

**WXPB-FM RADIO STATION  
LICENSED TO THE TRUSTEES  
OF THE UNIVERSITY OF  
PENNSYLVANIA**

**Financial Statements**

**June 30, 2023 and 2022**

**Kreischer  
Miller**

PEOPLE | IDEAS | SOLUTIONS

**WXPN-FM RADIO STATION**  
**LICENSED TO THE TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA**  
**June 30, 2023 and 2022**

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INDEPENDENT AUDITORS' REPORT

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## Independent Auditors' Report

The Community Advisory Board of  
WXPN-FM Radio Station  
Licensed to the Trustees of  
the University of Pennsylvania  
Philadelphia, Pennsylvania

### *Opinion*

We have audited the financial statements of WXPN-FM Radio Station Licensed to the Trustees of the University of Pennsylvania, which comprise the statements of financial position as of June 30, 2023 and 2022, 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 WXPN-FM Radio Station Licensed to the Trustees of the University of Pennsylvania, as of June 30, 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WXPN-FM Radio Station Licensed to the Trustees of the University of Pennsylvania 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.

### *Emphasis of Matter - Change in Accounting Principle*

As discussed in Note 1 to the financial statements, in 2023, the entity adopted Financial Accounting Standards Board *Accounting Standards Codification* 842, *Leases*. Our opinion is not modified with respect to this matter.

### *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 WXPB-FM Radio Station Licensed to the Trustees of the University of Pennsylvania's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditors' 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 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 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 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 WXPB-FM Radio Station Licensed to the Trustees of the University of Pennsylvania'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 WXPB-FM Radio Station Licensed to the Trustees of the University of Pennsylvania'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.

*Kreischer Miller*

Horsham, Pennsylvania  
November 27, 2023

**WXPN-FM RADIO STATION  
LICENSED TO THE TRUSTEES OF  
THE UNIVERSITY OF PENNSYLVANIA  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022**

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents held by the University of Pennsylvania	\$ 4,131,057	\$ 3,637,604
Memberships receivable, net	-	13,331
Contributions receivable, net	21,825	201,386
Grants receivable	146,850	110,500
Underwriting receivables, net	378,874	352,811
Other accounts receivable, net	13,781	27,036
Prepaid expenses	149,819	10,083
<b>Total Current Assets</b>	<u>4,842,206</u>	<u>4,352,751</u>
<b>Other Assets</b>		
Right-of-use asset - operating	3,204,922	-
Memberships receivable, net	-	2,066
Contributions receivable, net	35,104	47,507
Land	89,095	89,095
Equipment, net of accumulated depreciation	892,521	1,032,851
Intangible Assets	4,686,047	4,686,047
<b>Total Other Assets</b>	<u>8,907,689</u>	<u>5,857,566</u>
<b>Total Assets</b>	<u>\$ 13,749,895</u>	<u>\$ 10,210,317</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Lease liability - operating	\$ 565,491	\$ -
Accounts payable and accrued expenses	416,941	461,422
Deferred rent	-	144,252
Note payable	-	50,000
Promotional underwriting liability	127,375	102,125
Deferred revenue	178,734	196,300
<b>Total Current Liabilities</b>	<u>1,288,541</u>	<u>954,099</u>
<b>Other Liabilities</b>		
Lease liability - operating	2,808,722	-
Promotional underwriting liability	100,000	150,000
<b>Total Other Liabilities</b>	<u>2,908,722</u>	<u>150,000</u>
<b>Total Liabilities</b>	<u>4,197,263</u>	<u>1,104,099</u>
<b>Net Assets</b>		
Without donor restrictions	8,958,321	8,482,813
With donor restrictions	594,311	623,405
<b>Total Net Assets</b>	<u>9,552,632</u>	<u>9,106,218</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 13,749,895</u>	<u>\$ 10,210,317</u>

