



## **National Public Radio, Inc.**

Consolidated Financial Statements,  
Supplemental Schedules, and  
Independent Auditor's Report  
As of and for the years ended  
September 30, 2021 and 2020

## **National Public Radio, Inc.**

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Consolidated Financial Statements,  
Supplemental Schedules, and  
Independent Auditor's Report

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# National Public Radio, Inc.

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## **Independent Auditor's Report**

To the Board of Directors  
National Public Radio, Inc.  
Washington, D.C.

### ***Opinion***

We have audited the consolidated financial statements of National Public Radio, Inc. and its subsidiaries (hereinafter, "NPR"), which comprise the consolidated balance sheets as of September 30, 2021 and 2020, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of NPR as of September 30, 2021 and 2020, and the changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NPR 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NPR's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.



### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NPR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NPR'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.



***Emphasis of Matter***

***Adoption of New Accounting Pronouncements***

As discussed in Note 2(S) to the consolidated financial statements, NPR has elected to change its method of accounting for leases in the year ended September 30, 2021 due to the adoption of ASC Topic 842: Leases. Our opinion is not modified with respect to this matter.

***Other Matters***

***Supplementary Information***

Our audits of the consolidated financial statements were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*BDO USA, LLP*

McLean, Virginia  
January 11, 2022

## **Consolidated Financial Statements**

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# National Public Radio, Inc.

## Consolidated Balance Sheets

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 18,519,324	\$ 26,776,962
Restricted cash	3,154,311	449,495
Accounts receivable, net	45,062,850	30,710,168
Pledges receivable, net	20,323,695	17,289,191
Investments	533,844,518	457,259,623
Property and equipment, net	199,689,448	199,253,586
Operating lease right-of-use assets	10,858,821	–
Prepaid expenses and other assets	6,464,712	5,463,892
Investment in Podcast Media LLC	–	1,198,690
Goodwill	546,861	729,141
<b>Total assets</b>	<b>\$ 838,464,540</b>	<b>\$ 739,130,748</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 19,521,404	\$ 14,551,532
Accrued compensation, benefits, and taxes	20,812,709	26,280,470
Acquired programming obligations	5,114,939	6,375,504
Deferred revenue	22,341,072	26,805,825
Accrued interest payable	2,827,494	–
Other liabilities	2,183,412	3,017,328
Conditional contribution refundable advances	1,995,879	1,103,934
Operating lease liabilities	12,274,126	–
Bonds payable	188,980,000	188,980,000
<b>Total liabilities</b>	<b>276,051,035</b>	<b>267,114,593</b>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Net assets without donor restrictions:		
Undesignated	50,712,334	32,264,341
Board-designated	101,457,012	89,989,676
Noncontrolling interest	1,287,703	1,344,279
Total net assets without donor restrictions	153,457,049	123,598,296
Net assets with donor restrictions	408,956,456	348,417,859
<b>Total net assets</b>	<b>562,413,505</b>	<b>472,016,155</b>
<b>Total liabilities and net assets</b>	<b>\$ 838,464,540</b>	<b>\$ 739,130,748</b>

*See accompanying notes to the consolidated financial statements.*



**National Public Radio, Inc.**  
**Consolidated Statements of Activities**

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Changes in net assets without donor restrictions</b>		
<b>Revenues, gains, and other support</b>		
Revenue from contracts with customers:		
Core and other programming fees	\$ 90,406,977	\$ 92,589,943
Corporate sponsorships	121,744,823	99,528,073
Public Radio Satellite System contract	5,734,211	5,706,683
Satellite interconnection and distribution	8,699,563	9,024,503
Commissions	3,921,667	4,158,671
Other	9,125,542	9,754,330
<b>Total revenue from contracts with customers</b>	<b>239,632,783</b>	<b>220,762,203</b>
Contributions of cash and other financial assets	24,018,012	21,771,977
Return on investments, net	14,628,706	4,968,891
Contributions of nonfinancial assets	2,579,597	2,890,075
Miscellaneous	619,653	202,086
Change in investment in subsidiary	(170,298)	(812,129)
Net assets released from donor restrictions	28,385,230	25,641,635
<b>Total revenues, gains, and other support</b>	<b>309,693,683</b>	<b>275,424,738</b>
<b>Expenses and losses</b>		
Program services:		
Content production and distribution	156,363,063	155,182,611
Digital and other program services	30,450,393	31,663,196
<b>Total program services</b>	<b>186,813,456</b>	<b>186,845,807</b>
Supporting services:		
Management and general	55,645,341	49,905,022
Fundraising	5,361,105	6,006,247
Facilities and information technology	31,886,228	55,804,355
<b>Total supporting services</b>	<b>92,892,674</b>	<b>111,715,624</b>
<b>Total expenses and losses</b>	<b>279,706,130</b>	<b>298,561,431</b>
<b>Increase (decrease) in net assets without donor restrictions</b>	<b>29,987,553</b>	<b>(23,136,693)</b>
<b>Changes in net assets with donor restrictions</b>		
Contributions of cash and other financial assets	15,053,805	23,398,303
Split-interest agreement contributions	–	17,829
Return on investments, net	73,870,022	14,311,483
Net assets released from donor restrictions	(28,385,230)	(25,641,635)
<b>Increase in net assets with donor restrictions</b>	<b>60,538,597</b>	<b>12,085,980</b>
<b>Change in net assets</b>	<b>90,526,150</b>	<b>(11,050,713)</b>
Net assets, beginning of year	472,016,155	483,199,588
Minus: Distributions to noncontrolling interest	(128,800)	(132,720)
<b>Net assets, end of year</b>	<b>\$ 562,413,505</b>	<b>\$ 472,016,155</b>

*See accompanying notes to the consolidated financial statements.*

## National Public Radio, Inc.

### Consolidated Statements of Changes in Net Assets

	Net assets without donor restrictions			Net assets with donor restrictions	Total
	Parent	Noncontrolling interest	Total		
Net assets, October 1, 2019	\$ 145,506,259	\$ 1,361,450	\$ 146,867,709	\$ 336,331,879	\$ 483,199,588
(Minus) Plus: Change in net assets for the year ending September 30, 2020	(23,252,242)	115,549	(23,136,693)	12,085,980	(11,050,713)
Minus: Distribution to Noncontrolling Interest	–	(132,720)	(132,720)	–	(132,720)
<b>Net assets, September 30, 2020</b>	<b>122,254,017</b>	<b>1,344,279</b>	<b>123,598,296</b>	<b>348,417,859</b>	<b>472,016,155</b>
Plus: Change in net assets for the year ending September 30, 2021	29,915,329	72,224	29,987,553	60,538,597	90,526,150
Minus: Distribution to Noncontrolling Interest	–	(128,800)	(128,800)	–	(128,800)
<b>Net assets, September 30, 2021</b>	<b>\$ 152,169,346</b>	<b>\$ 1,287,703</b>	<b>\$ 153,457,049</b>	<b>\$ 408,956,456</b>	<b>\$ 562,413,505</b>

*See accompanying notes to the consolidated financial statements.*

## National Public Radio, Inc.

### Consolidated Statements of Functional Expenses

<i>Year ended September 30,</i>	Program Services			Supporting Services				2021
	Content production and distribution	Digital and other programs	Total program services	Management and general	Fundraising	Facilities and Information technology	Total supporting services	
Compensation, benefits, and taxes	\$ 109,963,939	\$ 17,322,311	\$ 127,286,250	\$ 39,615,073	\$ 4,641,925	\$ 8,976,549	\$ 53,233,547	\$ 180,519,797
Content acquisition and production	32,360,108	2,287	32,362,395	44,270	–	125	44,395	32,406,790
Miscellaneous contracted services	1,909,764	7,841,138	9,750,902	7,924,722	235,163	3,239,294	11,399,179	21,150,081
Facility lease, utilities, taxes, and related expenses	1,591,151	–	1,591,151	1,438,925	8,628	3,590,853	5,038,406	6,629,557
Connectivity, supplies, postage, and other office expenses	2,886,825	577,463	3,464,288	1,110,315	84,262	1,650,191	2,844,768	6,309,056
Satellite space and equipment	1,423,606	–	1,423,606	–	–	–	–	1,423,606
Repairs and maintenance	605,277	128,856	734,133	35,982	–	4,124,289	4,160,271	4,894,404
Travel, conferences, meetings, and events	1,220,243	10,928	1,231,171	145,272	5,502	21,137	171,911	1,403,082
Marketing	101,538	2,295,380	2,396,918	1,497,704	4,416	–	1,502,120	3,899,038
Grants and assistance to third parties	542,405	–	542,405	91,087	242,913	–	334,000	876,405
Depreciation and amortization	535,241	271,135	806,376	662,737	–	7,355,433	8,018,170	8,824,546
Interest	–	–	–	–	–	2,827,494	2,827,494	2,827,494
Other	3,222,966	739,893	3,962,859	1,760,659	138,296	100,863	1,999,818	5,962,677
Loss on early extinguishment of debt	–	–	–	–	–	–	–	–
<b>Total expenses before donated goods and services</b>	<b>156,363,063</b>	<b>29,189,391</b>	<b>185,552,454</b>	<b>54,326,746</b>	<b>5,361,105</b>	<b>31,886,228</b>	<b>91,574,079</b>	<b>277,126,533</b>
Donated goods and services	–	1,261,002	1,261,002	1,318,595	–	–	1,318,595	2,579,597
<b>Total expenses and losses</b>	<b>\$ 156,363,063</b>	<b>\$ 30,450,393</b>	<b>\$ 186,813,456</b>	<b>\$ 55,645,341</b>	<b>\$ 5,361,105</b>	<b>\$ 31,886,228</b>	<b>\$ 92,892,674</b>	<b>\$ 279,706,130</b>

*Continued on the next page*

## National Public Radio, Inc.

### Consolidated Statements of Functional Expenses (Continued)

Year ended September 30,	Program Services			Supporting Services				
	Content production and distribution	Digital and other programs	Total program services	Management and general	Fundraising	Facilities and Information Technology	Total supporting services	2020
Compensation, benefits, and taxes	\$ 110,872,166	\$ 19,808,903	\$ 130,681,069	\$ 36,285,723	\$ 4,666,700	\$ 8,929,898	\$ 49,882,321	\$ 180,563,390
Content acquisition and production	27,267,273	7,974	27,275,247	14,701	1,895	5,837	22,433	27,297,680
Miscellaneous contracted services	1,632,893	6,424,190	8,057,083	6,450,212	561,390	2,143,220	9,154,822	17,211,905
Facility lease, utilities, taxes, and related expenses	1,832,976	–	1,832,976	959,546	8,333	3,204,643	4,172,522	6,005,498
Connectivity, supplies, postage, and other office expenses	1,752,360	647,473	2,399,833	651,127	77,426	1,530,342	2,258,895	4,658,728
Satellite space and equipment	3,039,970	–	3,039,970	–	–	–	–	3,039,970
Repairs and maintenance	499,015	237,282	736,297	55,162	–	3,682,158	3,737,320	4,473,617
Travel, conferences, meetings, and events	3,436,743	305,683	3,742,426	606,744	501,352	66,136	1,174,232	4,916,658
Marketing	121,088	1,848,137	1,969,225	1,365,777	5,790	1,427	1,372,994	3,342,219
Grants and assistance to third parties	969,979	185,387	1,155,366	–	–	–	–	1,155,366
Depreciation and amortization	616,293	441,242	1,057,535	737,042	–	7,477,085	8,214,127	9,271,662
Interest	–	–	–	907	–	2,839,805	2,840,712	2,840,712
Other	3,141,855	533,308	3,675,163	1,111,623	183,361	(401,672)	893,312	4,568,475
Loss on early extinguishment of debt	–	–	–	–	–	26,325,476	26,325,476	26,325,476
Total expenses before donated goods and services	155,182,611	30,439,579	185,622,190	48,238,564	6,006,247	55,804,355	110,049,166	295,671,356
Donated goods and services	–	1,223,617	1,223,617	1,666,458	–	–	1,666,458	2,890,075
<b>Total expenses and losses</b>	<b>\$ 155,182,611</b>	<b>\$ 31,663,196</b>	<b>\$ 186,845,807</b>	<b>\$ 49,905,022</b>	<b>\$ 6,006,247</b>	<b>\$ 55,804,355</b>	<b>\$ 111,715,624</b>	<b>\$ 298,561,431</b>

*See accompanying notes to the consolidated financial statements.*

# National Public Radio, Inc.

## Consolidated Statements of Cash Flows

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 90,526,150	\$ (11,050,713)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	8,642,266	9,016,357
Amortization of deferred financing costs	–	73,025
Amortization of goodwill	182,280	182,280
Amortization of premiums on bonds payable	–	(661,412)
Change in allowance for doubtful accounts	(80,067)	(73,509)
Change in discount on multi-year pledges receivable	6,946	85,312
Loss on impairment of investment in subsidiary	291,586	–
Loss on early extinguishment of debt	–	26,325,476
Change in investment in subsidiary	170,298	812,129
Contributions restricted for long-term investment	(183,000)	(1,113,287)
Net realized and unrealized gains on investments	(86,723,787)	(16,482,528)
Investment return restricted for reinvestment	(42,276)	(10,809)
Decrease (increase) in assets:		
Accounts receivable	(14,272,615)	5,313,795
Pledges receivable	(3,041,450)	(7,168,201)
Operating lease right-of-use assets	(10,858,821)	–
Prepaid expenses and other assets	(944,041)	1,246,914
Increase (decrease) in liabilities:		
Accounts payable and accrued expense	2,482,725	(4,787,698)
Accrued compensation, benefits and taxes	(5,467,761)	7,013,866
Acquired programming obligations	(1,260,565)	3,054,686
Deferred revenue	(4,464,753)	910,693
Accrued interest payable	2,827,494	(3,503,840)
Other liabilities	(833,916)	620,488
Conditional contribution refundable advances	891,945	1,103,934
Operating lease liabilities	12,274,126	–
<b>Net cash (used in) provided by operating activities</b>	<b>(9,877,236)</b>	<b>10,906,958</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(262,973,347)	(307,343,344)
Proceeds from sale and maturities of investments	273,112,239	301,066,696
Purchases of property and equipment	(6,590,981)	(2,149,932)
Return of investment in subsidiary, net	736,806	–
<b>Net cash provided by (used in) investing activities</b>	<b>4,284,717</b>	<b>(8,426,580)</b>

