2021 and 2022, the Station entered into two (2) Small Business Administration (SBA) Paycheck Protection Program (PPP) loans totaling of $632,935. The Station's first PPP loan was fully forgiven by the SBA on March 22, 2021 and the Station's second PPP loan was fully forgiven by the SBA on August 23, 2022. The SBA may undertake a review of a loan of any size during the six-year period following forgiveness of the loans.

Note 8. Broadcast Hours (Unaudited)

The broadcast hours of the radio station were approximately 8,760 for each of the years ended August 31, 2023 and 2022, respectively.

Note 9. Retirement Plan

The Station has a qualified defined contribution retirement plan in the form of a simplified employee pension plan (SEP) which covers substantially all employees. Eligibility in the SEP is based upon three years of continuous employment with the Station. Contributions made by the Station are discretionary up to a maximum of six percent (6%) of total pay. Retirement contribution expense for the years ended August 31, 2023 and 2022 totaled $80,946 and $78,078, respectively.

Note 10. Risk Management

The Station is exposed to various risks of loss related to torts and theft of, damage to, and destruction of assets for which the Station carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Note 11. Board of Directors' Compensation

The Board of Directors of Friends of WWOZ, Inc. is a voluntary board; therefore, no compensation has been paid to any board member.

Note 12. Related-Party Transactions

The New Orleans Jazz and Heritage Foundation appoints the president and the board members to the Board of Directors of the Station.

During the years ended August 31, 2023 and 2022, the Station recorded revenue from the Foundation as part of the Foundation's operational and infrastructure grants for the Station totaling $525,000 and $600,000, respectively.

Note 13. Corporation for Public Broadcasting Community Service Grants

As disclosed in Note 1, the Station received various Community Service Grants from the Corporation for Public Broadcasting. For the year ended August 31, 2023, the Station received and expended the Community Service Grants as follows:

		Fiscal Year Ended August 31, 2023		
Grants Received	**Purpose**	**Amount Funded**	**Amount Expended**	**Balance at August 31, 2023**
Community Services Grant	Operations	$ 248,339	$ 248,339	$ -

For the year ended August 31, 2022, the Station received and expended the Community Service Grants as follows:

		Fiscal Year Ended August 31, 2022		
Grants Received	**Purpose**	**Amount Funded**	**Amount Expended**	**Balance at August 31, 2022**
Community Services Grant	Operations	$ 151,411	$ 151,411	$ -
National Program Production and Acquisition Grant	Operations	$ 54,900	$ 54,900	$ -