

WXPB-FM Radio Station Licensed to the Trustees of the University of Pennsylvania

Financial Statements

June 30, 2024 and 2023

WXPN-FM Radio Station Licensed to the Trustees of the University of Pennsylvania
June 30, 2024 and 2023

Contents

INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of WXPB-FM Radio Station Licensed to the Trustees of the University of Pennsylvania, which comprise the statements of financial position as of June 30, 2024 and 2023, 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 WXPB-FM Radio Station Licensed to the Trustees of the University of Pennsylvania, as of June 30, 2024 and 2023, 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 WXPB-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.

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.



Horsham, Pennsylvania

November 22, 2024

**WXPB-FM RADIO STATION
LICENSED TO THE TRUSTEES OF
THE UNIVERSITY OF PENNSYLVANIA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents held by the University of Pennsylvania	\$ 4,186,842	\$ 4,131,057
Memberships receivable, net	4,986	-
Contributions receivable, net	172,660	21,825
Grants receivable	105,000	146,850
Underwriting receivables, net of allowance for credit losses of \$13,591 in 2024 and \$11,718 in 2023	433,367	378,874
Other accounts receivable, net	4,218	13,781
Prepaid expenses	72,149	149,819
Total Current Assets	4,979,222	4,842,206
Other Assets		
Right-of-use asset - operating	2,639,120	3,204,922
Memberships receivable, net	12,279	-
Contributions receivable, net	31,019	35,104
Land	89,095	89,095
Equipment, net of accumulated depreciation	1,011,341	892,521
Intangible assets	4,686,047	4,686,047
Total Other Assets	8,468,901	8,907,689
Total Assets	\$ 13,448,123	\$ 13,749,895
Liabilities and Net Assets		
Current Liabilities		
Lease liability - operating	\$ 560,218	\$ 565,491
Accounts payable and accrued expenses	632,542	416,941
Promotional underwriting liability	157,375	127,375
Deferred revenue	172,421	178,734
Total Current Liabilities	1,522,556	1,288,541
Other Liabilities		
Lease liability - operating	2,253,777	2,808,722
Promotional underwriting liability	50,000	100,000
Total Other Liabilities	2,303,777	2,908,722
Total Liabilities	3,826,333	4,197,263
Net Assets		
Without donor restrictions	8,909,167	8,958,321
With donor restrictions	712,623	594,311
Total Net Assets	9,621,790	9,552,632
Total Liabilities and Net Assets	\$ 13,448,123	\$ 13,749,895

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, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Memberships and contributions	\$ 5,300,104	\$ 258,255	\$ 5,558,359
Underwriting	3,442,390	-	3,442,390
Grants	485,610	387,377	872,987
Indirect support from the University of Pennsylvania	325,997	-	325,997
Direct support from the University of Pennsylvania	3,470	-	3,470
Other revenue	1,017,126	-	1,017,126
Net assets released from restrictions			
Satisfaction of program restrictions	247,422	(247,422)	-
Expiration of time restrictions	279,898	(279,898)	-
Total Support and Revenue	11,102,017	118,312	11,220,329
Operating Expenses			
Program services:			
Programming and production	3,799,804	-	3,799,804
Program information	2,471,246	-	2,471,246
Broadcasting	845,954	-	845,954
Total Program Services	7,117,004	-	7,117,004
Support services:			
Membership, underwriting and grant solicitation	2,717,709	-	2,717,709
General and administrative	1,316,458	-	1,316,458
Total Support Services	4,034,167	-	4,034,167
Total Program and Support Services	11,151,171	-	11,151,171
Changes in Net Assets	(49,154)	118,312	69,158
Net Assets, beginning of year	8,958,321	594,311	9,552,632
Net Assets, end of year	\$ 8,909,167	\$ 712,623	\$ 9,621,790

See accompanying notes to the financial statements

**WXPN-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
Support and Revenue			
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)	-
Total Support and Revenue	11,381,306	(29,094)	11,352,212
Operating Expenses			
Program services:			
Programming and production	3,875,481	-	3,875,481
Program information	2,131,605	-	2,131,605
Broadcasting	782,975	-	782,975
Total Program Services	6,790,061	-	6,790,061
Support services:			
Membership, underwriting and grant solicitation	2,917,902	-	2,917,902
General and administrative	1,197,835	-	1,197,835
Total Support Services	4,115,737	-	4,115,737
Total Program and Support Services	10,905,798	-	10,905,798
Changes in Net Assets	475,508	(29,094)	446,414
Net Assets, beginning of year	8,482,813	623,405	9,106,218
Net Assets, end of year	\$ 8,958,321	\$ 594,311	\$ 9,552,632