See accompanying notes to the financial statements

**WXPB-FM RADIO STATION  
LICENSED TO THE TRUSTEES OF  
THE UNIVERSITY OF PENNSYLVANIA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Memberships and contributions	\$ 5,239,516	\$ 173,267	\$ 5,412,783
Underwriting	3,549,823	-	3,549,823
Grants	619,066	316,477	935,543
Indirect support from the University of Pennsylvania	305,609	-	305,609
Resource transfer from the University of Pennsylvania	176,559	-	176,559
Direct support from the University of Pennsylvania	27,953	-	27,953
Other revenue	943,942	-	943,942
Net assets released from restrictions			
Satisfaction of program restrictions	218,024	(218,024)	-
Expiration of time restrictions	300,814	(300,814)	-
<b>Total Support and Revenue</b>	<b>11,381,306</b>	<b>(29,094)</b>	<b>11,352,212</b>
<b>Operating Expenses</b>			
Program services:			
Programming and production	3,875,481	-	3,875,481
Program information	2,131,605	-	2,131,605
Broadcasting	782,975	-	782,975
<b>Total Program Services</b>	<b>6,790,061</b>	<b>-</b>	<b>6,790,061</b>
Support services:			
Membership, underwriting and grant solicitation	2,917,902	-	2,917,902
General and administrative	1,197,835	-	1,197,835
<b>Total Support Services</b>	<b>4,115,737</b>	<b>-</b>	<b>4,115,737</b>
<b>Total Program and Support Services</b>	<b>10,905,798</b>	<b>-</b>	<b>10,905,798</b>
<b>Changes in Net Assets</b>	<b>475,508</b>	<b>(29,094)</b>	<b>446,414</b>
<b>Net Assets, beginning of year</b>	<b>8,482,813</b>	<b>623,405</b>	<b>9,106,218</b>
<b>Net Assets, end of year</b>	<b>\$ 8,958,321</b>	<b>\$ 594,311</b>	<b>\$ 9,552,632</b>

See accompanying notes to the financial statements

**WXPB-FM RADIO STATION  
LICENSED TO THE TRUSTEES OF  
THE UNIVERSITY OF PENNSYLVANIA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Memberships and contributions	\$ 5,244,095	\$ 239,868	\$ 5,483,963
Underwriting	3,266,802	-	3,266,802
Grants	296,270	292,950	589,220
Indirect support from the University of Pennsylvania	261,398	-	261,398
Resource transfer from the University of Pennsylvania	173,441	-	173,441
Direct support from the University of Pennsylvania	14,052	-	14,052
Other revenue	744,333	-	744,333
Net assets released from restrictions			
Satisfaction of program restrictions	313,556	(313,556)	-
Expiration of time restrictions	281,431	(281,431)	-
<b>Total Support and Revenue</b>	<b>10,595,378</b>	<b>(62,169)</b>	<b>10,533,209</b>
<b>Operating Expenses</b>			
Program services:			
Programming and production	3,380,298	-	3,380,298
Program information	1,774,234	-	1,774,234
Broadcasting	733,839	-	733,839
<b>Total Program Services</b>	<b>5,888,371</b>	<b>-</b>	<b>5,888,371</b>
Support services:			
Membership, underwriting and grant solicitation	2,620,076	-	2,620,076
General and administrative	1,299,374	-	1,299,374
<b>Total Support Services</b>	<b>3,919,450</b>	<b>-</b>	<b>3,919,450</b>
<b>Total Program and Support Services</b>	<b>9,807,821</b>	<b>-</b>	<b>9,807,821</b>
<b>Changes in Net Assets</b>	<b>787,557</b>	<b>(62,169)</b>	<b>725,388</b>
<b>Net Assets, beginning of year</b>	<b>7,695,256</b>	<b>685,574</b>	<b>8,380,830</b>
<b>Net Assets, end of year</b>	<b>\$ 8,482,813</b>	<b>\$ 623,405</b>	<b>\$ 9,106,218</b>

See accompanying notes to the financial statements



WXPB-FM RADIO STATION  
LICENSED TO THE TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2023 AND 2022

