



**Public Telecommunications  
Entities Operated by Boston  
University (also known as  
WBUR)**

**Special-Purpose Financial Statements  
June 30, 2022 and 2021**



**WBUR**  
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**June 30, 2022 and 2021**

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## *Independent Auditors' Report*

The Board of Trustees of Boston University  
Boston, Massachusetts

### **Opinion**

We have audited the special-purpose financial statements of the Public Telecommunications Entities Operated by Boston University (also known as "WBUR"), which comprise the special-purpose statements of assets, liabilities, and net assets as of June 30, 2022 and 2021, and the related special-purpose statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended, and the related notes to the special-purpose financial statements.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the financial position of WBUR as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with the basis of accounting described in Note 1.

### **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 Special-Purpose Financial Statements section of our report. We are required to be independent of WBUR 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 Matters - Basis of Accounting**

We draw attention to Note 1 of the special-purpose financial statements, which describes the basis of accounting. As described in Note 1 to the special-purpose financial statements, the special-purpose financial statements are prepared by WBUR for the purpose of complying with the Annual Financial Report requirements of the Corporation for Public Broadcasting. Furthermore, WBUR is a department of Boston University, and therefore, these special-purpose financial statements have been prepared on a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the Corporation for Public Broadcasting. As a result, the financial statements may not be suitable for another purpose. Due to the nature and significance of the transactions between WBUR and Boston University, the financial position, changes in net assets and cash flows may not be indicative of the results which would have been attained if WBUR had operated independently of Boston University. Our opinion is not modified with respect to these matters.

### **Responsibilities of Management for the Special-Purpose Financial Statements**

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the Annual Financial Report requirements of the Corporation for Public Broadcasting. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.



### ***Auditors' Responsibilities for the Audit of the Special-Purpose Financial Statements***

Our objectives are to obtain reasonable assurance about whether the special-purpose 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 special-purpose 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 special-purpose 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 special-purpose 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 WBUR'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 special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WBUR'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.

### ***Purpose of Report - Restriction on Use***

Our report is intended solely for the information and use of the Board of Trustees of Boston University, management of WBUR and Boston University and the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McCann P.C.*

January 13, 2023  
Boston, Massachusetts

**WBUR**  
**Special Purpose Statements of Assets, Liabilities, and Net Assets**  
**June 30, 2022 and 2021**

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|   | <b>2022</b>          | <b>2021</b>          |
|---|----------------------|----------------------|
| <b>Assets</b>                                   |                      |                      |
| Accounts receivable, net                        | \$ 3,462,692         | \$ 3,084,110         |
| Prepaid expenses and other assets               | 459,851              | 478,849              |
| Pledges receivable (note 4)                     | 897,742              | 1,635,746            |
| Long-term investments (note 3)                  | 198,411              | 231,693              |
| Beneficial interest in perpetual trust (note 3) | 1,951,568            | 2,292,462            |
| Due from Boston University, net (notes 1 and 6) | 27,632,103           | 32,903,330           |
| Property and equipment, net (note 5)            | 9,699,965            | 11,311,199           |
| Intangible assets                               | 781,987              | 781,987              |
| Right-of-use assets - operating leases (note 8) | 4,082,513            | 5,158,222            |
| Total assets                                    | <u>\$ 49,166,832</u> | <u>\$ 57,877,598</u> |
| <b>Liabilities and Net Assets</b>               |                      |                      |
| Liabilities                                     |                      |                      |
| Accounts payable and accrued expenses           | \$ 3,385,057         | \$ 3,149,688         |
| Operating lease obligations (note 8)            | 4,538,094            | 5,583,105            |
| Deferred revenue                                | 785,118              | 2,429,785            |
| Total liabilities                               | <u>8,708,269</u>     | <u>11,162,578</u>    |
| Net assets                                      |                      |                      |
| Without donor restrictions                      | 24,557,725           | 30,317,501           |
| With donor restrictions                         | 15,900,838           | 16,397,519           |
| Total net assets                                | <u>40,458,563</u>    | <u>46,715,020</u>    |
| Total liabilities and net assets                | <u>\$ 49,166,832</u> | <u>\$ 57,877,598</u> |

See Independent Auditors' Report and the accompanying notes, which are an integral part of these special-purpose financial statements.