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, 2024 and JUNE 30, 2023

	Program Services						Fundraising	Total Expenses FYE24
	Programming & Production	Program Information	Broadcasting	Total Program Services	General & Administrative			
Salaries & Benefits								
Salaries	\$ 1,725,328	\$ 835,120	\$ 187,748	\$ 2,748,196	\$ 784,097	\$ 1,481,704	\$ 5,013,997	
Employee Benefits	538,297	245,397	60,545	844,239	246,001	473,604	1,563,844	
	<u>2,263,625</u>	<u>1,080,517</u>	<u>248,293</u>	<u>3,592,435</u>	<u>1,030,098</u>	<u>1,955,308</u>	<u>6,577,841</u>	
Activities								
Travel	59,383	46,574	12,634	118,591	20,316	32,525	171,432	
Supplies	124,170	506,587	145,683	776,440	35,390	48,803	860,633	
Rentals	410,811	56,020	229,465	696,296	43,571	80,917	820,784	
Communication	21,405	55,938	21,554	98,897	5,343	87,986	192,226	
Services	484,289	612,877	29,012	1,126,178	126,689	368,122	1,620,989	
Operations	220,962	30,546	44,960	296,468	32,232	43,523	372,223	
Cost of Direct Benefit to Donors (premiums)	-	-	-	-	-	45,385	45,385	
Depreciation	-	35,778	98,053	133,831	-	12,760	146,591	
In-Kind	215,159	46,409	16,300	277,868	22,819	42,380	343,067	
Total Functional Expenses	\$ 3,799,804	\$ 2,471,246	\$ 845,954	\$ 7,117,004	\$ 1,316,458	\$ 2,717,709	\$ 11,151,171	

	Program Services						Fundraising	Total Expenses FYE23
	Programming & Production	Program Information	Broadcasting	Total Program Services	General & Administrative			
Salaries & Benefits								
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>	
Activities								
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	
Total Functional Expenses	\$ 3,875,481	\$ 2,131,605	\$ 782,975	\$ 6,790,061	\$ 1,197,835	\$ 2,917,902	\$ 10,905,798	

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, 2024 AND 2023**

	2024	2023
Cash Flows from Operating Activities		
Changes in net assets	\$ 69,158	\$ 446,414
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	146,591	181,583
Write off (recovery) of contributions and memberships receivables	10,394	(2,013)
Credit loss expense	4,554	-
Loss from disposal of assets	5,569	-
Present value discount	1,671	(1,097)
Amortization of right of use asset	565,802	734,783
Changes in:		
Memberships receivable	(26,080)	11,135
Contributions receivable	(150,000)	202,614
Grants receivable	41,850	(36,350)
Underwriting receivables	(59,047)	(29,342)
Other accounts receivable, net	9,564	13,254
Prepaid expenses	77,669	(139,735)
Accounts payable and accrued expenses	215,601	(44,481)
Deferred rent	-	(144,252)
Deferred revenue	(6,313)	(17,566)
Operating lease liability	(560,218)	(565,492)
Net cash provided by operating activities	346,765	609,455
Cash Flows from Investing Activities		
Net increase in cash and cash equivalents held by the University of Pennsylvania	(55,785)	(493,453)
Purchases of equipment	(270,980)	(41,252)
Net cash utilized by investing activities	(326,765)	(534,705)
Cash Flows from Financing Activities		
Promotional underwriting	(20,000)	(24,750)
Repayments under note payable	-	(50,000)
Net cash utilized by financing activities	(20,000)	(74,750)
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

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.

During the year ended June, 30, 2024, WXPB disposed of fully depreciated equipment in the amount of \$457,773.

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, 2024 and 2023

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.

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

Notes to Financial Statements
June 30, 2024 and 2023

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 WXPN (see Note 3).

Memberships and Contributions

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

WXPN 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

WXPN 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 WXPN 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.

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

Notes to Financial Statements
June 30, 2024 and 2023

Revenue Recognition, Continued

WXPN does not have any significant variable consideration associated with its revenue arrangements. WXPN 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.

Underwriting Receivables, Net, and Allowance for Credit Losses

Underwriting receivables, net, is stated at the amount that WXPN expects to collect. WXPN maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management evaluates its historical loss experience and applies this historical loss ratio to financial assets with similar characteristics. WXPN's historical loss ratio or its determination of risk pools may be adjusted for changes in customer, economic, market or other circumstances. Significant past due balances over 90 days and other higher risk amounts are reviewed individually for collectability based on the following customer specific factors: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial condition of WXPN's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, WXPN provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after WXPN has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to underwriting receivables. At July 1, 2022, underwriting receivables, net, were \$352,811 and deferred revenue for payments received in advance was \$196,300.

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 \$146,591 and \$181,583 for the fiscal years ended June 30, 2024, and 2023, respectively. Accumulated depreciation was \$1,940,557 and \$2,236,885 as of June 30, 2024, and 2023, respectively.

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

Notes to Financial Statements
June 30, 2024 and 2023

Leasehold Improvements

WXPN'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.

Intangible Assets

Intangible assets consist of Federal Communications Commission (FCC) licenses for both WXPB 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, 2024, and 2023.

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 \$3,470 and \$27,953 for the years ended June 30, 2024, and 2023, respectively.

During the 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 \$325,997 and \$305,609 for the years ended June 30, 2024, and 2023, respectively.