	Program Services				General & Administrative	Fundraising	Total Expenses FYE23
	Programming & Production	Program Information	Broadcasting	Total Program Services			
<b>Salaries &amp; Benefits</b>							
Salaries	\$ 1,649,513	\$ 767,564	\$ 179,962	\$ 2,597,039	\$ 736,774	\$ 1,560,363	\$ 4,894,176
Employee Benefits	512,202	229,164	58,361	799,727	233,511	497,611	1,530,849
	<u>2,161,715</u>	<u>996,728</u>	<u>238,323</u>	<u>3,396,766</u>	<u>970,285</u>	<u>2,057,974</u>	<u>6,425,025</u>
<b>Activities</b>							
Travel	99,161	41,257	8,668	149,086	19,001	25,508	193,595
Supplies	141,070	383,751	101,009	625,830	31,107	84,487	741,424
Rentals	395,989	53,998	204,875	654,862	41,999	77,998	774,859
Communication	34,817	49,951	20,008	104,776	3,016	154,953	262,745
Services	632,858	486,971	32,096	1,151,925	80,445	343,488	1,575,858
Operations	208,169	28,947	46,389	283,505	30,590	41,003	355,098
Cost of Direct Benefit to Donors (premiums)	-	-	-	-	-	80,002	80,002
Depreciation	-	52,497	116,326	168,823	-	12,760	181,583
In-Kind	201,702	37,505	15,281	254,488	21,392	39,729	315,609
	<u>3,875,481</u>	<u>2,131,605</u>	<u>782,975</u>	<u>6,790,061</u>	<u>1,197,835</u>	<u>2,917,902</u>	<u>10,905,798</u>
Total Functional Expenses	\$ 3,875,481	\$ 2,131,605	\$ 782,975	\$ 6,790,061	\$ 1,197,835	\$ 2,917,902	\$ 10,905,798

	Program Services				General & Administrative	Fundraising	Total Expenses FYE22
	Programming & Production	Program Information	Broadcasting	Total Program Services			
<b>Salaries &amp; Benefits</b>							
Salaries	\$ 1,496,561	\$ 666,225	\$ 165,937	\$ 2,328,723	\$ 750,604	\$ 1,383,518	\$ 4,462,845
Employee Benefits	472,788	200,536	53,818	727,142	240,680	441,728	1,409,550
	<u>1,969,349</u>	<u>866,761</u>	<u>219,755</u>	<u>3,055,865</u>	<u>991,284</u>	<u>1,825,246</u>	<u>5,872,395</u>
<b>Activities</b>							
Travel	67,677	33,174	8,361	109,212	\$ 8,973	16,762	134,947
Supplies	128,592	338,434	125,607	592,633	23,902	78,816	695,351
Rentals	382,744	52,192	207,782	642,718	40,594	75,389	758,701
Communication	26,811	32,243	24,669	83,723	2,212	100,624	186,559
Services	510,623	324,311	5,990	840,924	192,709	381,864	1,415,497
Operations	121,979	17,861	14,557	154,397	21,403	24,026	199,826
Cost of Direct Benefit to Donors (premiums)	-	-	-	-	-	70,607	70,607
Depreciation	-	46,322	114,048	160,370	-	12,760	173,130
In-Kind	172,523	62,936	13,070	248,529	18,297	33,982	300,808
	<u>3,380,298</u>	<u>1,774,234</u>	<u>733,839</u>	<u>5,888,371</u>	<u>1,299,374</u>	<u>2,620,076</u>	<u>9,807,821</u>
Total Functional Expenses	\$ 3,380,298	\$ 1,774,234	\$ 733,839	\$ 5,888,371	\$ 1,299,374	\$ 2,620,076	\$ 9,807,821

See accompanying notes to the financial statements

**WXPB-FM RADIO STATION  
LICENSED TO THE TRUSTEES OF  
THE UNIVERSITY OF PENNSYLVANIA  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 446,414	\$ 725,388
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	181,583	173,130
Bad debts	(2,013)	88,931
Present value discount	(1,097)	(890)
Amortization of right of use asset	734,783	-
Changes in:		
Memberships receivable	11,135	9,605
Contributions receivable	202,614	(14,673)
Grants receivable	(36,350)	16,090
Underwriting receivables	(29,342)	(49,402)
Other accounts receivable, net	13,254	243,223
Prepaid expenses	(139,735)	6,993
Accounts payable and accrued expenses	(44,481)	(30,830)
Deferred rent	(144,252)	45,920
Deferred revenue	(17,566)	76,655
Operating lease liability	(565,492)	-
<b>Net cash provided by operating activities</b>	<b>609,455</b>	<b>1,290,140</b>
<b>Cash Flows from Investing Activities</b>		
Net increase in cash and cash equivalents held by the University of Pennsylvania	(493,453)	(664,037)
Purchases of equipment	(41,252)	(469,853)
<b>Net cash utilized by investing activities</b>	<b>(534,705)</b>	<b>(1,133,890)</b>
<b>Cash Flows from Financing Activities</b>		
Promotional underwriting	(24,750)	(56,250)
Repayments under note payable	(50,000)	(100,000)
<b>Net cash utilized by financing activities</b>	<b>(74,750)</b>	<b>(156,250)</b>
<b>Cash, beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash, end of year</b>	<b>\$ -</b>	<b>-</b>