**WBUR****Special-Purpose Statement of Revenues, Expenses, and Changes in Net Assets  
Year Ended June 30, 2022**

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | 2022<br>Total        |
|--|-------------------------------|----------------------------|----------------------|
| <b>Operating</b>   |                               |                            |                      |
| Revenues   |                               |                            |                      |
| Gifts  | \$ 15,782,665                 | \$ 125,267                 | \$ 15,907,932        |
| Grants   | 1,775,735                     | -                          | 1,775,735            |
| Sponsored programs and grants  | 2,069,773                     | -                          | 2,069,773            |
| Donated facilities and administrative support from Boston University | 763,421                       | -                          | 763,421              |
| Underwriting   | 11,188,033                    | -                          | 11,188,033           |
| Trade  | 1,037,561                     | -                          | 1,037,561            |
| Program syndication and other fees                                   | 2,964,720                     | -                          | 2,964,720            |
| Other income   | 2,123,056                     | -                          | 2,123,056            |
| Contributions used for operations                                    | 1,978,828                     | (25,900)                   | 1,952,928            |
| Total revenues   | <u>39,683,792</u>             | <u>99,367</u>              | <u>39,783,159</u>    |
| Expenses   |                               |                            |                      |
| Program Services   |                               |                            |                      |
| Programming and production   | 22,721,951                    | -                          | 22,721,951           |
| Engineering and technical  | 1,793,773                     | -                          | 1,793,773            |
| Digital Media  | 2,986,981                     | -                          | 2,986,981            |
| Supporting Services  |                               |                            |                      |
| Fundraising  | 4,443,511                     | -                          | 4,443,511            |
| Underwriting   | 3,642,676                     | -                          | 3,642,676            |
| Marketing and promotion  | 4,514,533                     | -                          | 4,514,533            |
| General and administrative   | 3,553,146                     | -                          | 3,553,146            |
| Total expenses   | <u>43,656,571</u>             | <u>-</u>                   | <u>43,656,571</u>    |
| Change in net assets from operating activities                       | <u>(3,972,779)</u>            | <u>99,367</u>              | <u>(3,873,412)</u>   |
| <b>Nonoperating</b>  |                               |                            |                      |
| Capital campaign contributions                                       | -                             | 1,731,056                  | 1,731,056            |
| Contributions used for operations                                    | -                             | (1,952,928)                | (1,952,928)          |
| Investment return  | (1,786,997)                   | (33,282)                   | (1,820,279)          |
| Change in value of beneficial interest in perpetual trust            | -                             | (340,894)                  | (340,894)            |
| Change in net assets from nonoperating activities                    | <u>(1,786,997)</u>            | <u>(596,048)</u>           | <u>(2,383,045)</u>   |
| Total change in net assets   | <u>(5,759,776)</u>            | <u>(496,681)</u>           | <u>(6,256,457)</u>   |
| <b>Net assets</b>  |                               |                            |                      |
| Beginning of year  | <u>30,317,501</u>             | <u>16,397,519</u>          | <u>46,715,020</u>    |
| End of year  | <u>\$ 24,557,725</u>          | <u>\$ 15,900,838</u>       | <u>\$ 40,458,563</u> |

See Independent Auditors' Report and the accompanying notes, which are an integral part of these special-purpose financial statements.

**WBUR****Special-Purpose Statement of Revenues, Expenses, and Changes in Net Assets  
Year Ended June 30, 2021**

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | 2021<br>Total        |
|---|-------------------------------|----------------------------|----------------------|
| <b>Operating</b>  |                               |                            |                      |
| Revenues  |                               |                            |                      |
| Gifts   | \$ 18,169,772                 | \$ -                       | \$ 18,169,772        |
| Grants  | 1,782,880                     | -                          | 1,782,880            |
| Sponsored programs and grants   | 3,935,007                     | -                          | 3,935,007            |
| Donated facilities and administrative<br>support from Boston University | 3,227,554                     | -                          | 3,227,554            |
| Underwriting  | 10,167,651                    | -                          | 10,167,651           |
| Trade   | 765,375                       | -                          | 765,375              |
| Program syndication and other fees                                      | 2,719,748                     | -                          | 2,719,748            |
| Other income  | 1,965,430                     | -                          | 1,965,430            |
| Contributions used for operations                                       | 1,110,248                     | (55,000)                   | 1,055,248            |
| Total revenues  | <u>43,843,665</u>             | <u>(55,000)</u>            | <u>43,788,665</u>    |
| Expenses  |                               |                            |                      |
| Program Services  |                               |                            |                      |
| Programming and production  | 19,240,553                    | -                          | 19,240,553           |
| Engineering and technical   | 1,517,247                     | -                          | 1,517,247            |
| Digital Media   | 2,687,260                     | -                          | 2,687,260            |
| Supporting Services   |                               |                            |                      |
| Fundraising   | 4,103,727                     | -                          | 4,103,727            |
| Underwriting  | 3,596,792                     | -                          | 3,596,792            |
| Marketing and promotion   | 3,328,797                     | -                          | 3,328,797            |
| General and administrative  | 6,761,613                     | -                          | 6,761,613            |
| Total expenses  | <u>41,235,989</u>             | <u>-</u>                   | <u>41,235,989</u>    |
| Change in net assets from operating<br>activities                       | <u>2,607,676</u>              | <u>(55,000)</u>            | <u>2,552,676</u>     |
| <b>Nonoperating</b>   |                               |                            |                      |
| Capital campaign contributions  | -                             | 3,484,583                  | 3,484,583            |
| Contributions used for operations                                       | -                             | (1,055,248)                | (1,055,248)          |
| Investment return   | 3,914,084                     | 65,586                     | 3,979,670            |
| Change in value of beneficial interest in<br>perpetual trust            | -                             | 460,236                    | 460,236              |
| Change in net assets from<br>nonoperating activities                    | <u>3,914,084</u>              | <u>2,955,157</u>           | <u>6,869,241</u>     |
| Total change in net assets  | 6,521,760                     | 2,900,157                  | 9,421,917            |
| <b>Net assets</b>   |                               |                            |                      |
| Beginning of year   | 23,795,741                    | 13,497,362                 | 37,293,103           |
| End of year   | <u>\$ 30,317,501</u>          | <u>\$ 16,397,519</u>       | <u>\$ 46,715,020</u> |

See Independent Auditors' Report and the accompanying notes, which are an integral part of these special-purpose financial statements.