*Continued on the next page*

# National Public Radio, Inc.

## Consolidated Statements of Cash Flows (Continued)

<b>Years ended September 30,</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from financing activities</b>		
Proceeds from contributions restricted for:		
Investment in perpetual endowment	183,000	1,113,287
Investment subject to annuity trust agreements	(56,779)	(17,829)
Other financing activities:		
Investment return restricted for reinvestment	42,276	10,809
Proceeds from Small Business Administration		
Economic Injury Disaster Loan program	-	150,000
Repayment of Small Business Administration		
Economic Injury Disaster Loan funds	-	(150,000)
Proceeds from Paycheck Protection Program Loan	-	2,253,602
Return of Paycheck Protection Program Loan funds	-	(2,253,602)
Payments on bonds payable	-	(3,520,000)
Distribution to members	(128,800)	(132,720)
<b>Net cash provided by (used in) financing activities</b>	<b>39,697</b>	<b>(2,546,453)</b>
<b>Change in cash, cash equivalents, and restricted cash</b>	<b>(5,552,822)</b>	<b>(66,075)</b>
Cash, cash equivalents, and restricted cash, beginning of year	27,226,457	27,292,532
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<b>\$ 21,673,635</b>	<b>\$ 27,226,457</b>
<b>Supplemental data</b>		
Donated securities	\$ 913,607	\$ 3,114,288
Accrued purchases of property and equipment	\$ 2,722,857	\$ 235,710
Cash paid for interest	\$ -	\$ 6,995,876
Cash paid for income taxes	\$ 34,955	\$ 7,914
Operating lease assets obtained in exchange for new operating lease liabilities – Upon adoption:		
National Public Radio, Inc.	\$ 6,762,294	\$ -
National Public Media LLC	\$ 536,932	\$ -
Operating lease assets obtained in exchange for new operating lease liabilities – New lease:		
National Public Media LLC	\$ 3,869,795	\$ -

*See accompanying notes to the consolidated financial statements.*

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 1. Description of the Company and Basis of Presentation

#### *A. Description of Company*

National Public Radio, Inc. (“NPR Inc.”) a nonprofit membership corporation incorporated in 1970 following passage of the Public Broadcasting Act of 1967 (see 47 U.S.C. §396), works collaboratively with its member public radio station licensees to create a more informed public, one that is challenged and invigorated by a deeper understanding and appreciation of events, ideas, and cultures. NPR Inc. accomplishes its mission by producing, acquiring, and distributing noncommercial programming that meets the highest standards of public service in journalism and cultural expression; representing its member stations in matters of their mutual interest; and providing satellite interconnection for the entire public radio system.

NPR Inc. is governed by a 23-member Board of Directors (“NPR Inc. Board”) which consists of 12 individual member station managers who are elected by their fellow NPR Inc. members, and 11 other directors. The 11 other directors include NPR Inc.’s President, the Chairperson of the NPR Foundation (“Foundation”) Board of Trustees (“Foundation Board”), and nine prominent members of the public elected by the NPR Inc. Board and confirmed by NPR Inc. members. Seven of the nine director seats are filled.

#### *B. Basis of Presentation*

The consolidated financial statements exclude NPR Inc.’s members because those entities are legally and operationally distinct from NPR Inc. However, the accounts for the following wholly-owned or controlled entities are included:

- ***American Coalition for Public Radio (“ACPR”)***—Incorporated in 2017, ACPR supports the educational mission of publicly-funded, noncommercial, educational radio stations, networks, and systems (collectively, “Public Radio”). ACPR’s principal activities focus on soliciting and disseminating information about Public Radio by way of ProtectMyPublicMedia.org and related social media channels. ProtectMyPublicMedia.org and the related social media channels also include selected examples of Public Radio content and encourage the public to share their views about Public Radio publicly and with their elected representatives. ProtectMyPublicMedia.org and the related social media channels are co-owned and co-managed by ACPR and APTS Action, Inc., an organization affiliated with America’s Public Television Stations (“APTS”). ACPR is not affiliated with either APTS or APTS Action, Inc.

ACPR also operates the noncomMUSIC Alliance and disseminates information through noncommusic.org and related social media channels. The noncomMUSIC Alliance is a group of Public Radio music stations, musicians, and other organizations dedicated to providing information about the work of Public Radio as an essential component of music discovery, curation, preservation, performance, and community and helping Public Radio music stations serve their communities.

ACPR is governed by a three-member Board of Directors which is currently composed of two senior staff members from NPR Inc. and one non-staff member appointed by the Chairperson of the NPR Inc. Board (presently, a former NPR Inc. Board member and current Foundation Board member).

In 2021 and 2020, NPR Inc. provided all financial support to ACPR.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 1. Description of the Company and Basis of Presentation (Continued)

#### *B. Basis of Presentation (Continued)*

- **Foundation**—Incorporated in 1992, the Foundation is a nonprofit supporting organization organized and operated exclusively for the benefit of its sole member, NPR Inc. The Foundation supports NPR Inc. through various activities such as soliciting charitable contributions, conducting fundraising events, and managing an endowment fund for the benefit of NPR Inc.

The Foundation disburses funds it raises and earns on the endowment to NPR Inc. for the operation, promotion, development, capital expansion, and other valid purposes of NPR Inc. subject to donor restrictions.

The Foundation is governed by a board of up to 60 elected Trustees. Additionally, NPR Inc.'s President, the NPR Inc. Board Chairperson, and the Chairperson of the NPR Inc. Board's Development Committee are ex officio Trustees of the Foundation. NPR Inc.'s President and NPR Inc. Board Chairperson are also NPR Inc.'s official voting representatives on the Foundation Board. Furthermore, certain provisions of the Foundation's Bylaws may only be amended or repealed by an affirmative vote of NPR Inc., provided such action is authorized, in advance, by a two-thirds vote cast at a meeting, duly called, and at which a quorum was present, of the NPR Inc. Board.

- **NPR Asset Holding Company, Inc. ("NPAHC Inc.")**—Incorporated in 2018, NPAHC Inc. is a wholly owned, taxable corporation which holds interests in commercial entities on behalf of NPR Inc. NPAHC Inc. is governed by a three-member Board of Directors which is currently composed of two senior staff members from NPR Inc. and one non-staff member (presently, a former NPR Inc. Board member and current Foundation Board member).
- **NPR International Operations, Inc. ("NPRIO")**—Incorporated in 2021, NPRIO is a nonprofit supporting organization organized and operated exclusively for the benefit of its sole member, NPR Inc. NPRIO supports NPR Inc.'s international newsgathering operations. NPRIO is governed by a three-member Board of Directors which is currently composed of three senior staff members from NPR Inc.
- **National Public Media LLC ("NPM")**—Formed in 2007, NPM secures public broadcasting and digital sponsorship for public radio and television entities, and other like-minded entities, including NPR Inc. and certain of NPR's Inc.'s members.

NPM is governed by NPAHC Inc., WGBH Educational Foundation ("WGBH"), and Public Broadcasting Service ("PBS"). Each member elects a manager and the three managers collectively comprise the NPM Board of Managers ("NPM Board"). Member capital percentages are 72%, 18% and 10%, for NPAHC Inc., WGBH, and PBS, respectively, as of September 30, 2021 and 2020. NPAHC Inc. controls NPM's Board due to its majority ownership. Subject to each part's voting rights, WGBH and PBS hold equal positions on the NPM Board. Depending upon the specific nature of a decision, WGBH and/or PBS have select veto rights over certain material activities as more fully described in the limited liability company formation agreement, as amended.

- **1111 JW, LLC ("1111 JW")**—Formed in 2021, 1111 JW produces a podcast which will be distributed by NPR Inc. 1111 JW is a single member limited liability company, and NPAHC Inc. is its sole member. 1111 JW is governed by a three-member Board of Directors which is currently composed of two senior staff members from NPAHC Inc. and one non-staff member (presently, a former NPR Inc. Board member and current Foundation Board member).



# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 1. Description of the Company and Basis of Presentation (Continued)

#### B. Basis of Presentation (Continued)

- **1111 Media Enterprises, LLC (“1111 Media Enterprises”)**—Formed in 2021, 1111 Media Enterprises will pursue commercial ventures and opportunities to produce, license, distribute content, and otherwise support the activities of NPR Inc. and its member stations. 1111 Media Enterprises is a single member limited liability company, and NPRAHC Inc. is its sole member. 1111 Media Enterprises is governed by a three-member Board of Directors which is currently composed of two senior staff members from NPRAHC Inc. and one non-staff member (presently, a former NPR Inc. Board member and current Foundation Board member).

Unless otherwise noted, NPR Inc. and the consolidated entities are referred to as “NPR.” All intercompany balances and transactions were eliminated in consolidation.

### 2. Summary of Significant Accounting Policies

#### A. Basis of Accounting

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of the consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results ultimately may differ from the estimates used in preparing the consolidated financial statements.

For financial reporting purposes, and based on the existence or absence of legal or donor-imposed restrictions, NPR classifies resources as follows:

- **Net assets without donor restrictions**—Resources that are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors, and all expenses, excluding investment-related expenses, are included in this category. Investment-related expenses are netted against return on investments in the appropriate net asset category.

“Board-designated” amounts included in net assets without donor restriction in the Consolidated Balance Sheets are:

<b>September 30,</b>	<b>2021</b>	<b>2020</b>
Public Radio Satellite System (“PRSS”) activities	\$ 9,955,239	\$ 8,564,760
Liquidity reserves	91,501,773	81,424,916
<b>Total board-designated amounts</b>	<b>\$ 101,457,012</b>	<b>\$ 89,989,676</b>

- **Net assets with donor restrictions**—Resources that are subject to donor-imposed restrictions that will be satisfied by the actions of NPR Inc., the Foundation, ACPR or NPRIO or the passage of time. These net assets include donor restricted endowments, unconditional pledges, and charitable gift annuity split interest agreements. Generally, a donor’s imposed restrictions on the use of these assets permit NPR Inc., the Foundation, ACPR or NPRIO to use all or a portion of the income earned on related investments only for certain general or specific purposes.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 2. Summary of Significant Accounting Policies (Continued)

#### ***B. Estimates and assumptions used in preparation of financial statements***

Estimates and assumptions used by NPR relate to the valuation of certain investments without readily determinable fair values, determination of the fair value of certain financial instruments, the calculation of allowances for uncollectible accounts and pledges receivables, the determination of discount rates for long-term pledges receivable and lease liabilities, the evaluation of goodwill for impairment, and the determination of the useful lives of depreciable and amortizable assets.

#### ***C. Fair value measurements***

Fair value measurements reflected in the consolidated financial statements represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. GAAP provides a hierarchy that prioritizes the inputs to fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that would reflect NPR's assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the hierarchy of inputs used to measure fair value are described briefly as follows:

- ***Level 1***—Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.
- ***Level 2***—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, at the measurement date. Level 2 also includes investments redeemable on or near the measurement date.
- ***Level 3***—Unobservable inputs for the asset or liability, used in situations in which little or no market activity exists for the asset or liability at the measurement date. Level 3 also includes alternative investments not redeemable near the measurement date.

The categorization of fair value measurements by level of the hierarchy is based upon the lowest level input that is significant to the overall fair value measurement for a given asset or liability.

In the event that changes in the inputs used in the fair value measurement of an asset or liability result in a transfer between fair value hierarchies, such transfers are recognized at the end of the reporting period.

#### ***D. Cash, cash equivalents, and restricted cash***

Cash and cash equivalents include demand deposits as well as amounts in temporary overnight investments, in interest and non-interest-bearing liquid investment accounts, and in money market accounts with maturities of ninety days or less at the date of acquisition. Cash and cash equivalents that are part of NPR's investment portfolio are included in "Investments" in the Consolidated Balance Sheets (see Note 5) because those amounts are not considered available for operating needs. Cash and cash equivalents are carried at cost.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 2. Summary of Significant Accounting Policies (Continued)

#### *D. Cash, cash equivalents, and restricted cash (Continued)*

At September 30, 2021 and 2020, NPR had \$7,167,343 and \$4,844,435, respectively, of demand deposits in excess of the federal deposit insurance limit. Although these funds exceeded the federal deposit insurance limit, NPR believes there is minimal risk of loss given the strength of the financial institutions in which the deposits are held.