Upon adoption of ASC 842 on July 1, 2022, WXPB recognized a right-of-use asset on an operating lease in the amount of \$3,793,082 and recognized an operating lease liability in the amount of \$3,939,705.

See accompanying notes to the financial statements

**WXPN-FM RADIO STATION**  
**Licensed to the Trustees of the**  
**University of Pennsylvania**

**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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## **1. Nature of Activities and Summary of Significant Accounting Policies**

### *Organization*

As the nationally recognized leader in Triple A radio, WXPN-FM Radio Station ("WXPN") is the premier guide for discovering new and significant artists in rock, blues, roots, and folk. Broadcasting from the Greater Philadelphia area, the Lehigh Valley, Lancaster/York, Harrisburg, Worton/Baltimore, Maryland, and Hackettstown, New Jersey the non-commercial, member-supported radio service of the University of Pennsylvania is committed to its members, the artists and their music, and the community.

WXPN is owned and operated by the Trustees of the University of Pennsylvania, and as a department of the University of Pennsylvania, it is exempt from federal income tax under Internal Revenue Code Section 501(c)(3).

The major sources of support and revenue are memberships, underwriting, contributions from individual corporations and private foundations, and indirect support from the University of Pennsylvania ("University"). WXPN also receives grant funding primarily from the Corporation for Public Broadcasting ("CPB").

### *Basis of Accounting*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### *Financial Statement Presentation*

WXPN is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. Net assets with donor restrictions are subject to donor-imposed restrictions that permit WXPN to use or expend the assets as specified. The restrictions will be met either by meeting the purpose of the funding or the passage of time.

### *Use of Estimates*

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

**WXPB-FM RADIO STATION**  
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**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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*Cash and Cash Equivalents Held by the University of Pennsylvania*

Cash and cash equivalents held by the University of Pennsylvania are for specific use by WXPB (see Note 3).

*Memberships and Contributions*

WXPB receives unconditional pledges of support from its member community to support its activities. WXPB records all memberships as contributions, therefore, all membership dues are immediately recognized as revenue without donor restrictions in the period received.

WXPB has a sustainer pledge program whereby individuals pledge a monthly contribution on an ongoing basis. The revenue is recognized when the cash is received since members have no obligation to renew and can cancel their sustaining pledge at any time.

Contributions, including promises to give, memberships, and grants, are recorded with or without donor restrictions depending on the existence and/or nature of the donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions. Donor restricted contributions that are received and expended within the same fiscal year are reported as revenue and support without donor restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Conditional promises to give are recorded at fair value, which is estimated at net realizable value and discounted if expected to be collected in more than one year.

*Revenue Recognition*

WXPB applies the five-step revenue model under Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC) 606, *Revenue from Contracts with Customers* (Topic 606) to determine when revenue is earned and recognized. Topic 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Revenue from underwriting is recognized at a point in time when WXPB provides the on-air acknowledgment. Underwriting payments received in advance for on-air acknowledgements are recorded as deferred revenue. NPR affiliate fees are recognized at a point in time when the programs are produced and delivered under the affiliate agreement. Event revenue is recognized when the event occurs. As of July 1, 2021, underwriting receivables, net, were \$359,072 and deferred revenue for payments received in advance was \$119,645.

**WXPB-FM RADIO STATION  
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University of Pennsylvania**

**Notes to Financial Statements  
June 30, 2023 and 2022**

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*Revenue Recognition, Continued*

WXPB does not have any significant variable consideration associated with its revenue arrangements. WXPB does not have any significant financing components as payment is received when or shortly after services are billed. NPR affiliate fees are paid on a quarterly basis for performance obligations satisfied in the prior quarter.