WXPN-FM RADIO STATION
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Notes to Financial Statements
June 30, 2024 and 2023

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, 2024, 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, 2020.

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.

Leases

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

Operating leases are recorded as right-of-use assets and lease liabilities in the statements 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 statements of activities as rental payments are incurred.

Operating lease assets represent WXPN's right to use an underlying asset for the lease term and lease liabilities represent WXPN's obligation to make lease payments arising from the lease. At the lease commencement date, WXPN 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, WXPN 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 WXPN determines that it is reasonably certain that the options will be exercised.

WXPN-FM RADIO STATION
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Notes to Financial Statements
June 30, 2024 and 2023

Leases, Continued

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.

Recently Adopted Accounting Standards

Credit Losses

On July 1, 2023, WXPN adopted FASB *Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses* (Topic 326). This standard, ASC 326, replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss methodology (the CECL Model). The CECL Model requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost. The primary objective of the CECL Model is to provide financial statement users with an estimate of the net amount the entity expects to collect on its financial assets by using an allowance for credit losses.

WXPN adopted ASC 326 and all related subsequent amendments thereto effective July 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost. WXPN's adoption of the CECL Model did not result in a cumulative effect adjustment being recorded to opening net assets as of July 1, 2023, and did not have a material impact on WXPN's statements of activities or cash flows.

Subsequent Events

Subsequent events have been evaluated through November 22, 2024, the date that the financial statements were available to be issued.

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

Notes to Financial Statements
June 30, 2024 and 2023

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.

	2024	2023
Cash and cash equivalents held by the University of Pennsylvania	\$ 4,186,842	\$ 4,131,057
Memberships receivable, net	4,986	-
Contributions receivable, net	172,660	21,825
Grants receivable	105,000	146,850
Underwriting receivables, net	433,367	378,874
Other accounts receivable, net	4,218	13,781
	4,907,073	4,692,387
Contractual or donor-imposed restrictions	(712,623)	(594,311)
Financial assets available to meet cash needs for general expenditure within one year	\$ 4,194,450	\$ 4,098,076

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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Notes to Financial Statements
June 30, 2024 and 2023

4. Memberships 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 2028. The Operating receivables have been discounted at an implicit rate of interest of 4.43%. 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,

2025	\$	189,080
2026		18,000
2027		18,000
2028		31,094
<hr/>		
Total memberships and contributions receivable		256,174
Less: discount to net present value		10,914
Less: allowance for uncollectible amounts		24,316
<hr/>		
Net memberships and contributions receivable		220,944
Less: current portion, net of allowance and discount		177,646
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Non-current portion, net of allowance and discount	\$	43,298

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.

	2024	2023
Current	\$ 157,375	\$ 127,375
Long Term	50,000	100,000
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Total	\$ 207,375	\$ 227,375

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6. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2024 and 2023 were donor restricted for the following purposes:

	2024	2023
Special programming (purpose restriction)	\$ 317,024	\$ 335,224
General operations (time restriction)	395,599	259,087
Total	\$ 712,623	\$ 594,311

7. Direct Support from the University of Pennsylvania

Direct support from the University of Pennsylvania for the years ended June 30, 2024, and 2023 consisted of the following:

	2024	2023
Work Study Department	\$ 3,470	\$ 4,691
Central Gifts Department	-	23,262
Total	\$ 3,470	\$ 27,953

WXPN is no longer recording direct support from the Central Gifts department as of the year ended June 30, 2024.

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8. Other Revenue

Other revenue for the years ended June 30, 2024, and 2023, consisted of the following:

	2024	2023
NPR affiliate fees	\$ 446,694	\$ 437,497
XPHD affiliate fees	28,265	22,390
Retail sales	14,096	12,848
XPoNential Music Festival	195,490	199,013
Subsidiary Communications Authorizations leases	22,200	22,200
AAA Non-Comm	106,750	104,424
Musicians on Call 5K Run	27,228	31,522
Interest Income	175,038	111,798
Other	1,365	2,250
Total	\$ 1,017,126	\$ 943,942

9. 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 \$349,183 and \$355,171 during fiscal years 2024 and 2023, respectively. These amounts are reflected in WXPN's operating expenses.

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10. 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 for the years ended June 30, 2024 and 2023.

The weighted-average remaining lease term as of June 30, 2024 and June 30, 2023 was 64 months and 76 months, respectively. The weighted-average discount rate used to determine the operating lease liability as of June 30, 2024 and June 30, 2023 was 3.88%. Future minimum rental payments under noncancellable operating leases as of June 30, 2024 were as follows.

<i>Year Ending June 30,</i>	Operating Lease Amount
2025	\$ 604,647
2026	616,740
2027	629,074
2028	641,656
2029	654,489
Thereafter	219,597
Total minimum lease payments	3,366,203
Amount representing interest	(552,208)
Present value of net minimum lease payments	2,813,995
Current portion	(560,218)
Non-current portion	\$ 2,253,777