Restricted cash consists of amounts deposited to satisfy interest obligations on NPR Inc.'s bonds payable (see Note 7(A)); deposits held as collateral for two standby letters of credit on NPM's New York office lease agreements (see Note 10(F)); demand deposits under the control of the NPR Inc. Board; and amounts set aside by NPM management to collateralize a line of credit should NPM make a draw (see Note 7(B)).

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Balance Sheets that sum to the total shown in the Consolidated Statements of Cash Flows.

<b>September 30,</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 18,519,324	\$ 26,776,962
Restricted cash	3,154,311	449,495
Total cash, cash equivalents, and restricted cash	\$ 21,673,635	\$ 27,226,457

#### *E. Accounts receivable*

Accounts receivable represents amounts due to NPR as a result of NPR's satisfaction of performance obligations. Accounts receivable is comprised principally of amounts owed by corporate sponsors, public radio stations for programming, and customers for commissions, digital, and other services provided by NPR.

NPR records an allowance for doubtful accounts based on its determination of the likelihood of collection for each receivable considering the age of the receivable and other factors that would impact collection. "Accounts receivable" in the Consolidated Balance Sheets are shown net of an allowance for doubtful accounts totaling \$2,354,809 and \$2,434,876 as of September 30, 2021 and 2020, respectively. Uncollectible amounts are written off when all efforts to collect these receivables have been exhausted.

#### *F. Pledges receivable*

Pledges to be received after one year are discounted to present value. NPR Inc. and the Foundation use discount rates that approximate U.S. Treasury borrowing rates at the end of the fiscal year in which the pledge was received based on the respective duration of the donor's payment plan. Amortization of the discount is recorded as additional contribution revenue.

NPR Inc. and the Foundation record an allowance for uncollectible pledges receivable based on a determination of the likelihood of collection for each pledge receivable balance considering the age of the receivable and other factors that would impact collection. Uncollectible amounts are written off when all efforts to collect these receivables have been exhausted.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 2. Summary of Significant Accounting Policies (Continued)

#### G. Property and equipment

Property and equipment includes land, technical equipment and software, building and improvements, office furniture, and vehicles. Property and equipment are stated at cost on the dates of acquisition, or if donated, at fair value on the dates of donation.

NPR Inc. capitalizes property and equipment, excluding software to be sold, leased or otherwise marketed, with costs aggregating \$1,000 or more. NPR Inc. capitalizes software intended to be sold, leased or otherwise marketed with costs aggregating \$500,000 or more. Depreciation is computed for all property and equipment except land using the straight-line method over the assets' estimated useful lives. NPR Inc. uses a mid-month convention and NPM uses a full-month convention. The following table provides the estimated useful lives for each asset class.

<b>Asset Class</b>	<b>Estimated useful lives</b>
Technical equipment	Three to 15 years
Software intended to be sold, leased or otherwise marketed	Greater of five years or the percentage of the product's current year revenues to its anticipated future revenues for software
Buildings	10 to 50 years
Building improvements	Shorter of the remaining useful life of the building or the life of the improvement for improvements
Office furniture	Five to eight years
Vehicles	Five years

#### H. Inventory

Inventory is carried at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the reasonably predictable cost of completion, disposal, and transportation. Item costs are determined using the first-in, first-out method.

Inventory, which is included in "Prepaid expenses and other assets" in the Consolidated Balance Sheets, consists of the following:

<b>September 30,</b>	<b>2021</b>	<b>2020</b>
Equipment purchased for resale to participants in the PRSS	\$ 178,608	\$ 290,536
Merchandise held for sale	679,809	333,124
<b>Total inventory</b>	<b>\$ 858,417</b>	<b>\$ 623,660</b>

#### I. Investment in Podcast Media LLC

NPRAHC Inc. is an investor in Podcast Media LLC ("Podcast Media"), a Delaware limited liability company. Podcast Media is governed by NPRAHC Inc., New York Public Radio, Chicago Public Media, Inc., and BBC Studios Americas, Inc. Each member elects a manager and the four managers collectively comprise the Podcast Media Board of Managers ("Podcast Media Board").

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 2. Summary of Significant Accounting Policies (Continued)

#### I. Investment in Podcast Media LLC (Continued)

In December 2020, the Podcast Media Board agreed to sell *Pocket Casts*, the sole asset of Podcast Media. At that time, NPRAHC, Inc. concluded that its investment in Podcast Media was impaired and wrote-off the balance of its investment.

In July 2021, Podcast Media consummated a sale of *Pocket Casts* to a third-party, and each member of the Podcast Media Board received a member capital distribution from the proceeds of the sale. At that time, NPRAHC recalculated its impairment loss and reduced the amount by the member capital distribution received. The final impairment loss totaled \$291,586, and is included in "Management and general" in the Consolidated Statements of Activities, and in "Other" in the Consolidated Statements of Functional Expenses.

NPRAHC Inc. uses the equity method to account for its interest in Podcast Media. The roll-forward of NPRAHC Inc.'s investment in Podcast Media is:

<b>Years ended September 30,</b>	<b>2021</b>	<b>2020</b>
Investment in Podcast Media, beginning of year	\$ 1,198,690	\$ 2,010,819
Plus: Member capital contributions	76,165	–
Minus: Member capital distributions	(812,971)	–
Minus: Share of Podcast Media's net loss through December 31, 2020, the date of impairment	(170,298)	(812,129)
Minus: Impairment loss	(291,586)	–
Investment in Podcast Media, end of year	\$ –	\$ 1,198,690

The dissolution of Podcast Media will be completed in 2023.

#### J. Goodwill

Goodwill represents the excess of the purchase price over the net amount assigned to identifiable assets acquired and liabilities assumed in the purchase of National Public Broadcasting, Inc. and formation of NPM in 2007. NPR performed a qualitative assessment test to determine if indicators of impairment existed and concluded that no goodwill impairment had occurred as of September 30, 2021. NPR is amortizing goodwill over a period of six years. Goodwill, which originally totaled \$1,822,832, is reported in the Consolidated Balance Sheets net of accumulated amortization totaling \$1,275,971 and \$1,093,691 as of September 30, 2021 and 2020. Amortization expense totaled \$182,280 in 2021 and 2020, respectively, and is included in "Management and general" in the Consolidated Statements of Activities, and "Depreciation and amortization" in the Consolidated Statements of Functional Expenses.

#### K. Leases

Leases arise from contractual obligations that convey the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. At the inception of the contract, NPR Inc. and NPM determine if an arrangement contains a lease based on whether there is an identified asset and whether either NPR Inc. or NPM controls the use of the identified asset. NPR Inc. and NPM also determine whether the lease classification is an operating or financing lease at the commencement date.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 2. Summary of Significant Accounting Policies (Continued)

#### ***K. Leases (Continued)***

A right-of-use asset represents either NPR Inc.'s or NPM's right to use an underlying asset and a lease liability represents either NPR Inc.'s or NPM's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The implicit rates for NPR Inc.'s and NPM's leases are not readily determinable; therefore, NPR Inc. and NPM have elected to use a risk-free discount rate at the lease commencement date for all new leases and at October 1, 2020 (the "Adoption Date") (see Note 2(S)).

NPR Inc.'s and NPM's real estate operating leases typically include non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. NPR Inc. and NPM have elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments.

NPR Inc.'s and NPM's lease terms may include options to extend or terminate the lease. NPR Inc. and NPM generally uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that either NPR Inc. or NPM will exercise those options. NPR Inc.'s and NPM's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a matter of policy, NPR Inc. and NPM elected to exclude leases with terms of 12 months or less ("Short-Term") from the Consolidated Balance Sheets. Short-Term lease expense is recognized on a straight-line basis over the expected term of the lease. NPR Inc. had two Short-Term leases as of September 30, 2021. NPM had one Short-Term lease as of September 30, 2021; however, this lease was eliminated upon consolidation because the lessor is NPR Inc.

#### ***L. Charitable gift annuity split-interest agreements***

Split-interest agreements with donors consist of charitable gift annuities for which NPR Inc. holds the assets. Assets held for the annuitants totaled \$486,305 and \$429,526 as of September 30, 2021 and 2020, respectively. These assets are included in "Prepaid expenses and other assets" in the Consolidated Balance Sheets.

Contribution revenue is recognized on the date NPR Inc. establishes the donor accounts, after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries.

Where required by state laws and statutes, NPR Inc. maintains separate annuitant asset accounts, reserves, and specific investment allocations. At September 30, 2021 and 2020, NPR Inc. had satisfied all state reserve requirements.

NPR Inc. records charitable gift annuity split-interest agreement liabilities at fair value using the appropriate actuarial rate, adjusted by an annuity adjustment factor, provided in the Internal Revenue Code of 1986, as amended ("Code") and the 2012 Individual Annuity Reserve Table. Each year, NPR Inc. adjusts the estimated liability to reflect changes in the life expectancy of the donor (or other beneficiary) and amortization of the discount in subsequent periods. This annual estimated liability change is recorded in "Miscellaneous" in the Consolidated Statements of Activities.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 2. Summary of Significant Accounting Policies (Continued)

#### L. Charitable gift annuity split-interest agreements (Continued)

At September 30, 2021 and 2020, NPR Inc.'s charitable gift annuity split-interest agreement liabilities totaled \$218,976 and \$239,389, respectively. These liabilities are reported in "Other liabilities" in the Consolidated Balance Sheets.

#### M. Deferred revenue

Deferred revenue consists of the following:

<b>September 30,</b>	<b>2021</b>	<b>2020</b>
Prepaid core and programming fees	\$ 18,833,316	\$ 22,181,425
Prepaid corporate sponsorships	2,091,258	740,087
Prepaid satellite interconnection and distribution fees	1,300,681	1,319,800
PRSS contract	—	2,369,094
Other	115,817	195,419
Total deferred revenue	\$ 22,341,072	\$ 26,805,825

Excluding deferred revenue associated with the PRSS contract, of the 2020 deferred revenue balance, NPR recognized \$22,622,518 (or 93%) during 2021. Similarly, of the 2019 deferred revenue balance, NPR recognized \$18,463,212 (or 90%) during 2020. Other changes in deferred revenue resulted from normal timing differences between the satisfaction of performance obligations, payments received, and the number of customers who elected to prepay core and programming fees. See Note 3(A) for a discussion of the PRSS contract deferred revenue.

#### N. Conditional contribution refundable advances

A transfer of cash that is related to a conditional contribution is accounted for as a refundable advance until the condition(s) have either been substantially met or explicitly waived by the donor.

#### O. Contributions of nonfinancial assets

During 2021 and 2020, contributed nonfinancial assets recognized within the Consolidated Statements of Activities, none of which had donor-imposed restrictions, included:

<b>Years ended September 30,</b>	<b>2021</b>	<b>2020</b>
Professional services	\$ 941,270	\$ 1,297,858
Subscriptions	1,261,002	1,223,617
Health clinic services	377,325	368,600
Contributed nonfinancial assets	\$ 2,579,597	\$ 2,890,075

Professional services comprise attorneys who advise NPR Inc. on various legal matters. Subscription services comprise various periodicals and databases to which NPR Inc. has access in support of research activities. Health clinic services comprise medical support provided in the onsite employee clinic located in NPR Inc.'s headquarters facility.

For all services, NPR Inc. valued and reported the contributed services at the estimated fair value based on current rates for similar services (e.g., for professional services, current hourly attorney rates for similar advice).

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 2. Summary of Significant Accounting Policies (Continued)

#### *O. Contributions of nonfinancial assets (Continued)*

NPR Inc. receives other contributed services from volunteers in connection with its operations. These services do not meet the requirement to be recognized in the Consolidated Statements of Activities.

#### *P. Functional allocation of expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Functional Expenses based on departmental classification. “Content production and distribution” represents expenses incurred by NPR Inc.’s News and Information, Programming, Engineering, NPR Music, and Distribution divisions.

“Digital and other” program services represent expenses incurred by NPR Inc.’s Digital, Member Partnership, and Consumer Products divisions.

In the Consolidated Statements of Functional Expenses, NPR allocated certain fringe benefit expenses that are attributable to one or more program or supporting functions. These expenses include accrued vacation, workers compensation premiums, benefits administration services, and other company-wide employee benefits. NPR allocated these expenses based on direct salaries.

#### *Q. Impairment of long-lived assets*

NPR reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, through a nonoperating charge to its current fair value. There were no impairment losses in 2021.

#### *R. Income taxes*

Tax Status—NPR Inc., the Foundation, and NPRIO are exempt from federal income taxes to the extent provided in Section 501(c)(3) of the Code. ACPR is exempt from federal income taxes to the extent provided in Section 501(c)(4) of the Code. Each organization is liable for income tax on unrelated business activities as described in Section 512 of the Code.

NPRAHC Inc. is a taxable corporation and records current taxes payable or receivable in the period that income becomes taxable using the asset-and-liability method of accounting for deferred income taxes. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the carrying amount of existing assets and liabilities and their tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using tax rates expected to be applicable to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax asset and liabilities of a change in tax rates is recognized in nonoperating income in the period that includes the enactment date.

NPM is treated as a partnership for federal income tax purposes. Each member is, therefore, separately liable for any related taxes thereon. Accordingly, no provision for federal income tax has been made.

1111 JW and 1111 Media Enterprises are treated as “sole proprietorships” for federal income tax purposes. Accordingly, the activity of each company will be included in NPRAHC Inc.’s corporate income tax return as NPRAHC Inc. is the single-member of each.



# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 2. Summary of Significant Accounting Policies (Continued)

#### R. Income taxes (Continued)

NPM, 1111 JW, and 1111 Media Enterprises are, however, liable for income taxes in certain states and local jurisdictions where the companies operate. Accrued state and local income taxes, which are included in “Accounts payable and accrued expenses” in the Consolidated Balance Sheets, are:

<b>September 30,</b>	<b>2021</b>		<b>2020</b>	
1111 JW	\$	—	\$	—
1111 Media Enterprises	\$	—	\$	—
NPM	\$	<b>10,000</b>	\$	9,800

Net Operating Loss (“NOL”) Carry-forwards—For the years ended September 30, 2021 and 2020, ACPR, the Foundation, NPR Inc., NPRIO, and NPRAHC Inc. had no tax expense. Additionally, there were no material income-related interest or penalties recorded in either fiscal year 2021 or 2020. NOL carry-forwards for NPR Inc., the Foundation, and NPRAHC, Inc. are:

<b>September 30,</b>	<b>2021</b>		<b>2020</b>	
NPR Inc. <sup>1</sup>	\$	<b>18,189,375</b>	\$	17,259,546
Foundation <sup>1</sup>	\$	<b>1,707,899</b>	\$	945,211
NPRAHC Inc.	\$	<b>641,279</b>	\$	204,958

1: Because NPR Inc. and the Foundation file their respective informational returns nearly one year in arrears, the NOL carry-forwards below are as of the end of the preceding fiscal year (e.g., in 2021, the NOL carry-forward represents the amount as of September 30, 2020).

As management is uncertain whether it will realize the benefit from its NOLs, no deferred tax asset has been recorded as of September 30, 2021.

On March 27, 2020, the President of the United States signed into law the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* (“CARES Act”). The CARES Act, among other things, relaxed the rules for the carryover of Federal NOLs and allowed an indefinite carryforward after December 31, 2017, but before January 31, 2021. As a result, the NOL carry-forwards for NPR Inc., the Foundation, and NPRAHC Inc. break down as follows as of September 30, 2021:

	<b>NPR Inc.</b>	<b>Foundation</b>	<b>NPRAHC Inc.</b>
Expire as of September 30, 2039	\$ 15,439,160	\$ 549,699	\$ —
Indefinite carry-forward	\$ 2,750,215	\$ 1,158,200	\$ 641,279

The CARES Act also gave businesses a five-year carryback period of NOLs arising in taxable years beginning after December 31, 2017, but before January 31, 2021, and suspended the 80% of taxable income limitation rule on the use of NOLs (i.e., businesses may use NOLs to fully offset taxable income for tax years 2018, 2019, and 2020; for tax years ending after December 31, 2020, the 2017 Tax Cuts and Jobs Act rules will apply). Neither of the aforementioned provisions had an impact on NPR as of September 30, 2021 and 2020.

Uncertain tax positions—The effects of a tax position cannot be recognized in the consolidated financial statements unless it is “more-likely-than-not” to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that NPR is entitled to the economic benefits of a tax position.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 2. Summary of Significant Accounting Policies (Continued)

#### R. Income taxes (Continued)

Uncertain tax positions (Continued)—If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. As of September 30, 2021, there were no uncertain tax positions for which a liability should be recorded.

#### S. Accounting pronouncements adopted

In 2021, management adopted Financial Accounting Standards Board's ("FASB") Accounting Standards Updates ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), and the additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, "ASC Topic 842"). ASC Topic 842 modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. Management adopted ASC Topic 842 using the modified retrospective transition method, under which amounts in prior periods presented herein were not restated. For contracts existing at the time of adoption, management elected the practical expedient and did not reassess (i) whether any are or contain leases, (ii) lease classification, and (iii) initial direct costs. For NPR Inc. and NPM, the adoption of ASC Topic 842 resulted in the following as of the Adoption Date:

	NPR Inc.	NPM	Total
Recognition of:			
Operating lease right-of-use assets	\$ 6,762,294	\$ 536,932	\$ 7,299,226
Operating lease liabilities	\$ 8,214,280	\$ 579,839	\$ 8,794,119
Derecognition of:			
Deferred rent	\$ 253,427	\$ 42,907	\$ 296,334
Deferred tenant improvements	\$ 513,706	\$ —	\$ 513,706

Management also adopted the following in 2021, none of which materially impacted the consolidated financial statements:

- ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*
- ASU No. 2020-10, *Codification Improvements*
- ASU No. 2021-03, *Intangibles-Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*
- ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*

#### T. Accounting pronouncements not yet adopted

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. The update improves how entities account for equity investments, present and disclose financial instruments, and measure the valuation allowance on deferred tax assets related to available-for-sale debt securities. The original effective date for this update would have required NPR to adopt the update in fiscal year 2019. In November 2018, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, which deferred the effective date until NPR's fiscal year 2023. Management continues to evaluate the potential impact of this update.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 2. Summary of Significant Accounting Policies (Continued)

#### *T. Accounting pronouncements not yet adopted (Continued)*

In January 2020, the FASB issued ASU No. 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815*. The update clarifies that a company should consider observable transactions when evaluating whether to continue to apply or discontinue the equity method of accounting under Topic 323, Investments—Equity Method and Joint Ventures. The update is effective for NPR’s fiscal year 2022. Management continues to evaluate the potential impact of this update.

#### *U. Changes to fiscal year 2020 comparative financial information*

In the Consolidated Balance Sheets, management disaggregated total “Accounts payable and other liabilities” into “Accounts payable and accrued expenses,” “Accrued compensation, benefits, and taxes,” “Acquired programming obligations,” and “Other liabilities.” In the Consolidated Statements of Activities, management elected to present expenses and losses by functional classification rather than natural account. In the Consolidated Statements of Functional Expenses, management disaggregated and reclassified certain expenses and losses into new natural expense lines.

#### *V. Subsequent events*

NPR evaluated subsequent events from the date of the Consolidated Balance Sheet through January 11, 2022, the date on which NPR’s consolidated financial statements were issued. No material subsequent events were identified for either recognition or disclosure except for the following: (i) NPR Inc.’s execution of a single combined \$50 million line of credit (see Note 7(B)); (ii) NPR Inc.’s recognition of NABET-CWA as the exclusive bargaining representative of employees within the organization’s Audience Growth and Communications teams (see Note 10(A)); and (iii) NPR’s evaluation of the impact of the Apache Log4j vulnerability (see Note 10(J)).

### 3. Revenue Recognition

NPR’s significant revenue recognition policies relative to its two primary sources of revenue, contracts with customers and contributions, are outlined below.

#### *A. Contracts with customers*

NPR generates revenue from the sale of both services and products. Revenue is recognized when the organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration management expects to receive in exchange for the services or products. Invoices are generally due within 30 days of the invoice date.

NPR Inc. and NPM expense incremental costs to obtain a contract (e.g., such as sales commissions, general and administrative costs not chargeable to a customer, and costs that cannot be assigned to a performance obligation) when incurred because the amortization period would have been one year or less. These costs are recorded within “Compensation, taxes, and benefits” and “Contracted Services” in the Consolidated Statements of Activities.

NPR Inc. and NPM do not disclose the value of unsatisfied performance obligations for either (i) contracts with an original expected length of one year or less or (ii) contracts for which NPR Inc. and NPM recognize revenue at the amount to which it has the right to invoice for services performed.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 3. Revenue Recognition (Continued)

#### A. Contracts with customers (Continued)

Core and other programming fees revenue—NPR Inc. recognizes revenue from the following sources ratably as services are rendered (e.g., program is delivered to customer):

<u>Years ended September 30,</u>	<u>2021</u>	<u>2020</u>
Core fees	\$ 73,554,479	\$ 74,872,694
Other programming fees	16,852,498	17,717,249
<b>Total core and other programming fees</b>	<b>\$ 90,406,977</b>	<b>\$ 92,589,943</b>

More detailed information about the revenue recognition policies for each of the above sources follows:

- **Core fees**—Amounts charged by NPR Inc. to members for the general rights of membership, including participation in NPR Inc. governance; representing members on issues affecting public broadcasting; providing access to valuable training and information; providing digital content and marketing, analytics, and other digital services, as well as digital products and training; licensing the broadcast of *Morning Edition*, *All Things Considered*, *Weekend Edition Saturday*, *Weekend Edition Sunday*, and *Weekend All Things Considered*. Although NPR Inc. does not execute a contract with its members, management considers payment of core fees, based on prices determined by NPR Inc., to constitute member acceptance of the offered benefits. Management expects to collect all amounts invoiced; therefore, management does not reverse amounts recognized during the year for invoiced but unpaid core fees. The duration of the performance period corresponds to NPR Inc.'s fiscal year.
- **Other programming fees**—Fees charged by NPR Inc. for the right to access and deliver NPR Inc. distributed programming to listeners. The duration of the underlying customer contracts corresponds to NPR Inc.'s fiscal year.

NPR Inc. has no unsatisfied contractual performance obligations related to the above services as of September 30, 2020.

Commissions and Corporate Sponsorships revenue—NPR Inc. and NPM recognize revenue from commissions and corporate sponsorships in an amount to which NPR Inc. and NPM have a right to invoice. NPR Inc. and NPM may invoice customers when television and radio sponsorship acknowledgments run, impressions on public broadcasting internet sites are delivered (i.e., the number of times the sponsorship appears in viewed internet pages), podcasts containing sponsorship credits are downloaded, and special events occur. NPR Inc. and NPM have concluded that each has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of NPR Inc.'s and NPM's performance completed to date.

- **Commissions**—Fees charged by NPM for securing corporate sponsorship placements. Such commissions are typically calculated based on a contractually-stipulated percentage applied to the gross sponsorship amount. NPM does not recognize revenue until the client, on whose behalf NPM secured the corporate sponsorship, successfully fulfills its performance obligation (as discussed above).
- **Corporate sponsorships**—Amounts charged by NPR Inc. for sponsorship recognition. Corporate sponsorship revenue is reported in the Consolidated Statements of Activities net of third-party agency commissions totaling \$442,583 and \$473,025 in 2021 and 2020, respectively.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 3. Revenue Recognition (Continued)

#### A. Contracts with customers (Continued)

PRSS contract revenue—NPR Inc.'s Distribution division manages and operates the PRSS through which public radio programming is distributed to interconnected public radio stations. Beginning in 1988, Congress has, periodically, authorized funds to replace, refurbish, and upgrade the public radio and television satellite interconnection systems. Typically, the authorizing legislation establishes a special fund administered by the Corporation for Public Broadcasting ("CPB") which, in turn, contracts with NPR Inc. to carry out the public radio satellite interconnection project. NPR Inc. treats this contract as an exchange transaction.

CPB and NPR Inc. entered into a contract effective October 1, 2017. Under this contract, CPB committed funds totaling \$25,845,852 for the period October 1, 2017, through September 30, 2021. During the contract term, NPR Inc.'s Distribution division planned, designed, procured, constructed, and maintained the PRSS for the interconnection of the public telecommunications entities participating in the public radio interconnection system, including those public telecommunications entities that in the future may qualify and participate in the PRSS.

The contract functions as a cost-reimbursable contract under which NPR Inc. may apply funds received from CPB to the allowable costs of replacing, refurbishing, upgrading, and maintaining the PRSS. Such allowable costs include, but are not limited to, equipment and facilities, maintenance arrangements, insurance, planning, engineering evaluation, design, labor, and leases (whether for satellite or terrestrial capacity). NPR Inc. has a right to consideration from CPB in an amount that corresponds directly with the value to CPB of NPR Inc.'s performance completed to date. Accordingly, NPR Inc. recognizes revenue based on permitted costs incurred.

The following table summarizes the changes in deferred revenue:

<b>Years ended September 30,</b>	<b>2021</b>	<b>2020</b>
Deferred revenue, beginning of year	\$ 2,369,094	\$ 5,333,347
Plus: Disbursements from CPB to NPR Inc.	2,406,865	2,734,512
Minus: Revenue recognized by NPR Inc. <sup>2</sup>	(4,775,974)	(5,706,603)
Plus: Interest earned on funds advanced by CPB	15	7,838
Deferred revenue, end of year	\$ —	\$ 2,369,094

2: "Revenue recognized by NPR Inc." differs from the amount reported in the Consolidated Statements of Activities because NPR incurred costs in excess of the amount the funds disbursed by CPB, resulting in a receivable of \$956,350 as of September 30, 2021, which is included in "Accounts receivable, net" in the Consolidated Balance Sheets

The following table presents the unrecognized and undisbursed balances for the 2017 Contract:

<b>September 30,</b>	<b>2021</b>	<b>2020</b>
Unrecognized balance	\$ 1,065,479	\$ 6,780,092
Undisbursed balance	\$ 2,021,829	\$ 4,428,694

Management is currently negotiating a one-year contract extension with CPB that will cover the period October 1, 2021, through September 30, 2022. After the contract extension is executed, CPB and management will negotiate a new multi-year contract. NPR Inc. management believes that it will successfully negotiate the contract extension and new contract.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 3. Revenue Recognition (Continued)

#### A. Contracts with customers (Continued)

Satellite interconnection and distribution revenue—Satellite interconnection and distribution revenue from contracts with customers includes the following amounts charged by NPR Inc.'s Distribution division:

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
Interconnection	\$ <b>3,620,162</b>	\$ 3,669,520
Distribution	<b>4,801,710</b>	4,904,456
Equipment sales and rentals	<b>280,490</b>	450,527
Other	<b>(2,799)</b>	—
Total satellite interconnection and distribution	\$ <b>8,699,563</b>	\$ 9,024,503

NPR Inc.'s Distribution division recognizes revenue from the above sources either ratably, as services are rendered (e.g., customer can access satellite download), or upon delivery of a product to customers. More detailed information about the revenue recognition policies for each of the above sources follows:

- **Interconnection**—Fees charged by NPR Inc.'s Distribution division to public radio stations for connection to the ContentDepot® Distribution System through which the public radio stations download content. Public radio stations connect via either a satellite or via the internet. The duration of the underlying customer contracts corresponds to NPR Inc.'s fiscal year.
- **Distribution**—Fees charged by NPR Inc.'s Distribution division to customers that utilize microwave frequency bands (KU-band and C-band) for satellite terrestrial reception and transmission. Customers utilizing these services include public radio station producers, independent producers, and commercial companies. NPR Inc.'s Distribution division also offers customers back-up satellite transmission services in the event that the customer's primary satellite connection is inoperable. The duration of the underlying customer contracts is generally a one-year period corresponding with NPR Inc.'s fiscal year. For multi-year contracts, the monthly fee is fixed for the term of the contract.
- **Equipment sales and equipment rentals**—Amounts charged by NPR Inc.'s Distribution division for the direct sale or leasing of equipment used by customers to connect to the ContentDepot Distribution System. NPR Inc.'s Distribution division recognizes revenue either when control of the sold equipment is transferred to the customer (e.g., upon shipment, upon delivery and installation) or over the period when a customer has access to the use of rented functional equipment.