*Allowances for Doubtful Accounts*

WXPB continually monitors receivables for collectability issues. An allowance for doubtful accounts for the respective receivable category is based on management's judgment and is established based on prior collection history and other pertinent factors.

*Land and Equipment*

Land and equipment are recorded at cost or, in the case of donated property, at its estimated fair value at the date of receipt. Depreciation on equipment is calculated on a straight-line basis over the estimated useful lives of 5 to 20 years. At the time equipment is retired or disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss on disposition is credited or charged to operations.

Repairs and maintenance costs are expensed as incurred.

Depreciation expense was \$181,583 and \$173,130 for the fiscal years ended June 30, 2023, and 2022, respectively. Accumulated depreciation was \$2,236,885 and \$2,070,487 as of June 30, 2023, and 2022, respectively.

*Leasehold Improvements*

WXPB's portion of the costs associated with the improvements to the historic Hajoca Building is reported as leasehold improvements. The leasehold improvements are recorded at cost and amortized over their estimated useful lives or lease period, whichever is shorter.

Leasehold improvements have been fully amortized with accumulated amortization of \$3,377,145.

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**University of Pennsylvania**

**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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*Intangible Assets*

Intangible assets consist of Federal Communications Commission (FCC) licenses for both WXPJ and WXPJ. These assets have been classified as indefinite-lived intangibles. Such intangible assets are not amortized but instead are subject to annual impairment tests. WXPN evaluates the recoverability of its intangible assets using methodologies as prescribed by GAAP. There was no impairment on these intangible assets as of June 30, 2023, and 2022.

*Other Gifts and In-Kind Contributions*

WXPN utilizes donated services and other items, including the direct and indirect support from the University of Pennsylvania, for its program activities. Accordingly, the in-kind contributions and related expenses are reflected in the accompanying financial statements at the estimated fair market value.

*Direct and Indirect Support from the University of Pennsylvania*

Direct support from the University of Pennsylvania consists primarily of expenses incurred by the University of Pennsylvania on behalf of WXPN and is recorded as support and expense at cost to the University. Total direct support received from the University of Pennsylvania was \$27,953 and \$14,052 for the years ended June 30, 2023, and 2022, respectively.

During fiscal year ended June 30, 2022, the University of Pennsylvania provided additional financial support to WXPN in the form of a conditional contribution to fund future capital expenditures. WXPN had up to \$350,000 to spend through June 30, 2025. Revenue of \$176,559 and \$173,441 was recognized for the years ended June 30, 2023, and 2022, respectively.

Indirect support from the University of Pennsylvania consists of WXPN's allocated portion of institutional support and physical plant operations and is recorded as revenue and expense at estimated fair value based upon percentage allocations within the guidelines prescribed by the CPB. Total indirect support received from the University of Pennsylvania was \$305,609 and \$261,398 for the years ended June 30, 2023, and 2022, respectively.

**WXPN-FM RADIO STATION**  
**Licensed to the Trustees of the**  
**University of Pennsylvania**

**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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*Income Taxes*

As indicated in Note 1, WXPN is owned and operated by the Trustees of the University of Pennsylvania, and as a department of the University of Pennsylvania, it is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). However, at times, WXPN may be subject to unrelated business income tax based on its activities. No provision for income taxes has been reflected in the accompanying financial statements.

For the year ended June 30, 2023, WXPN did not identify any uncertain tax positions taken or expected to be taken, which would require adjustment to or disclosure in the financial statements.

The University of Pennsylvania files informational returns with the Internal Revenue Service that include the activities of WXPN as a department of the University. The University is potentially subject to federal, state, and local examinations for years after June 30, 2019.

*Functional Allocation of Expenses*

The costs of providing the various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. The expenses are allocated based on actual costs incurred and estimates of time and usage.