**WBUR**  
**Special-Purpose Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

|  | <b>2022</b>     | <b>2021</b>      |
|--|-----------------|------------------|
| <b>Cash flows from operating activities</b>  |                 |                  |
| Change in net assets   | \$ (6,256,457)  | \$ 9,421,917     |
| Adjustments to reconcile change in net assets to net cash provided by/used in operating activities |                 |                  |
| Depreciation   | 1,660,050       | 1,696,770        |
| Amortization of right-of-use assets - operating leases   | 1,075,709       | 1,099,657        |
| Realized and unrealized gain on investments, net   | 33,282          | (65,586)         |
| Investment return from the Boston University endowment   | 1,899,193       | (3,821,337)      |
| Receipt of noncash contributions   | (282,051)       | (182,970)        |
| Proceeds from sales of marketable securities   | 282,051         | 182,970          |
| Change in value of beneficial interest in perpetual trust  | 340,894         | (460,236)        |
| Change in allowance for bad debt, net of recoveries  | 38,584          | (15,730)         |
| Change in allowance for unfulfilled pledges  | (55,548)        | 31,338           |
| Changes in operating assets and liabilities  |                 |                  |
| Change in accounts receivable  | (417,166)       | (545,903)        |
| Change in prepaid expenses and other assets  | 18,998          | (31,748)         |
| Change in pledges receivable   | 793,552         | 535,700          |
| Change in due from Boston University   | 3,372,034       | (7,361,843)      |
| Change in accounts payable and accrued expenses  | 235,369         | (215,411)        |
| Change in operating lease obligations  | (1,045,011)     | (1,047,637)      |
| Change in deferred revenue   | (1,644,667)     | 1,068,100        |
| Net cash provided by operating activities  | <u>48,816</u>   | <u>288,051</u>   |
| <b>Cash flows from investing activities</b>  |                 |                  |
| Purchase of property and equipment   | <u>(48,816)</u> | <u>(38,051)</u>  |
| Net cash used in investing activities  | <u>(48,816)</u> | <u>(38,051)</u>  |
| <b>Net cash provided by financing activities</b>   |                 |                  |
| (Increase)/decrease in due from Boston University for borrowings                                   | <u>-</u>        | <u>(250,000)</u> |
| Net cash used in investing activities  | <u>-</u>        | <u>(250,000)</u> |
| Net change in cash   | -               | -                |
| Cash at beginning of year  | -               | -                |
| Cash at end of year  | <u>\$ -</u>     | <u>\$ -</u>      |
| <b>Supplemental disclosure of noncash information</b>  |                 |                  |
| Cash paid for interest   | \$ -            | \$ 1,146         |
| Addition of right-of-use asset and operating lease obligation                                      | -               | 227,967          |

See Independent Auditors' Report and the accompanying notes, which are an integral part of these special-purpose financial statements.



# WBUR

## Notes to Special-Purpose Financial Statements

### June 30, 2022 and 2021

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#### 1. Accounting Policies

The following is a summary of the significant accounting policies of the Public Telecommunications Entities Operated by Boston University (also known as "WBUR").

##### **Nature of Business and Relationship to Boston University**

WBUR consists of WBUR-FM, Boston, Massachusetts, WBUA-FM, Tisbury, Massachusetts, and WBUH-FM, Brewster, Massachusetts. The Executive Committee of the Trustees of Boston University is the licensee for WBUR-FM, WBUA-FM, and WBUH-FM.

The Corporation for Public Broadcasting recognizes WBUR-FM, WBUA-FM, and WBUH-FM as affiliated stations.

##### **Basis of Presentation**

The accompanying special-purpose financial statements have been prepared on the accrual basis of accounting in accordance with the reporting principles of not-for-profit accounting, and were prepared for the purpose of complying with the Annual Financial Report requirements of the Corporation for Public Broadcasting. In addition, these special-purpose financial statements are presented in accordance with accounting principles generally accepted in the United States of America with the exception that WBUR is a department of the University and does not represent a separate legal entity for financial reporting purposes. As such, WBUR shares in certain costs incurred by the University, including fringe benefits and pension costs. Additionally, when amounts are due from the University, the related asset is maintained as a portion of the University's endowment and WBUR receives an allocated portion of the endowments earnings or losses.

##### **Funding from the COVID-19 Pandemic**

In February 2021, WBUR applied for and received a \$4,023,730 forgivable loan from the US Small Business Association under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the loan was funded in February of 2021. This program provides loans to qualifying businesses in order to fund eligible expenses including payroll, benefits, rent and utilities during the COVID-19 pandemic. WBUR recognized grant revenue of \$766,031 and \$3,257,699 as eligible costs associated with this funding were incurred for the years ended June 30, 2022 and 2021, respectively. The loan was forgiven in full on November 12, 2022.