NPR Inc.'s Distribution division has no material unsatisfied contractual performance obligations related to the above services as of September 30, 2021.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 3. Revenue Recognition (Continued)

#### A. Contracts with customers (Continued)

Other revenue—Other revenue from contracts with customers includes the following:

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
Ticket sales	\$ <b>543,538</b>	\$ 1,902,794
Commercial programming distribution	<b>1,871,313</b>	1,854,301
Airing of program content	<b>1,035,000</b>	1,112,500
Licensing of intellectual property	<b>3,452,544</b>	3,053,910
Inventory sales	<b>1,311,561</b>	811,020
Parking	<b>36,947</b>	177,148
Public Media Interactive Network	<b>491,297</b>	371,906
Other	<b>383,342</b>	470,751
Total other	\$ <b>9,125,542</b>	\$ 9,754,330

More detailed information about the revenue recognition policies for the above significant sources follows:

- **Ticket sales**—Ticket revenue is recognized at the point when either the corresponding show or special event is held.
- **Commercial programming distribution**—NPR Inc. provides programming to a commercial entity for distribution of the programming over the entity’s branded radio stations. Revenue is recognized ratably over the contract period as programming is delivered to the commercial entity in an amount that corresponds to the right to invoice.
- **Airing of program content**—NPR Inc. distributes customer content during segments on one of its shows. Revenue is recognized ratably over the contract period using output methods as content is aired.
- **Licensing of intellectual property**—NPR Inc. licenses two types of intellectual property (“IP”): IP that has “standalone functionality,” which is called functional IP, and all other IP, which is called symbolic IP. Revenue related to the license of functional IP is generally recognized upon delivery (availability) of the IP to the customer. The substantial majority of NPR Inc.’s content distribution activities are considered licensing of functional IP. Revenue related to the license of symbolic IP is generally recognized over the term of the license. NPR Inc.’s primary revenue stream derived from symbolic IP is the licensing of trade names.
- **Inventory sales**—Revenue from sales in NPR Inc.’s gift shop is recognized at the time of sale. Revenue from sales on NPR Inc.’s internet shopping site is recognized upon shipment of the ordered goods.
- **Parking**—Parking revenue is recognized as employee payroll deductions for headquarters parking are taken, and as payments are received either from the management company which operates the headquarters parking garage on behalf of NPR Inc., or the monthly parkers’ licensing space at NPR Inc.’s West Coast facility.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 3. Revenue Recognition (Continued)

#### A. Contracts with customers (Continued)

Other revenue (Continued)—

- **Public Media Interactive Network**—During fiscal year 2009, NPM launched the Public Media Interactive (“PMI”) network. The PMI network is a digital offering that monetizes unsold digital inventory on member stations’ websites. The PMI network provides incremental digital revenues to participating stations. In fiscal years 2021 and 2020, 92 radio stations and producers participated in the PMI network. Fees charged by NPM (typically calculated based on a stated percentage applied to the gross sponsorship amount) for selling client’s unsold digital inventory is not recognized until the client, on whose behalf NPM secured the sale, successfully fulfills its performance obligation (e.g., delivers impressions on public broadcasting internet sites, podcasts containing sponsorship credits are downloaded).

#### B. Contributions of cash and other financial assets

NPR Inc., the Foundation, ACPR, and NPRIO receive contributions from individuals, foundations, donor advised funds, and other charitable organizations. Contributions are recognized as revenue, at fair value, on the earlier of the receipt of cash or an unconditional promise to give. Contributions which impose restrictions that are met in the same fiscal year the contribution is received are reported as increases in net assets without donor restrictions.

Expirations of donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) in subsequent years are reported as “Net assets released from donor restrictions” in the Consolidated Statements of Activities.

From time to time, NPR Inc., the Foundation, ACPR, and NPRIO may receive contributions that have conditions (e.g., meeting specific performance-related barriers, revocable features). For conditional contributions, NPR Inc., the Foundation, ACPR, and NPRIO recognize revenue only after the conditions are substantially met. Should NPR Inc., the Foundation, ACPR, and NPRIO substantially meet the conditions in the same period that the contribution was received, and barring any further donor-imposed restrictions, NPR Inc., the Foundation, ACPR, and NPRIO have elected to recognize the revenue in net assets without donor restrictions.

At September 30, 2021 and 2020, NPR had received conditional promises to give totaling \$3,424,363 and \$2,412,386, respectively, for which it did not yet satisfy the donors’ conditions.

Contributions of assets other than cash are recorded at their estimated fair value on the date of gift. Contributions for the acquisition or construction of property and equipment are released from restrictions in the period in which the assets are placed into service.

Grants awarded by federal agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes, and revenue is recognized when qualifying expenditures are incurred and conditions under the grant agreements are met. NPR Inc. recorded revenue totaling \$84,500 and \$100,360 in 2021 and 2020, respectively. There were no outstanding performance obligations, unrecognized funds, or unspent federal funds at September 30, 2021 and 2020.



# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 4. Pledges Receivable

Pledges receivable are:

<b>September 30,</b>	<b>2021</b>	<b>2020</b>
Amounts due in:		
Less than one year	\$ 13,466,195	\$ 8,395,445
One to five years	6,295,000	7,724,300
More than five years	800,000	1,400,000
Subtotal	<b>20,561,195</b>	17,519,745
Minus:		
Allowance for uncollectible pledges receivable	-	-
Discount to present value (rates range from 0.12% to 2.94%)	(237,500)	(230,554)
Net pledges receivable	<b>\$ 20,323,695</b>	\$ 17,289,191

As of September 30, 2021, 13 donors comprise approximately 77% of the gross pledges receivable balance. As of September 30, 2020, eight (8) donors comprise approximately 79% of the pledges receivable balance. NPR Inc. and the Foundation believe that each has limited credit risk with respect to these donors given their relationship with and support of NPR Inc. and its activities. Of the remaining pledges receivable balance, NPR Inc. and the Foundation believe that each has limited credit risk due to the diversity of its customer and donor base and the size of the amounts owed.

Additionally, NPR partially mitigates credit risk with respect to accounts and pledges receivable through the creation of allowances for uncollectible receivables (when collection is not assured) and the discounting of long-term pledges to present value.

### 5. Investments

NPR's Investments consist almost entirely of the Foundation's investment portfolio. A smaller portion of the investment assets relates to Board-designated funds for PRSS and liquidity reserves, as well as working capital.

The fair value of investments as of year-end consists of the following:

<b>September 30,</b>	<b>2021</b>	<b>2020</b>
Cash and money market funds	\$ 22,977,368	\$ 10,315,198
Fixed income	129,382,608	136,366,172
Marketable equities	239,462,081	202,275,048
Private equity and venture capital	40,397,479	21,034,589
Multi-strategy diversifiers	62,976,695	53,626,081
Opportunistic diversifiers	11,212,451	10,309,078
Private real assets	27,435,836	23,333,457
Total investments	<b>\$ 533,844,518</b>	\$ 457,259,623

NPR's investment classes, which are described in further detail below, include direct holdings that are generally traditional marketable securities such as fixed income securities, equities, mutual funds, and exchange traded funds ("ETFs"). Some of these investments are subject to market, credit, currency, and interest rate risks. Because of potential fluctuations in domestic and international markets subsequent to year end, future fair values may differ significantly from the values reported herein.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 5. Investments (Continued)

NPR also holds shares or units in either institutional funds or partnerships which, where applicable, are stated at net asset value (“NAV”).

- **Cash and money market funds**—Cash, cash equivalent securities, overnight sweep funds, and money market funds with an aggregate duration of less than a year.
- **Fixed income**—Investments in U.S. Treasury and agency debt and credit securities, and funds holding similar securities.
- **Marketable Equities, Private Equity, and Venture Capital**—Investments in funds which generally hold interests in U.S. and non-U.S. equity securities, equity-based derivatives, and funds that invest predominantly in long and short stocks. Of NPR’s investments in marketable equities, all of the funds are redeemable at year-end. Of NPR’s investments in private equity and venture capital, none was redeemable at September 30, 2021 and 2020. Distributions from the funds will be received through liquidations of the assets underlying the funds which are anticipated to begin in two years.
- **Multi-Strategy and Opportunistic Diversifiers**—Investments in funds whose managers utilize hedged strategies and have the authority to invest domestically and globally in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include equity securities, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly.
- **Multi-Strategy and Opportunistic Diversifiers (Continued)**—However, some of the investments are in funds whose managers invest in and sell short securities and instruments, including but not limited to: (i) merger arbitrage and other forms of arbitrage involving corporate takeovers; (ii) investments in companies experiencing financial distress; (iii) investments in restructuring companies; (iv) direct investments in operating and services businesses; and (v) other investments in securities or instruments that the fund manager believes are either undervalued or overvalued or likely to appreciate or depreciate. Of NPR’s investments in multi-strategy diversifiers, \$61,749,997 (98% of holdings) and \$52,322,815 (98% of holdings) of the funds were redeemable at September 30, 2021 and 2020, respectively. Of NPR’s investments in opportunistic diversifiers, none was redeemable at September 30, 2021 and 2020. Distributions from opportunistic diversifiers and the balance of the multi-strategy diversifiers will be received through liquidations of the assets underlying the funds which are anticipated to begin in two years.
- **Private real assets**—Investments in funds which generally hold interests in public real estate investment trusts, private real estate or investments, commercial properties or commodities, infrastructure or oil and gas, normally through commingled funds. Additionally, certain liquid commodity- and real estate-related equities, private placement securities, privately held stock, and related derivatives are included. Of NPR’s investments in private real assets, none was redeemable at September 30, 2021 and 2020. Distributions from the funds will be received through liquidations of the assets underlying the funds which are anticipated to begin to occur in two years.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 5. Investments (Continued)

#### A. Investment policy

The Investment Committee of the NPR Inc. Board and management implement the Statement of Investment Policy, Objectives and Guidelines (“Investment Policies”) as approved by the NPR Inc. Board and Foundation Board. The Investment Committee is comprised of individuals from both boards and it acts as the controlling body relative to each investment under management. The Investment Committee employs an investment advisor to monitor investment managers, as well as to benchmark and evaluate each fund’s performance. Monthly evaluations are prepared for management’s review and the results are communicated to the Investment Committee when the Investment Committee meets during the year. Each year, where available and applicable, management reviews the report on internal controls for fund managers and compares each fund’s NAV to the fund’s audited financial statements. There were no changes in valuation techniques noted for these funds during 2021.

#### B. Basis of reporting

Investments are recorded at estimated fair value. The inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risks associated with those investments or a reflection of the liquidity or degree of difficulty in estimating the fair value of each fund’s underlying assets and liabilities. Generally, if an investment is held directly by NPR and an active market with quoted prices exists, the market price of an identical security is used to report fair value. NPR’s interests in alternative investment funds are generally reported at either NAV or its equivalent (e.g., partnership interest) reported by the fund managers and assessed as reasonable by NPR. NPR uses the NAV where possible to estimate the fair value of NPR’s interest unless it is probable that NPR will sell all or a portion of the investment for an amount different than NAV, which, as of September 30, 2021, NPR had no plans or intentions to do.