*Accounting Pronouncement Adopted*

*Leases*

In February 2016, the FASB issued *Accounting Standards Update (ASU) 2016-02, Leases (Topic 842)*, which is intended to improve transparency and comparability among entities by requiring recognition of lease assets and lease liabilities on the statement of financial position, except for leases with lease terms of 12 months or less. Lease assets represent the right to use the underlying asset for the lease term, and lease liabilities represent the liability to make lease payments. The standard also requires disclosure of key information about leasing arrangements. The Organization adopted ASU 2016-02 with an initial application date of July 1, 2022 using the modified retrospective approach. The results for reporting periods after July 1, 2022 are presented under Topic 842, while prior periods have not been adjusted. The Organization elected the package of practical expedients permitted under the transition guidance within ASU 2016-02, which eliminated the requirements to reassess lease identification, lease classification, and initial direct costs for leases that commenced prior to July 1, 2022. As a result of the adoption of ASU 2016-02, the Organization recognized a right-of-use asset of \$3,793,082 and an operating lease liability of \$3,939,705 in the statement of financial position at July 1, 2022. There was no material impact to net assets, changes in net assets, or cash flows.

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The Organization determines if an arrangement is a lease at inception based on various facts and circumstances.

Effective with the implementation of ASU 2016-02 on September 1, 2022, operating leases are recorded as right-of-use assets and lease liabilities in the statement of financial position. Leases with a term of 12 months or less are considered short-term leases and are accounted for as an expense in the statement of activities as rental payments are incurred.

Operating lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. At the lease commencement date, the Organization recognizes operating lease assets and lease liabilities based on the present value of lease payments over the lease term. In accordance with the lease policy set by the University of Pennsylvania, the Organization uses an incremental borrowing rate sourced from the "High Quality Market (HCM) Corporate Bond Yield Curve" published monthly by the U.S. Treasury in determining the present value of lease payments. The lease term represents the non-cancellable period of the lease and may include options to extend or to early terminate the lease. These options are included in the lease term when the Organization determines that it is reasonably certain that the options will be exercised.

Operating lease expense for lease payments is recognized on a straight-line basis over the lease term and is recorded in operating expenses in the statements of activities.

***Accounting Pronouncement Not Yet Adopted***

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326) (ASU 2016-13), which requires entities to measure credit losses on most financial assets using a current expected credit loss model (the CECL Model). Under the CECL Model, entities will estimate the expected credit loss over the entire contractual term or life of the financial asset from the date of initial recognition (i.e., origination or purchase). The methodology applied in the CECL Model requires consideration of a broader range of reasonable and supportable information that focusses on forward-looking information to inform credit loss estimates. Entities will record the initial measurement of the expected credit loss, as well as any subsequent changes in the estimate, as a credit loss expense (or reversal) in the current period of the statement of activities. The amendments of ASU 2016-13 affect loans, debt securities, trade receivables, net investments in leases, and other financial assets that have the contractual right to receive cash. The primary objective of ASU 2016-13 is to provide financial statement users with more information about the expected credit losses on financial assets and other commitments to extend credit. ASU 2016-13 is effective for the Organization's fiscal year ending June 30, 2024.



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*Subsequent Events*

Subsequent events have been evaluated through November 27, 2023, the date that the financial statements were available to be issued.

**2. Liquidity and Availability**

In addition to WXPN's cash reserve held by the University of Pennsylvania and available upon request, WXPN operates with a balanced budget and anticipates collecting enough revenue to cover general expenditures.

	2023	2022
Cash and cash equivalents held by the University of Pennsylvania	\$ 4,131,057	\$ 3,637,604
Membership receivable, net	-	13,331
Contributions receivable, net	21,825	201,386
Grants receivable	146,850	110,500
Underwriting receivables, net	378,874	352,811
Other accounts receivable, net	13,781	27,036
	<hr/> 4,692,387	<hr/> 4,342,668
Contractual or donor-imposed restrictions	<hr/> (594,311)	<hr/> (623,405)
Financial assets available to meet cash needs for general expenditure within one year	<hr/> \$ 4,098,076	<hr/> \$ 3,719,263

**3. Concentrations of Risks**

*Cash and Cash Equivalents Held by the University of Pennsylvania*

Since funds are held by the University of Pennsylvania, management of WXPN is unaware of how funds are invested and is unable to determine the extent of significant credit risk to which WXPN may be exposed. Because cash and cash equivalents are held by the University of Pennsylvania, they are excluded from cash and cash equivalents on the accompanying statements of cash flows.

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**4. Membership and Contributions Receivable**

WXPN receives unconditional promises to give to fund programming and community outreach, building expansion, and technology and strategic investments. These receivables have payments due through 2027. The Special Funds receivables have been discounted at an implicit rate of interest of 1.89%.