In April 2021, WBUR received an \$818,192 grant from the Corporation for Public Broadcasting as part of the American Rescue Plan Act of 2021. There was no specified period for expenditure of these funds assigned by the CPB. The funds were included in deferred revenue for grants on the special-purpose statements of assets, liabilities, and net assets at June 30, 2021. WBUR fully expended this grant during the year ended June 30, 2022.

# WBUR

## Notes to Special-Purpose Financial Statements

### June 30, 2022 and 2021

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#### **Net Asset Classification**

Net assets, revenues, and investment returns are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified as follows:

- Net assets without donor restrictions are not subject to donor stipulations restricting their use, but may be designated for a specific purpose by WBUR or may be limited by contractual agreements with outside parties.
- Net assets with donor restrictions are subject to donor stipulations that expire by the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

#### **Cash**

The financial policies of the University, under which WBUR operates, require that all cash be held centrally by the University. Liquidity and cash flow support is made available as needed by the University, as such, cash is not reported on these special-purpose financial statements.

#### **Fair Value Measurements**

WBUR reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item in accordance with fair value standards. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Recurring fair value measurements include long-term investments and the beneficial interest in perpetual trust. Nonrecurring measurements include contributions receivable and trade transactions. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, WBUR reports certain investments using the net asset value (“NAV”) per share as determined by investment managers under the so called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value standards also require WBUR to classify financial instruments (but for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories, with Level 1 being the highest level of inputs:

Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3 – unobservable inputs that are used when little or no market data is available.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The NAVs or their equivalents, as estimated and reported by the general partners or investment managers, are reviewed and evaluated by the University's Investment Office.

**WBUR**  
**Notes to Special-Purpose Financial Statements**  
**June 30, 2022 and 2021**

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Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in value of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

**Property and Equipment**

Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at fair value at the date of contribution using Level 2 inputs to valuation. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed from the accounts, and any gains and/or losses are reflected in the special-purpose statements of revenues, expenses, and changes in net assets.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, as follows: leasehold improvements, 1-20 years, or lease term, if shorter; transmission equipment, 7-20 years; studio and other broadcast equipment, 5-10 years; internal use software, 5 years; and furniture and fixtures, 7 years.

**Leasing**

WBUR determines if an arrangement is a lease at inception. WBUR has leases under which it is obligated as a lessee. Operating leases as a lessee are included in right-of-use assets-operating leases and operating lease obligations in the special-purpose statements of assets, liabilities, and net assets.

Right-of-use assets represent WBUR's right to use an underlying asset for the lease term. Lease obligations represent WBUR's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**Intangible Assets**

Intangible assets are recorded at cost, and consist of broadcast licenses for Tisbury, MA and Brewster, MA. Current intangibles have indefinite useful lives, and therefore are not amortized. WBUR's policy is to evaluate intangibles for indicators of impairment on an annual basis, at minimum. Management has determined that there is no impairment as of June 30, 2022 and 2021.

**WBUR**  
**Notes to Special-Purpose Financial Statements**  
**June 30, 2022 and 2021**

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**Revenue from Contracts with Customers**

Under Accounting Standards Codification (ASC) Topic 606, revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services (i.e., the transaction price).

Revenue from underwriting, trade and program syndication is recognized when the underwriting or programs are broadcast. Payments or trade received in advance of the underwriting or program broadcast are reported as deferred revenue.

**Gifts Revenue**

Gifts, including unconditional promises to give and non-cash contributions, are recorded at fair value at the date when verifiably committed by the donor using Level 2 inputs to valuation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

**Corporation for Public Broadcasting ("CPB") Grants**

Community service grants are received from the CPB. These grants are recognized within unrestricted revenues in "Grants" on the special-purpose statements of revenues, expenses, and changes in net assets as the related expenses are incurred. Continued funding of these grants is dependent on WBUR's continued compliance with CPB's Annual Financial Reporting requirements.

**Revenue from Sponsored Programs and Grants**

Grants and contracts awarded by federal and other sponsors, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions or barriers under the agreements are met. WBUR has elected the simultaneous release policy available under ASU 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. Grant revenue used for the construction or acquisition of plant is reported within nonoperating activities. All funds expended in connection with government grants and contracts are subject to audit by granting agencies. In the opinion of management, any potential liability resulting from these audits will not have a material effect on WBUR's financial position. Total revenue from grants and contracts recognized in net assets without donor restrictions was \$2,069,773 and \$3,935,007 for the years ended June 30, 2022 and 2021, respectively.

**Donated Facilities and Administrative Support from Boston University**

WBUR is dependent on the University for a variety of administrative and financial needs. Donated facilities and administrative support are recorded at fair value using Level 3 inputs and represent broadcast radio antenna and transmitter space utilized by WBUR, as well as financial department costs and certain other expenses incurred by the University on behalf of WBUR (see Note 6).

**WBUR**  
**Notes to Special-Purpose Financial Statements**  
**June 30, 2022 and 2021**

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**Accounts Receivable**

**Trade**

WBUR enters into trade transactions for products or services in exchange for program underwriting. Trade transactions are recorded at the estimated fair value of the product or service received using Level 2 inputs to valuation. Trade revenue is recorded when the program underwriting is broadcast. Trade expense is recorded when merchandise or services are received.