The following tables, which exclude cash and money market funds of \$22,977,368 for 2021, and \$10,315,198 for 2020, summarize NPR’s investments within the fair value hierarchy and those measured at NAV at September 30, 2021 and 2020:

<b>September 30,</b>	<b>2021 Total</b>	<b>Fair Value Hierarchy</b>			<b>NAV<sup>3</sup></b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Fixed income	\$ 129,382,608	\$ 129,382,608	\$ –	\$ –	\$ –
Marketable					
equities	239,462,081	31,779,287	–	7,894,413	199,788,381
Private equity and					
venture capital	40,397,479	–	–	1,343,566	39,053,913
Multi-strategy					
diversifiers	62,976,695	6,063,064	–	–	56,913,631
Opportunistic					
diversifiers	11,212,451	–	–	6,774	11,205,677
Private real assets	27,435,836	–	–	353,584	27,082,252
<b>Totals</b>	<b>\$ 510,867,150</b>	<b>\$ 167,224,959</b>	<b>\$ –</b>	<b>\$ 9,598,337</b>	<b>\$ 334,043,854</b>

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 5. Investments (Continued)

#### B. Basis of reporting (Continued)

<b>September 30,</b>	<b>2020 Total</b>	<b>Fair Value Hierarchy</b>			<b>NAV<sup>3</sup></b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Fixed income	\$ 136,366,172	\$ 136,366,172	\$ –	\$ –	\$ –
Marketable equities	202,275,048	22,936,528	–	8,308,558	171,029,962
Private equity and venture capital	21,034,589	–	–	–	21,034,589
Multi-strategy diversifiers	53,626,081	2,857,151	–	–	50,768,930
Opportunistic diversifiers	10,309,078	–	–	79,529	10,229,549
Private real assets	23,333,457	–	–	691,721	22,641,736
<b>Totals</b>	<b>\$ 446,944,425</b>	<b>\$ 162,159,851</b>	<b>\$ –</b>	<b>\$ 9,079,808</b>	<b>\$ 275,704,766</b>

3: Investments that are measured at fair value using NAV have not been classified in the fair value hierarchy. The fair value amounts presented in the “NAV” column are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Balance Sheets.

Registered mutual funds, ETFs, and directly held fixed income securities are classified in Level 1 and are based on published share prices. Most investments classified in Level 3 consist of shares or units in non-registered investment funds as opposed to direct interests in the funds’ underlying securities, which may be readily marketable or not difficult to value. Some investments frequently require the estimation of fair values by fund managers due to the absence of readily determinable market values. Because of the inherent uncertainties of valuation, estimated fair values may differ significantly from the values that would have been used had a ready market existed, and the differences could be material.

Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

#### C. Redemption frequency

For all investments with eligible redeemable amounts as of September 30, 2021, the redemption frequency and the corresponding notice period are:

<b>Asset Class</b>	<b>Redemption frequency</b>	<b>Redemption notice period (in days)</b>
Cash and money market funds	Daily	1
Fixed income	Daily	1
Marketable equities	Daily, weekly, monthly, quarterly, annually, other (e.g., approval of managing manager)	1 to 150
Multi-strategy diversifiers	Daily, monthly, annually	1 to 65

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 5. Investments (Continued)

#### C. Redemption frequency (Continued)

NPR's investments in certain private equity and venture capital, opportunistic diversifiers, and private real assets are illiquid. It is possible that the redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreement.

Certain investments periodically contain rolling lockup provisions. Under such provisions, investment tranches are available for redemption after a specified time period, if NPR makes a redemption request before the next available withdrawal date in accordance with the notification terms of the agreement. Of the amounts reported at net asset value (or its equivalent) as of September 30, 2021 and 2020, \$21,911,889 and \$16,332,804, respectively, of the balance was under "lockup" and redeemable under modified terms. The lockup restrictions expire over the next five calendar years.

#### D. Level 3 assets activity

The following table presents the activities for NPR's investments classified in Level 3:

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
Total Level 3 investments, beginning of year	\$ 9,079,808	\$ 6,124,426
Net realized and unrealized gains	863,097	751,367
Purchases	1,260,000	2,300,000
Sales	(1,604,568)	(95,985)
Total Level 3 investments, end of year	\$ 9,598,337	\$ 9,079,808

Observable and unobservable inputs may be used to determine the fair value of positions that NPR classifies within Level 3. As a result, the unrealized gains and losses for assets in the table above may include changes in fair value that were attributable to both inputs. The net realized and unrealized gains and losses in the table above are reported in the appropriate net asset class as "Return on investments, net" in the Consolidated Statements of Activities.

Quantitative information related to investment assets measured and carried at fair value on a recurring basis using significant unobservable inputs follows:

Description	Fair Value at September 30,		Principal Valuation Technique	Unobservable Inputs	Weighted Average
	2021	2020			
Marketable equities	\$7,894,413	\$8,308,558	Market approach	Values assigned to underlying funds less liabilities	N/A
Private equity and venture capital	\$1,343,566	\$-	Market approach	Values assigned to underlying funds less liabilities	N/A
Opportunistic diversifiers	\$6,774	\$79,529	Market approach	Values assigned to underlying funds less liabilities	N/A
Private real assets	\$353,584	\$691,721	Market approach	Values assigned to underlying funds less liabilities	N/A

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 5. Investments (Continued)

#### E. Liquidity

Investment liquidity is aggregated below based on redemption or sale period:

<b>September 30,</b>	<b>2021</b>
Daily	\$ 190,202,333
Weekly	33,018,714
Monthly	88,729,015
Quarterly	81,987,773
Annually	14,626,681
Other	41,041,899
Funds that are terminated and liquidating	1,226,698
Amount considered to be illiquid	83,011,405
<b>Total investments</b>	<b>\$ 533,844,518</b>

#### F. Commitments

Certain private equity, diversifiers, and real asset investments are made through limited partnerships. Under the terms of these agreements, the Foundation is obligated to remit additional funding periodically as capital calls are exercised by the manager. These partnerships have a limited existence, and such agreements may provide for annual extensions for the purpose of disposing of portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may prematurely wind down the fund. As a result, the timing and amount of future capital liquidity calls expected to be exercised in any particular future year are uncertain. Unfunded commitments will be funded either by cash available in the investment portfolio or by liquidating other investments based on management's assessment. As of September 30, 2021, the aggregate amount of unfunded commitments totaled \$31,325,122, broken down as follows:

<b>Asset Class</b>	<b>Reported at NAV</b>	<b>Level 3</b>	<b>Total</b>
Private equity and venture capital	\$20,002,594	\$2,240,000	\$22,242,594
Opportunistic diversifiers	\$2,827,262	\$—	\$2,827,262
Private real assets	\$6,255,266	\$—	\$6,255,266

### 6. Property and Equipment

Property and equipment is summarized below:

<b>September 30,</b>	<b>2021</b>	<b>2020</b>
Land	\$ 55,753,066	\$ 55,753,066
Technical equipment and software	57,133,216	55,614,325
Building and improvements	153,507,684	149,888,964
Office furniture	9,266,529	9,161,744
Vehicles	32,060	32,060
<b>Total property and equipment</b>	<b>275,692,555</b>	<b>270,450,159</b>
Minus: Accumulated depreciation	(76,003,107)	(71,196,573)
<b>Net property and equipment</b>	<b>\$ 199,689,448</b>	<b>\$ 199,253,586</b>

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 6. Property and Equipment (Continued)

In April 2013, NPR Inc. completed construction of and occupied its new headquarters building. During the construction of the headquarters building, NPR Inc. capitalized interest totaling \$25,146,322. NPR Inc. is amortizing this interest over the remaining life of the building. In both 2021 and 2020, amortization of capitalized interest was \$502,926 and is included in “Depreciation and amortization” in the Consolidated Statements of Activities. The unamortized balance of capitalized interest is \$20,892,404 as of September 30, 2021, and \$21,395,330 as of September 30, 2020.

### 7. Debt

#### A. Bonds payable

NPR Inc. financed the construction of its current headquarters building using *District of Columbia Revenue Bonds (National Public Radio, Inc. Issue) Series 2010* totaling \$162,125,000 (“Series 2010 Bonds”).

Series 2010 Bonds—In 2013, NPR Inc. completed an advance refunding of a portion of the Series 2010 Bonds when the District of Columbia issued *District of Columbia Refunding Revenue Bonds (National Public Radio, Inc. Issue) Series 2013* totaling \$87,430,000 (“Series 2013 Bonds”). In 2016, NPR Inc. completed a second advance refunding of a portion of the unrefunded Series 2010 Bonds when the District of Columbia issued *District of Columbia Refunding Revenues Bonds (National Public Radio, Inc. Issue) Series 2016* totaling \$70,075,000 (“Series 2016 Bonds”). Proceeds from the Series 2013 Bonds and Series 2016 Bonds were deposited into irrevocable defeasance accounts to provide for all future debt service on the refunded portion of the Series 2010 Bonds. NPR Inc. continued to make debt service payments until the unrefunded Series 2010 Bonds matured on April 1, 2020.

Early extinguishment of Series 2013 Bonds and Series 2016 Bonds—In 2020, NPR Inc. completed an advance refunding of the outstanding Series 2013 Bonds and Series 2016 Bonds when the District of Columbia issued *District of Columbia Revenue Refunding Bonds (National Public Radio, Inc. Issue) Series 2020 (Taxable)* totaling \$188,290,000 (“Series 2020 Bonds”). The proceeds of the Series 2020 Bonds were deposited into an irrevocable defeasance account to provide for all future debt service on the Series 2013 Bonds and Series 2016 Bonds. As a result of the 2020 advance refunding, NPR Inc. incurred a loss on early extinguishment of debt totaling \$26,325,476. NPR Inc. considers the refunded portions of the Series 2013 Bonds and Series 2016 Bonds defeased and reduced its liabilities accordingly.

Series 2010 Bonds, Series 2013 Bonds, Series 2016 Bonds—During 2020, interest expense on the Series 2010 Bonds, Series 2013 Bonds, and Series 2016 Bonds totaled \$56,525, \$1,765,265, and \$1,018,015, respectively (\$2,839,805 in total). Bond issuance cost amortization expense was \$73,025 in 2020, and is reported in “Depreciation and amortization” in the Consolidated Statements of Functional Expenses. Total net amortization for premiums, which is an offset to interest expense, was \$661,412 in 2020, and is included in “Interest” in the Consolidated Statements of Functional Expenses.

Series 2020 Bonds—Bonds payable at September 30, 2021 and 2020, consists entirely of the Series 2020 Bonds. The serial portion of the bonds has maturities ranging from April 1, 2022, through April 1, 2035, and the term portion has maturities ranging from April 1, 2042, through April 1, 2047.

The Series 2020 Bonds bear interest at fixed rates from 1.438% to 3.532%, and interest is payable semi-annually (due each October 1<sup>st</sup> and April 1<sup>st</sup>). In 2021, interest expense on the Series 2020 Bonds totaled \$2,827,494. As management elected to finance the Series 2020 Bonds’ interest expense for the period from inception through April 1, 2021 (i.e., defer interest payments until October 1, 2021), NPR Inc. had no interest expense related to the Series 2020 Bonds in 2020.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 7. Debt (Continued)

#### A. Bonds payable (Continued)

NPR Inc., in its sole discretion, may redeem all or a portion of the Series 2020 Bonds prior to maturity. The make-whole redemption price (“Make-Whole Price”) is defined in the Indenture of Trust dated July 1, 2020 (“Indenture”). The Make-Whole Price is the greater of the principal amount to be redeemed or the net present value of the remaining scheduled payments of principal and interest, discounted by the then applicable United States Treasury Rate for similar maturity periods, plus varying basis points as provided for in the Indenture.

Issuance costs related to the Series 2020 Bonds were financed by bond proceeds, and the Series 2020 Bonds were issued at par.

Maturities of the Series 2020 Bonds were as follows at September 30, 2021:

	<b>Total</b>
2022	\$ 3,300,000
2023	4,860,000
2024	5,760,000
2025	5,860,000
2026	5,965,000
Thereafter	163,235,000
Total bonds payable	<u>\$188,980,000</u>

#### B. Lines of Credit

In November 2012, NPR Inc. established an unsecured revolving line of credit of \$25 million (“November 2012 Line”) with Truist Bank (formerly SunTrust Bank) to support either working capital or general corporate uses. The November 2012 Line accrues interest at a rate equal to the London Interbank Offered Rate (“LIBOR”) plus 0.94%. It also contains nonfinancial covenants with which NPR Inc. complied in 2021 and 2020. During 2021 and 2020, NPR Inc. did not make any draws and, as a result, had no interest expense. There was no balance outstanding on this credit facility as of September 30, 2021 and 2020.

In September 2020, NPR Inc. established a second unsecured revolving line of credit of \$25 million (“September 2020 Line”) with Truist Bank to provide additional liquidity support for either working capital or general corporate uses. The September 2020 Line accrues interest at a rate equal to the LIBOR plus 1.125%. It also contains nonfinancial covenants with which NPR Inc. complied in 2021 and 2020. During 2021 and 2020, NPR Inc. did not make any draws under the line of credit and, as a result, had no interest expense. There was no balance outstanding on this credit facility as of September 30, 2021 and 2020.

Under the November 2012 Line and September 2020 Line, any amounts borrowed were originally payable on March 31, 2021, and September 7, 2021, respectively. In 2021, NPR Inc. and Truist Bank extended the term of each line to October 22, 2021, to permit NPR Inc. and Truist Bank the opportunity to negotiate a single combined line of credit.



# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 7. Debt (Continued)

#### ***B. Lines of Credit (Continued)***

In October 2021, NPR Inc. established a single unsecured revolving line of credit of \$50 million (“October 2021 Line”) with Truist Bank. The October 2021 Line accrues interest at a rate equal to the daily Secured Overnight Financing Rate plus 1.15%. Any amounts borrowed are payable on October 15, 2023. This line of credit contains nonfinancial covenants. Upon ratification of the October 2021 Line, the November 2012 Line and September 2020 were closed.