The amount due from all donors consists of the following:

Year Ended June 30,

2024	\$	26,529
2025		12,500
2026		12,500
2027		32,594
<hr/>		
Total contributions receivable		84,123
Less: discount to net present value		9,243
Less: allowance for uncollectible amounts		17,951
<hr/>		
Net contributions receivable		56,929
Less: current portion, net of allowance and discount		21,825
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Non-current portion, net of allowance and discount	\$	35,104

**5. Promotional Underwriting Liability**

Under the terms of the June 2016 asset purchase agreement for WNTI (now WXPJ) station, WXPN is to provide \$500,000 of promotional underwriting to the seller of the station. The promotional underwriting will be aired in annual installments for a period of ten years through 2026.

	2023	2022
Current	\$ 127,375	\$ 102,125
Long Term	100,000	150,000
<hr/>		
Total	\$ 227,375	\$ 252,125

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**6. Note Payable**

In 2016, WXPN signed a note payable to the University of Pennsylvania in the amount of \$500,000. The note is payable in five annual installments in the amount of \$100,000 per year, including interest at 2.5%. During 2021, the University extended the maturity date of the note payable to January 2023.

	2023	2022
Current	\$ -	\$ 50,000
Total	\$ -	\$ 50,000

During the year ended June 30, 2023, the note was paid in full.

**7. Net Assets with Donor Restrictions**

Net assets with donor restrictions as of June 30, 2023 and 2022 were donor restricted for the following purposes:

	2023	2022
Special programming (purpose restriction)	\$ 335,224	\$ 264,001
General operations (time restriction)	259,087	359,404
Total	\$ 594,311	\$ 623,405

**8. Direct Support from the University of Pennsylvania**

Direct support from the University of Pennsylvania for the years ended June 30, 2023, and 2022 consisted of the following:

	2023	2022
Work Study Department	\$ 4,691	\$ 691
Central Gifts Department	23,262	13,361
Total	\$ 27,953	\$ 14,052

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**9. Other Revenue:**

Other revenue for the years ended June 30, 2023, and 2022, consisted of the following:

	2023	2022
NPR affiliate fees	\$ 437,497	\$ 393,307
XPHD affiliate fees	22,390	17,640
Retail sales	12,848	16,920
XPoNential Music Festival	199,013	150,989
Subsidiary Communications Authorizations leases	22,200	21,420
AAA Non-Comm	104,424	83,680
Musicians on Call 5K Run	31,522	31,882
Black Music City	-	21,312
Interest Income	111,798	4,718
Other	2,250	2,465
<b>Total</b>	<b>\$ 943,942</b>	<b>\$ 744,333</b>

**10. Retirement Plan**

The University of Pennsylvania provides retirement benefits for WXPN employees through a defined contribution plan. The University's policy with respect to its contribution is to provide up to 10% of eligible employee salaries. The University's contribution amounted to \$355,171 and \$297,038 during fiscal years 2023 and 2022, respectively. These amounts are reflected in WXPN's operating expenses.

**11. Lease**

WXPN leases office space at the Hajoca Building located at 3025 Walnut Street, Philadelphia. WXPN entered into a lease agreement with the University of Pennsylvania through October 2029. Rental expenses were \$598,374 and \$598,783 for the years ended June 30, 2023 and 2022, respectively.

The weighted-average remaining lease term as of June 30, 2023 is 76 months. The weighted-average discount rate used to determine the operating lease liability as of June 30, 2023 was 3.88%. Future minimum rental payments under noncancellable operating leases as of June 30, 2023 were as follows.

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<i>Year Ending June 30,</i>	Operating Lease Amount
2024	\$ 592,791
2025	604,647
2026	616,740
2027	629,074
2028	641,656
Thereafter	874,087
Total minimum lease payments	3,958,994
Amount representing interest	(584,781)
Present value of net minimum lease payments	3,374,213
Current portion	(565,491)
Non-current portion	\$ 2,808,722

Under the prior accounting guidance, the future minimum rental payments under the noncancellable operating leases as of June 30, 2022 were as follows:

<i>Year Ending June 30,</i>	
2023	\$ 575,705
2024	592,791
2025	604,647
2026	616,740
2027	629,074
Thereafter	1,515,743