If the program underwriting occurs prior to receipt or use of merchandise or services, a receivable is recorded. If merchandise or services are received prior to program underwriting, deferred revenue is recorded.

**Underwriting**

WBUR enters into contracts with various third parties for underwriting of programs broadcast on WBUR's stations. All revenue is recorded at the time the underwriting is broadcast. Amounts received in advance of broadcasting are recorded as deferred revenue.

**Allowance for Doubtful Accounts**

On a regular basis, WBUR reviews the adequacy of its allowance for doubtful accounts based on historical collection results and current economic conditions using factors based on the aging of its accounts. In addition, WBUR estimates specific additional allowances based on indications that a specific customer may be experiencing financial difficulties. The allowance for doubtful accounts was \$239,676 and \$201,092 at June 30, 2022 and 2021, respectively.

**Program Syndication and Other Fees**

WBUR has entered into an agreement with National Public Radio (NPR) to distribute WBUR's three nationally syndicated programs, "Here & Now," "On Point," and "Only A Game" to broadcast stations throughout the public radio system. Stations that elect to broadcast the programs pay an annual fee to NPR. At the end of each calendar quarter, NPR distributes to WBUR a portion of the program fees collected. NPR notifies WBUR of the amount to be transferred in advance which allows WBUR to record accounts receivable.

Accounts receivable, net and deferred revenue consist of the following at June 30:

|                               | <b>2022</b>         | <b>2021</b>         |
|-------------------------------|---------------------|---------------------|
| Accounts receivable, net      |                     |                     |
| Trade                         | \$ 178,339          | \$ 297,745          |
| Underwriting                  | 2,467,095           | 1,810,014           |
| Program syndication and other | 817,258             | 976,351             |
| Total                         | <u>\$ 3,462,692</u> | <u>\$ 3,084,110</u> |
| Deferred revenue              |                     |                     |
| Trade                         | \$ 512,032          | \$ 765,851          |
| Underwriting                  | 105,980             | 66,021              |
| Grants                        | 167,106             | 1,597,913           |
| Total                         | <u>\$ 785,118</u>   | <u>\$ 2,429,785</u> |

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# **WBUR**

## **Notes to Special-Purpose Financial Statements**

### **June 30, 2022 and 2021**

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#### **Pledges Receivable**

Pledges receivable represent unconditional promises to give and are recorded at net realizable value. Pledges, net of discounts and allowances, are recorded as receivables with the revenue assigned to the appropriate net asset category. WBUR reviews the outstanding balances on individual pledges regularly and based on historic collection results and current economic conditions will record an allowance for doubtful pledges.

#### **Beneficial Interest in Perpetual Trust**

WBUR records its beneficial interest in perpetual trusts at fair value when such beneficial interests become irrevocable and WBUR has been informed of such trusts. The increase or decrease in the fair value of WBUR's beneficial interest is recorded as an adjustment to net assets with donor restrictions and distributions received are included in investment income without donor restrictions.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

#### **Risks and Uncertainties**

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values will occur in the near term and that such changes could materially affect the financial statements.

#### **Tax Status**

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes on related income. Given the limited taxable activities of WBUR, management has concluded that disclosures relative to tax provisions are not necessary.

#### **Uncertain Tax Positions**

The University accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. WBUR has identified its tax status as a department of a tax exempt entity as its only significant tax position; however, WBUR has determined that such tax position does not result in an uncertainty requiring recognition. The University is not currently under examination by any taxing jurisdictions and the last three tax years are open for review.

#### **Subsequent Events**

WBUR has evaluated subsequent events through January 13, 2023, the date the financial statements were issued.

**WBUR**  
**Notes to Special-Purpose Financial Statements**  
**June 30, 2022 and 2021**

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**2. Financial Assets and Liquidity Resources**

As of June 30, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditures, including operating expenses and scheduled principal payments on debt are as follows:

|   | <b>2022</b>          | <b>2021</b>          |
|---|----------------------|----------------------|
| Financial assets available to meet general expenditures over the next 12 months:      |                      |                      |
| Accounts receivable, net  | \$ 3,462,692         | \$ 3,084,110         |
| Pledges receivable (due within a year)  | 965,314              | 1,368,636            |
| Due from Boston University  |                      |                      |
| Cash received on campaign pledges   | 897,742              | 991,755              |
| Designated  | <u>5,518,574</u>     | <u>8,380,862</u>     |
| Total financial assets available to meet general expenditures over the next 12 months | <u>\$ 10,844,322</u> | <u>\$ 13,825,363</u> |

WBUR's cash flows have seasonal variations attributable primarily to the timing of underwriting billing and contributions received. WBUR has various sources of liquidity including cash and cash equivalents. Although WBUR does not intend to spend from board designated endowment funds other than amounts appropriated for operations, quasi-endowment funds, as well as accumulated gains and losses with donor restrictions, could be made available, if necessary, with approval from Boston University's Board of Trustees, subject to liquidity of the underlying investments and to the extent allowed by law.