In May 2017, NPM established a revolving line of credit with Bank of America to support working capital uses. The maximum loan amount is \$200,000, and any amounts borrowed are payable each May. The line of credit accrued interest at a rate equal to the LIBOR plus 2.5%, as is secured by time deposits with Bank of America in an amount not less than \$200,000. This amount is included in restricted cash and cash equivalents. The line of credit contained nonfinancial covenants with which NPM complied in 2021 and 2020.

During 2021 and 2020, NPM did not make any draws under the line of credit and, as a result, had no interest expense for either year. There was no balance outstanding on this credit facility as of September 30, 2020. As of September 30, 2021, the line of credit was closed.

#### ***C. U.S. Small Business Administration (“SBA”) Economic Injury Disaster Loan (“EIDL”)***

The CARES Act expanded the availability of the SBA’s EIDL program. On June 20, 2020, NPR Inc. obtained a \$150,000 EIDL which it repaid in September 2020. Interest expense on the EIDL totaled \$907.

#### ***D. SBA Paycheck Protection Program loan***

On May 6, 2020, NPM entered into a \$2,253,602 loan payable with Bank of America pursuant to the Paycheck Protection Program (“PPP Loan”) under the CARES Act. On May 14, 2020, NPM returned the entire outstanding balance of \$2,253,602.

#### ***E. Aggregate interest expense***

The aggregate interest expense on NPR’s debt obligations included in “Interest” in the Consolidated Statements of Functional Expenses was:

<b><i>Years ended September 30,</i></b>	<b>2021</b>	<b>2020</b>
Series 2010 Bonds	\$ —	\$ 56,525
Series 2013 Bonds	—	1,765,265
Series 2016 Bonds	—	1,018,015
Series 2020 Bonds	<b>2,827,494</b>	—
EIDL	—	907
Total interest expense	<b>\$ 2,827,494</b>	<b>\$ 2,840,712</b>

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 8. Retirement Plan

NPR Inc. offers a defined contribution plan under Section 403(b) of the Code for its administrative and union employees ("NPR Plan"). Under the NPR Plan, NPR Inc. contributes a percentage of the base compensation of each properly enrolled employee who has completed two years of qualified service with NPR Inc. For the years ended September 30, 2021 and 2020, NPR Inc. made contributions to the NPR Plan of \$3,706,824 and \$4,422,630, respectively.

NPM offers a savings plan under Section 401(k) of the Code for its employees ("NPM Plan"). Participants may, voluntarily, contribute and defer a portion of their wages up to the maximum amount allowable. NPM, at the discretion of the NPM Board, may make contributions on behalf of employees who have completed one year of qualified service with NPM. For the years ended September 30, 2021 and 2020, NPM made contributions to the NPM Plan of \$422,782 and \$566,252, respectively.

### 9. Leases

NPR Inc. and NPM have non-cancelable lease arrangements for corporate facilities which expire at various dates from fiscal year 2022 to fiscal year 2032. NPR Inc. and NPM do not have any leases that are classified as finance leases, and do not have any material office space subleases.

All lease agreements for the year ended September 30, 2021, are accounted for under ASC Topic 842; for the year ended September 30, 2020, all leases were accounted for under the previous lease standard.

Upon adoption of ASC Topic 842 and as discussed in Note 2(S), NPR Inc. and NPM elected numerous practical expedients with respect to leases existing as of October 1, 2020.

Rental payments under these leases include base rental amounts for the terms of each lease unless the lease contains variable costs based (e.g., utilities, real estate taxes, operating expenses such as janitorial and common area maintenance, water, and insurance) on an index or rate. If a lease does include indexed or variable costs at a specific rate, NPR Inc. and NPM include those costs as part of operating lease expense.

Other leases contain variable costs for expenses which are not based on an index or rate. These variable lease payments are determined based on actual expenses incurred by the lessor and passed to either NPR Inc. or NPM on a periodic basis. NPR Inc. and NPM expense these nonlease components as incurred.

For leases that contain an option to extend for an additional period, management evaluated whether it is reasonably certain that NPR Inc. or NPM would, in fact, extend the lease. If NPR Inc. or NPM was not reasonably certain that a lease would be extended, the additional term was not included in the determination of the lease liability and right-of-use asset. If NPR Inc. or NPM was reasonably certain that a lease would be extended, the additional term was included in the determination of the lease liability and right-of-use asset.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 9. Leases (Continued)

Operating, variable and Short-Term lease expense in the Consolidated Statements of Activities for the year ended September 30, 2021, which is included in “Facility lease, utilities, taxes, and related expenses” and “Satellite space and equipment” in the Consolidated Statements of Functional Expenses, was:

	NPR Inc.		NPM		Total
Operating lease expense	\$ 850,383	\$	375,886	\$	1,226,269
Variable lease expense	384,711		109,532		494,243
Short-Term lease expense <sup>4</sup>	1,295,538		–		1,295,538
<b>Total lease expense</b>	<b>\$ 2,530,632</b>	<b>\$</b>	<b>485,418</b>	<b>\$</b>	<b>3,016,050</b>

<sup>4</sup> See Note 10(G) for information about the Short-Term PRSS satellite lease.

The weighted-average remaining lease term and discount rate related to NPR Inc.’s and NPM’s lease liabilities as of September 30, 2021, were:

	NPR Inc.	NPM
Weighted average remaining lease term	8.9 years	10 years
Weighted average discount rate	1.2%	1.3%

Aggregate remaining maturities of lease liabilities as of September 30, 2021, are as follows:

	NPR Inc.		NPM		Total
2022	\$ 641,902	\$	254,186	\$	896,088
2023	1,015,081		412,621		1,427,702
2024	1,043,828		422,970		1,466,798
2025	899,770		433,579		1,333,349
2026	803,347		444,455		1,247,802
Thereafter	3,747,314		3,051,535		6,798,849
Total operating lease payments	8,151,242		5,019,346		13,170,588
Minus: Imputed interest	(502,188)		(394,274)		(896,462)
<b>Total operating lease liabilities</b>	<b>\$ 7,649,054</b>	<b>\$</b>	<b>4,625,072</b>	<b>\$</b>	<b>12,274,126</b>

As of September 30, 2021, NPR Inc. has \$1,508,169 of future payments under an additional corporate office lease that has not yet commenced. The lease will commence in April 2025 and has a lease term of five (5) years and nine (9) months.

Previous lease standard – Fiscal year 2020—NPR had operating leases for equipment and office space. Rental expense for equipment, office space, and program requirements for year ended September 30, 2020, was \$3,055,222 and is included in “Facility lease, utilities, taxes, and related expenses” in the Consolidated Statements of Functional Expenses.

NPR Inc. licensed excess office space to organizations. The space license agreements expired at various times through fiscal year 2021. Income from space license agreements included in “Miscellaneous” in the Consolidated Statements of Activities was \$552,509 for the year ended September 30, 2020.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 9. Leases (Continued)

Previous lease standard – Fiscal year 2020 (Continued)—The future minimum lease payments (“FMLP”), net of space license income, associated with NPR’s real estate leases were as follows as of September 30, 2020:

	Office space rental FMLP	Minus: Office space license income	Total FMLP, net
2021	\$ 1,639,023	\$ (347,049)	\$ 1,291,974
2022	1,116,098	—	1,116,098
2023	1,001,639	—	1,001,639
2024	1,030,386	—	1,030,386
2025	960,627	—	960,627
Thereafter	5,449,533	—	5,449,533
Total FMLP	\$ 11,197,306	\$ (347,049)	\$ 10,850,257

### 10. Commitments and Contingencies

#### A. Concentration of employees covered by Collective Bargaining Agreements (“CBA”)

At the end of 2021 and 2020, approximately 49% of NPR Inc.’s active employees were members of either the National Association of Broadcast Employees and Technicians union, Communications Workers of America (“NABET-CWA”) or the Screen Actors Guild–American Federation of Television and Radio Artists, Washington-Baltimore union (“SAG–AFTRA”).

NPR Inc. and SAG–AFTRA successfully renegotiated the CBA covering employees in NPR Inc.’s (i) News and information, (ii) Programming, and (iii) Research, Archives, and Data teams in 2021. The successor CBA continues through on July 30, 2025.

The current CBA between NPR Inc. and NABET-CWA covering NPR Inc.’s audio engineers and technicians expires on March 31, 2022. While not assured, NPR Inc.’s management believes that it will successfully renew the NABET-CWA CBA in 2022.

On May 5, 2021, NPR Inc. voluntarily recognized NABET-CWA as the exclusive bargaining representative of employees within the organization’s Digital Media team. On November 15, 2021, NPR Inc. voluntarily recognized NABET-CWA as the exclusive bargaining representative of employees within the organization’s Audience Growth and Communications teams. NPR Inc. management and NABET-CWA are actively bargaining over an initial CBA covering both of these groups.

#### B. Audits of costs incurred under select foundation and all government grants

Costs incurred under select foundation and all government grants are subject to audit. No audits occurred in 2021. The ultimate liability, if any, from future audits is not expected to have a material adverse effect on NPR’s financial position.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 10. Commitments and Contingencies (Continued)

#### ***C. Litigation***

NPR Inc. is subject to various legal claims and contingencies arising in the ordinary course of NPR Inc.'s business. NPR Inc.'s exposure is generally limited through insurance coverage. While the outcomes of such matters are uncertain, management believes that their ultimate resolution will not have a material adverse effect on NPR Inc.'s financial position.

#### ***D. News personal services contracts and employment agreements***

At September 30, 2021, NPR Inc. has personal services contracts and employment agreements (collectively, "Contract and Employment Agreements") with news bureau chiefs, correspondents (domestic and international), editors, hosts, newscasters, producers, and reporters. Contract and Employment Agreements with fixed termination dates expire at various times through fiscal year 2024. At September 30, 2021, NPR Inc. has 48 (40 in 2020) Contract and Employment Agreements which continue in perpetuity until terminated.

#### ***E. Indemnification***

From time to time, NPR Inc. enters into agreements for the acquisition or sale (including licensing) of goods or services in which NPR Inc. agrees to indemnify the other party. During 2021 and 2020, NPR Inc. had no losses as a result of its indemnification obligations. Additionally, NPR Inc. is not aware of any material liability arising from its indemnification obligations as of September 30, 2021.

#### ***F. Letters of credit***

NPR Inc. has entered into three irrevocable transferable standby letter of credit agreements. Two letters of credit relate to NPR Inc.'s New York Bureau office space and total \$149,804 and \$64,766. The third letter of credit relates to NPR Inc.'s Chicago Bureau office space and totals \$100,000.

NPM has entered into two standby letters of credit agreements. Each letter of credit relates to separate NPM New York offices and total \$161,677 and \$164,625.

Since inception, there has been no activity on any letter of credit through September 30, 2021.

#### ***G. PRSS***

The PRSS consists of a lease of satellite transponder capacity and ground equipment. The satellite transponders leasehold rights and the ground equipment not owned by individual interconnected stations are owned by The Public Radio Satellite Interconnection System Charitable Trust ("Trust") which was created on July 16, 1990. The original Trust agreement was amended and restated on October 27, 2000, and again on May 13, 2014. The Trust is a qualified tax-exempt charitable trust that holds title to the leased satellite transponder capacity and purchased satellite equipment in trust for the benefit of interconnected public radio stations. The power and duties to administer the Trust are vested in three trustees duly elected by qualified interconnected stations. Certain actions contemplated by the Trust agreement, however, require a majority vote of the qualified interconnected stations.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 10. Commitments and Contingencies (Continued)

#### *G. PRSS (Continued)*

Since inception, the Trust has executed various agreements with NPR Inc. either to lease or sublease its assets to NPR Inc. These agreements, under which NPR Inc. operates the PRSS, include leases for satellite transponder capacity and the ground equipment not owned by individual interconnected stations. While the various agreements do not require NPR Inc. to make lease payments to the Trust, NPR Inc. is responsible for the cost of maintaining and repairing the ground equipment not owned by individual interconnected stations. The Trust lease covering the ground equipment automatically renews each year. The leases may be terminated, without cause, by a majority vote of the qualified interconnected stations at any time with 24 months' notice. In the event of default by NPR Inc., the leases may be terminated after conclusion of the specified cure period provided in the Trust lease by a majority vote of the Trust trustees. On October 27, 2000, the Trust and NPR Inc. executed a new transponder sublease agreement for satellite transponder capacity on the Galaxy IVR satellite (since replaced by the Galaxy XVI satellite). The term of the transponder sublease parallels the terms of the transponder lease with the satellite's owner, Intelsat. In 2021, NPR Inc. extended the term of its contract with Intelsat through June 30, 2022.

#### *H. Foreign correspondents*

Foreign correspondents support NPR Inc.'s mission by reporting on the most important stories happening across the globe. NPR Inc. operates international bureaus which are located around the world. In the ordinary course of NPR Inc.'s international activities, NPR Inc. and its foreign correspondents must comply with various immigration, foreign corporate tax presence, and domestic and international payroll and employment laws and regulations. Tax costs incurred by NPR Inc. are subject to review and adjustment by the respective taxing jurisdictions.

#### *I. COVID-19 outbreak and pandemic*

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Since the beginning of the COVID-19 outbreak, NPR Inc.'s Crisis Management Team ("CMT") has spearheaded NPR's response. The CMT and senior management have prioritized both staff safety and wellness in all of its facilities, and keeping operations, principally broadcasts, running. Although NPR Inc. was exempted from state shutdowns due to its public newsgathering responsibilities, the CMT limited the number of personnel permitted into any of its facilities to workers essential to its broadcast, engineering, and information technology operations beginning in mid-March 2020.