**3. Fair Value Measurements**

WBUR's investment holdings are included in the University's pooled endowment fund, which is included as part of the University's investments. The pooled endowment fund consists of a variety of investments, including money market funds, fixed income funds, global equities, marketable alternative investments, nonmarketable alternative investments and real assets. WBUR has total investments held by the University with a fair value of \$198,411 and \$231,693 at June 30, 2022 and 2021, respectively. The fair value is determined based on the University's unit value at June 30, 2022 and 2021 multiplied by the total units allocated to WBUR's funds. The fair value hierarchy noted below is based on the University's fair value hierarchy. In addition, WBUR's beneficial interest in perpetual trust is classified as Level 3, due to the trust's requirement that the principal balance remain in perpetuity. The following table presents the financial instruments carried at fair value as of June 30, 2022 and 2021, by the valuation hierarchy defined above:

**WBUR**  
**Notes to Special-Purpose Financial Statements**  
**June 30, 2022 and 2021**

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|  | Investments<br>Measured<br>at NAV | Investments classified<br>in the Fair Value Hierarchy |                 |                     | Total<br>Fair Value |
|--|-----------------------------------|---|-----------------|---------------------|---------------------|
|  |                                   | Level 1   | Level 2         | Level 3             |                     |
| <b><u>As of June 30, 2022:</u></b>     |                                   |   |                 |                     |                     |
| <b>Assets</b>                          |                                   |   |                 |                     |                     |
| Long-term investments                  |                                   |   |                 |                     |                     |
| Endowment                              | \$ 111,964                        | \$ 67,318   | \$ 2,140        | \$ 16,989           | \$ 198,411          |
| Beneficial interest in perpetual trust | -                                 | -   | -               | 1,951,568           | 1,951,568           |
| Total assets at fair value             | <u>\$ 111,964</u>                 | <u>\$ 67,318</u>                                      | <u>\$ 2,140</u> | <u>\$ 1,968,557</u> | <u>\$ 2,149,979</u> |
| <b><u>As of June 30, 2021:</u></b>     |                                   |   |                 |                     |                     |
| <b>Assets</b>                          |                                   |   |                 |                     |                     |
| Long-term investments                  |                                   |   |                 |                     |                     |
| Endowment                              | \$ 129,943                        | \$ 80,443   | \$ 4,116        | \$ 17,191           | \$ 231,693          |
| Beneficial interest in perpetual trust | -                                 | -   | -               | 2,292,462           | 2,292,462           |
| Total assets at fair value             | <u>\$ 129,943</u>                 | <u>\$ 80,443</u>                                      | <u>\$ 4,116</u> | <u>\$ 2,309,653</u> | <u>\$ 2,524,155</u> |

There were no additions or transfers into or out of financial instruments classified within the Level 3 fair value hierarchy during the years ended June 30, 2022 and 2021. All changes pertain to realized and unrealized gains and losses.

**Endowment Funds**

Net asset classification of donor-restricted endowment funds for a not-for-profit organization is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2009 (UPMIFA). The Commonwealth of Massachusetts adopted UPMIFA effective for institutional funds existing on or established after June 30, 2009. WBUR's endowment funds are invested based on the University's investment policies and, therefore, WBUR has adopted the University's interpretation of UPMIFA. In accordance with UPMIFA, the University considers a variety of factors in making a determination to appropriate or accumulate donor-restricted endowment funds. The University has investment and spending policies for its endowment and similar funds that emphasize long-term capital appreciation as a primary source of return while balancing the dual objectives of growth in capital and principal preservation. The targeted distribution percentage is 4%. If interest, dividends, and gains are not sufficient to support the current year drawdown, the balance is provided from prior year accumulated earnings. The change in value and distributions from the endowment were immaterial for the years ended June 30, 2022 and 2021.

Investment return consists of the following for the years ended June 30:

|   | 2022                  | 2021                |
|---|-----------------------|---------------------|
| Investment return from the Boston University endowment      | \$ (1,899,193)        | \$ 3,821,337        |
| Investment return from the WBUR endowment                   | (33,282)              | 65,586              |
| Investment return on Beneficial Interest in Perpetual Trust | 112,196               | 92,747              |
| Total investment return                                     | <u>\$ (1,820,279)</u> | <u>\$ 3,979,670</u> |

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**4. Pledges Receivable**

Pledges receivable consists of the following at June 30:

|   | <b>2022</b>       | <b>2021</b>         |
|---|-------------------|---------------------|
| Due within one year                     | \$ 965,314        | \$ 1,368,636        |
| Due in one to five years                | <u>-</u>          | <u>412,885</u>      |
|   | 965,314           | 1,781,521           |
| Discount to present value               | -                 | (22,655)            |
| Less: allowance for unfulfilled pledges | <u>(67,572)</u>   | <u>(123,120)</u>    |
| Total pledges receivable, net           | <u>\$ 897,742</u> | <u>\$ 1,635,746</u> |

At June 30, 2022 and 2021, WBUR was tracking conditional pledges totaling \$918,000 and \$2,556,500, respectively.

**5. Property and Equipment**

Property and equipment consists of the following at June 30:

|                                      | <b>2022</b>         | <b>2021</b>          |
|--------------------------------------|---------------------|----------------------|
| Leasehold improvements               | \$ 17,411,194       | \$ 17,411,194        |
| Transmission equipment               | 1,385,670           | 1,336,854            |
| Studio and other broadcast equipment | 1,171,283           | 1,171,283            |
| Internal use software                | 245,978             | 245,978              |
| Furniture and fixtures               | 1,045,036           | 1,045,036            |
| Vehicles                             | <u>26,534</u>       | <u>26,534</u>        |
| Property and equipment               | 21,285,695          | 21,236,879           |
| Less: Accumulated depreciation       | <u>(11,585,730)</u> | <u>(9,925,680)</u>   |
| Property and equipment, net          | <u>\$ 9,699,965</u> | <u>\$ 11,311,199</u> |

Depreciation expense related to property and equipment was \$1,660,050 and \$1,696,770 for the years ended June 30, 2022 and 2021, respectively.

# WBUR

## Notes to Special-Purpose Financial Statements

### June 30, 2022 and 2021

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#### 6. Due to/from Boston University

WBUR reflects an asset due from Boston University of \$27,632,103 and \$32,903,330 at June 30, 2022 and 2021, respectively. The balance is primarily comprised of the accumulated net margins net of leasehold improvements of WBUR, which were funded by the University. Interest is not charged on amounts due from the University. A portion of the net due from balance is held by the University in its endowment and is reported to WBUR at estimated fair value of \$11,586,938 and \$13,499,472 at June 30, 2022 and 2021, respectively. Earnings credits of \$388,116 and \$376,031 for the years ended June 30, 2022 and 2021, respectively, were appropriated to WBUR and are included in other income on the special-purpose statements of revenues, expenses, and changes in net assets. Unrealized losses of \$1,912,534 and gains of \$3,821,337 are included in total investment return or losses on investments on the special-purpose statements of revenues, expenses, and changes in net assets for the years ended June 30, 2022 and 2021, respectively.

WBUR is a department of the University. Due to the nature and significance of the transactions between WBUR and the University, the financial position, changes in net assets and cash flows may not be indicative of the results which would have been attained if WBUR was not a department of the University. Total donated access to facilities and administrative support provided to WBUR from the University was \$763,421 and \$3,227,554 for the years ended June 30, 2022 and 2021, respectively.

#### 7. Pension and Other Employee Benefits

WBUR participates in the University's pension and other postretirement benefit plans as described below.

##### Defined Contribution Plan

The University makes retirement plan contributions to Teachers Insurance and Annuity Association ("TIAA") and Fidelity Investments for faculty and staff. This 403(b) plan is a defined contribution plan available to all employees who work at least 50% of a full-time schedule, and have an assignment duration of at least nine months. The expenses for this program amounted to \$1,729,144 and \$18,193 for the years ended June 30, 2022 and 2021, respectively. In response to the COVID-19 pandemic, the University suspended these contributions for the fiscal year 2021. These contributions were reinstated for fiscal year 2022.

#### 8. Commitments and Contingencies

##### Leases

The University, on behalf of WBUR, is committed to minimum annual rent payments under several long-term non-cancellable operating leases for broadcast tower and office space through fiscal year 2034. Operating lease expense of \$1,266,159 and \$1,300,359 are included in the special-purpose statements of revenues, expenses, and changes in net assets for the years ended June 30, 2022 and 2021, respectively. Other information regarding operating leases is as follows at June 30:

|                                       | 2022       | 2021       |
|---------------------------------------|------------|------------|
| Weighted average remaining lease term | 7.31 years | 8.30 years |
| Weighted average discount rate        | 3.26%      | 3.26%      |

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Payments due on these operating leases include options to extend broadcast tower leases through fiscal year 2034 and are summarized below as of June 30, 2022:

|                              | <b>Operating<br/>Leases</b> | <b>Leases<br/>with<br/>Boston<br/>University</b> | <b>Total<br/>Operating<br/>Leases</b> |
|------------------------------|-----------------------------|--|---------------------------------------|
| FY2023                       | \$ 296,925                  | \$ 316,015                                       | \$ 612,940                            |
| FY2024                       | 308,218                     | 325,495  | 633,713                               |
| FY2025                       | 316,557                     | 335,260  | 651,817                               |
| FY2026                       | 324,329                     | 345,318  | 669,647                               |
| FY2027                       | 332,333                     | 355,677  | 688,010                               |
| Thereafter                   | <u>1,789,509</u>            | <u>180,467</u>                                   | <u>1,969,976</u>                      |
| Total minimum lease payments | <u>\$ 3,367,871</u>         | <u>\$ 1,858,232</u>                              | <u>\$ 5,226,103</u>                   |

**Employment Contracts**

WBUR has several significant employment contracts with certain key employees at terms standard for the market that commit WBUR to specified payments over the coming years.

From time to time, WBUR has been subject to legal proceedings and claims arising in connection with its activities. At June 30, 2022 and 2021, there were no claims against WBUR that in the opinion of management would have a material effect on WBUR's financial position and results of operations.

**WBUR**  
**Notes to Special-Purpose Financial Statements**  
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**9. Net Assets**

Net assets without donor restrictions are comprised of the following at June 30:

|  | <b>2022</b>                 | <b>2021</b>                 |
|--|-----------------------------|-----------------------------|
| General operations                                 | \$ 14,857,760               | \$ 19,006,302               |
| Net investment in plant                            | <u>9,699,965</u>            | <u>11,311,199</u>           |
| <b>Total net assets without donor restrictions</b> | <b><u>\$ 24,557,725</u></b> | <b><u>\$ 30,317,501</u></b> |

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

|   | <b>2022</b>                 | <b>2021</b>                 |
|---|-----------------------------|-----------------------------|
| Accumulated unspent gains:                      |                             |                             |
| General support                                 | \$ 89,746                   | \$ 123,028                  |
| Purpose restricted gifts:                       |                             |                             |
| General support and journalism                  | 13,750,859                  | 13,873,364                  |
| Beneficial interest in perpetual trust          | 1,951,568                   | 2,292,462                   |
| Endowment funds - general support               | <u>108,665</u>              | <u>108,665</u>              |
| <b>Total net assets with donor restrictions</b> | <b><u>\$ 15,900,838</u></b> | <b><u>\$ 16,397,519</u></b> |

**10. Functional Classification of Expenses**

The special-purpose statements of revenues, expenses, and changes in net assets present expenses by natural classification. WBUR also summarizes expenses by functional classification. WBUR's primary program services are journalism and information-based multi-media broadcasting. Expenses for broadcast support and auxiliary enterprises are incurred in support of this primary program activity. Other natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort.

Expenses presented by functional classification for the year ended June 30, 2022 are as follows:

|                              | <b>Programming<br/>and<br/>Production</b> | <b>Engineering<br/>and Technical</b> | <b>Digital Media</b> | <b>Fundraising</b>  | <b>Underwriting</b> | <b>Marketing and<br/>Promotion</b> | <b>General and<br/>Administrative</b> | <b>Total</b>        |
|------------------------------|---|--------------------------------------|----------------------|---------------------|---------------------|------------------------------------|---------------------------------------|---------------------|
| Salaries and wages           | \$ 13,668,369                             | \$ 956,844                           | \$ 2,033,165         | \$ 1,589,975        | \$ 2,382,269        | \$ 1,068,700                       | \$ 2,218,010                          | \$23,917,332        |
| Employee benefits            | 3,631,773                                 | 256,974                              | 542,918              | 428,541             | 648,306             | 285,053                            | 615,301                               | 6,408,866           |
| Supplies and services        | 4,512,881                                 | 516,326                              | 275,695              | 2,319,263           | 453,683             | 1,695,130                          | 572,340                               | 10,345,318          |
| Utilities, rent, and repairs | 581,873                                   | 40,734                               | 86,554               | 67,687              | 101,415             | 352,319                            | 94,423                                | 1,325,005           |
| Depreciation                 | 327,055                                   | 22,895                               | 48,649               | 38,045              | 57,003              | 1,113,331                          | 53,072                                | 1,660,050           |
| Total operating expenses     | <u>\$ 22,721,951</u>                      | <u>\$ 1,793,773</u>                  | <u>\$ 2,986,981</u>  | <u>\$ 4,443,511</u> | <u>\$ 3,642,676</u> | <u>\$ 4,514,533</u>                | <u>\$ 3,553,146</u>                   | <u>\$43,656,571</u> |

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Expenses presented by functional classification for the year ended June 30, 2021 are as follows:

|                              | <b>Programming<br/>and<br/>Production</b> | <b>Engineering<br/>and Technical</b> | <b>Digital Media</b> | <b>Fundraising</b>  | <b>Underwriting</b> | <b>Marketing and<br/>Promotion</b> | <b>General and<br/>Administrative</b> | <b>Total</b>        |
|------------------------------|---|--------------------------------------|----------------------|---------------------|---------------------|------------------------------------|---------------------------------------|---------------------|
| Salaries and wages           | \$ 12,669,486                             | \$ 873,530                           | \$ 1,902,864         | \$ 1,590,407        | \$ 2,567,609        | \$ 858,420                         | \$ 2,100,060                          | \$22,562,376        |
| Employee benefits            | 2,396,539                                 | 160,804                              | 357,807              | 290,856             | 499,730             | 160,947                            | 382,401                               | 4,249,084           |
| Supplies and services        | 3,137,138                                 | 411,387                              | 270,780              | 2,092,239           | 319,214             | 852,818                            | 4,107,196                             | 11,190,772          |
| Utilities, rent, and repairs | 694,769                                   | 47,903                               | 104,349              | 87,215              | 140,803             | 345,638                            | 115,163                               | 1,535,840           |
| Depreciation                 | 341,978                                   | 23,579                               | 51,363               | 42,929              | 69,306              | 1,110,930                          | 56,686                                | 1,696,771           |
| Interest                     | 643                                       | 44                                   | 97                   | 81                  | 130                 | 44                                 | 107                                   | 1,146               |
| Total operating expenses     | <u>\$ 19,240,553</u>                      | <u>\$ 1,517,247</u>                  | <u>\$ 2,687,260</u>  | <u>\$ 4,103,727</u> | <u>\$ 3,596,792</u> | <u>\$ 3,328,797</u>                | <u>\$ 6,761,613</u>                   | <u>\$41,235,989</u> |

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