The CMT also limited contractors' access to the facilities, transitioned much of its broadcast and program operations offsite, and implemented vigorous facility cleaning and safety procedures in an effort to further protect onsite essential workers. Throughout the pandemic, NPR Inc. has continued its broadcast operations and has not suspended any programs. The CMT continues to closely monitor the Centers for Disease Control and Prevention and other national authority guidelines for all of the localities of its offices to determine not only the timing of reopening the offices, but also how to best protect NPR's employees.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 10. Commitments and Contingencies (Continued)

#### *I. COVID-19 outbreak and pandemic (Continued)*

During 2021 and 2020, senior management took the following actions to lower and contain costs:

- Reduced discretionary spending (e.g., travel, conferences, outside training, subscriptions and publications, delayed and eliminated capital purchases and projects).
- Reduced contracted and professional services.
- Suspended hiring for all positions but those critical to NPR's core mission.
- Reduced executive and staff compensation through progressive reductions in pay and staff furloughs; eliminated all executive incentive bonuses, and significantly limited staff bonuses; suspended merit increases in 2021; permitted employees to work part time for a reduced salary, allowed employees to take unpaid sabbaticals in 2021; and suspended employer contributions to retirement plans until mid-2021.
- Reduced contracted talent fees.
- Canceled events.

The extent of the continued impact of the COVID-19 outbreak on the operational and financial performance of NPR will depend upon certain developments, including vaccine hesitancy, the duration of the pandemic, and the emergence and virulence of variants. The pandemic may have a material adverse impact on economic and market conditions, possibly triggering another period of global economic slowdown. Such a slowdown could lead to a decline in contributions, corporate sponsorships, other revenue to either NPR's Member stations or to NPR, or collections of existing receivable balances. Depending on the ultimate severity and length of the pandemic, this pandemic could present material uncertainty and risk with respect to NPR's investments, including performance and liquidity. The fluidity of this situation precludes any prediction as to the ultimate material adverse impact of COVID-19. Nevertheless, COVID-19 presents potential material uncertainty and risk with respect to NPR, its future performance, and its future financial results. Management will continue to evaluate the ongoing needs of the organization, as well as additional stimulus acts signed into law, if any.

On December 28, 2020, the Consolidated Appropriations Act, 2021 (the "Act"), which includes \$900 billion in stimulus relief in response to the ongoing impact of COVID-19, was signed into law. Although the Act allowed eligible borrowers that had previously received a PPP Loan to apply for a second PPP Loan, NPR did not apply for or receive any loans or stimulus funding under the Act.

On March 11, 2021, the American Rescue Plan Act of 2021 ("American Rescue Plan") was signed into law. Although the American Rescue Plan includes \$1.9 trillion in stimulus relief in response to the ongoing impact of COVID-19, management currently does not expect the American Rescue Plan to have a material impact on NPR's consolidated financial position, activities, or liquidity.

#### *J. Apache Log4j Vulnerability*

NPR has scanned all of its critical systems for remote code execution vulnerabilities as a result of Apache Log4j (a logging tool used in many Java-based applications) vulnerability disclosed on December 9, 2021. Any systems found to be vulnerable have been patched or workarounds have been put in place to protect all systems. NPR has not experienced any degradation in the availability of any services or evidence of compromise as a result of this vulnerability. NPR will continue to monitor its systems and future developments relative to Apache Log4j.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 10. Commitments and Contingencies (Continued)

#### K. Deferred employer social security payments

NPR elected to defer the deposit and payment of the employer's share of social security tax under the CARES Act which began on March 27, 2020 and ended on December 31, 2020. Under the terms of the CARES Act, 50% of the deferral is payable on December 31, 2021, and the remaining balance is payable on December 31, 2022. The employer's share of social security tax payments deferred totaled \$5,631,212 and \$4,019,305 (included in Accrued compensation, benefits, and taxes" in the Consolidated Balance Sheets) as of September 30, 2021 and 2020, respectively. In December 2021, NPR paid the first half of its deferred social security tax payments.

### 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

<u>September 30,</u>	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purposes:		
Donor-restricted gifts for a specified purpose (e.g., journalism, programming)	\$ 24,972,880	\$ 23,294,433
Current year distribution from endowment not yet available for use	3,239,634	3,000,000
Prior year distributions from endowment not yet available for use	6,099,160	3,099,160
Total subject to expenditure for specific purposes	<b>34,311,674</b>	29,393,593
Subject to the passage of time—For periods after fiscal year end	6,319,083	9,167,262
Subject to when a specified event occurs—Charitable gift annuities	136,541	136,541
Subject to NPR's distribution policy and appropriation <sup>5</sup> :		
Donor-restricted endowment corpus amounts	215,365,935	215,140,658
Accumulated investment earnings on endowments	152,823,223	94,579,805
Total subject to NPR's distribution policy and appropriation	<b>368,189,158</b>	309,720,463
Total net assets with donor restrictions	<b>\$ 408,956,456</b>	\$ 348,417,859

5: See Note 12 for a discussion of NPR's Endowment.



# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 11. Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by occurrence of the passage of time, or by other events specified by the donors as follows:

<b><i>Years ended September 30,</i></b>	<b>2021</b>	<b>2020</b>
Expiration of time restrictions	\$ 4,573,416	\$ 3,162,356
Satisfaction of purpose restrictions:		
News and information	9,484,788	7,926,960
Programming	1,043,666	841,875
Distribution	139,954	309,972
Other	967,283	1,375,417
Subtotal satisfaction of purpose restrictions	11,635,691	10,454,224
Restricted-purpose endowment distribution:		
NPR's general mission and operations	11,466,915	11,339,314
Journalistic excellence	496,939	476,530
Digital innovations/new technologies	75,538	74,682
Cultural journalism	76,330	75,453
Jazz journalism and programming	44,132	43,050
Operation of NPR facilities	11,864	11,729
Science journalism	4,405	4,297
Subtotal restricted-purpose endowment distribution	12,176,123	12,025,055
Total net assets released from donor restrictions	\$ 28,385,230	\$ 25,641,635

The fiscal year 2021 "Restricted-purpose endowment distribution" above does not agree to the "Appropriated for distribution" amount in Note 12(E). The difference (\$3,239,634) represents a special COVID relief distribution from the endowment that will not be released from net assets with donor restrictions until fiscal year 2022.

The fiscal year 2020 "Restricted-purpose endowment distribution" above does not agree to the "Appropriated for distribution" amount in Note 12(E). The difference (\$3 million) represents a special podcast innovation distribution from the endowment that will not be released from net assets with donor restrictions until fiscal year 2022.

"News and information" includes activities related to NPR's journalism, including journalistic collaborations with members (e.g., coverage such as criminal justice, diversity, education, elections, energy and the environment, global health and development, and religion); news desks and bureaus (e.g., Arts desk, Education desk, International desk, Investigative reporting desk); and the safety and security of NPR's journalists. "Programming" includes activities related to NPR Music, NPR's Tiny Desk, and the production and acquisition of programs such as *Jazz Night in America*, and *Code Switch*. "Distribution" includes activities performed by NPR's Distribution division, such as digital emergency alerting for hurricane activity in Gulf states. "Other" primarily includes NPR's general operating activities.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 12. Endowment

At September 30, 2021 and 2020, NPR's endowment consisted of 60 and 58 funds, respectively, established by donors for a variety of purposes including:

<b>September 30,</b>	<b>Donor- restricted corpus amount</b>	<b>Accumulated investment earnings</b>	<b>2021</b>
NPR's general mission and operations	\$ 198,748,784	\$ 146,548,502	\$ 345,297,286
Journalistic excellence	12,260,955	4,010,151	16,271,106
Digital innovations/new technologies	1,500,000	782,821	2,282,821
Cultural journalism	1,505,163	995,131	2,500,294
Jazz journalism and programming	1,000,000	347,686	1,347,686
Operation of NPR facilities	250,000	104,445	354,445
Science journalism	100,000	34,487	134,487
Endowment contributions not yet deposited into the investment account	1,033	—	1,033
<b>Total endowment net assets</b>	<b>\$ 215,365,935</b>	<b>\$ 152,823,223</b>	<b>\$ 368,189,158</b>

<b>September 30,</b>	<b>Donor- restricted corpus amount</b>	<b>Accumulated investment earnings</b>	<b>2020</b>
NPR's general mission and operations	\$ 198,746,783	\$ 91,975,043	\$ 290,721,826
Journalistic excellence	12,259,955	1,383,040	13,642,995
Digital innovations/new technologies	1,500,000	401,059	1,901,059
Cultural journalism	1,282,887	638,316	1,921,203
Jazz journalism and programming	1,000,000	121,841	1,121,841
Operation of NPR facilities	250,000	48,556	298,556
Science journalism	100,000	11,950	111,950
Endowment contributions not yet deposited into the investment account	1,033	—	1,033
<b>Total endowment net assets</b>	<b>\$ 215,140,658</b>	<b>\$ 94,579,805</b>	<b>\$ 309,720,463</b>

#### A. Interpretation of Relevant Law

The NPR Inc. Board requires the preservation of the corpus (historic dollar value) of donor-restricted endowment funds absent explicit donor stipulations to the contrary. NPR therefore classifies as net assets with donor restrictions (i) the original value of gifts donated to the endowment, (ii) the original value of subsequent gifts to the endowment, and (iii) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment. Appreciation on donor-restricted endowment funds is classified in net assets with donor restrictions until those amounts are approved for distribution by the Foundation Board.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

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### 12. Endowment (Continued)

#### A. Interpretation of Relevant Law (Continued)

A distribution is determined in a manner consistent with the standard of prudence prescribed by the District of Columbia Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) which is incorporated into NPR’s Investment Policies. The standard of prudence considers the duration and preservation of the endowment funds, the purposes of NPR and the endowment funds, general economic conditions, the possible effect of inflation or deflation, the expected total return from income, and the appreciation of investments. The amounts appropriated for expenditure are based on the endowment distribution policy.

#### B. Distribution Policy

NPR utilizes the total return concept (income yield and appreciation) in the management of its endowment. NPR’s distribution policy is designed to stabilize the annual spending levels and preserve the real value of the endowment over time. In accordance with NPR’s policy, a predetermined endowment-distribution rate consistent with NPR’s total return objective has been established and approved by the NPR Inc. Board. The distribution rate is calculated as 4% of the average March 31<sup>st</sup> fair value of investments for the preceding twelve fiscal quarters. This amount is included in “Net assets released from donor restrictions” in the Consolidated Statements of Activities.

#### C. Return Objectives and Risk Parameters

Under NPR’s Investment Policies, NPR invests its endowment assets in a manner that is intended to produce an average real rate of return that exceeds the 4% distribution rate over the long term and provides a predictable stream of funding to programs and operations supported by the endowment assets. Actual returns in any given year may vary from this amount.

#### D. Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (“Underwater Endowment Funds”). NPR has interpreted UPMIFA to permit spending from Underwater Endowment Funds in accordance with prudent measures required under law. Underwater Endowment Funds, if any, are reported in net assets with donor restrictions. At September 30, 2021 and 2020, NPR had no Underwater Endowment Funds.

#### E. Changes in endowment

Changes in the endowment were as follows:

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
Endowment balance, beginning of year	\$ 309,720,463	\$ 309,462,166
Return on investments, net	73,659,176	14,159,255
Appropriated for distribution	(15,415,757)	(15,025,054)
Contributions	183,000	1,113,287
Purchasing power addition	42,276	10,809
Endowment balance, end of year	\$ 368,189,158	\$ 309,720,463

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 13. Liquidity and Availability

The following reflects NPR's financial assets as of the Consolidated Balance Sheet dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Consolidated Balance Sheets dates.

<b>September 30,</b>	<b>2021</b>	<b>2020</b>
Total consolidated assets	<b>\$ 838,464,540</b>	\$ 739,130,748
Minus: Nonfinancial assets		
Property and equipment, net	<b>(199,689,448)</b>	(199,253,586)
Operating lease right-of-use assets	<b>(10,858,821)</b>	–
Prepaid expenses and other assets	<b>(6,464,712)</b>	(5,463,892)
Investment in Podcast Media	–	(1,198,690)
Goodwill	<b>(546,861)</b>	(729,141)
Financial assets	<b>620,904,698</b>	532,485,439
Minus: Financial assets unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<b>(31,291,963)</b>	(31,772,945)
Conditional contribution refundable advances	<b>(1,995,879)</b>	(1,103,934)
Subject to NPR's distribution policy, appropriation, and satisfaction of donor restrictions	<b>(351,422,227)</b>	(297,463,311)
Subject to when a specified event occurs: Charitable gift annuities	<b>(136,541)</b>	(136,541)
Restricted cash	<b>(3,154,311)</b>	(449,495)
Deferred employer social security taxes under the CARES Act required to be repaid	<b>(5,631,212)</b>	(4,019,305)
Employee health claims contractual funding obligation	<b>(7,401,692)</b>	(7,244,582)
Other	<b>(1,289,743)</b>	(1,469,174)
Board designations:		
For PRSS activities	<b>(9,543,248)</b>	(8,240,589)
Amounts constituting liquidity reserves	<b>(89,863,223)</b>	(79,849,376)
Financial assets available to meet general expenditure cash needs within one year	<b>\$ 119,174,659</b>	\$ 100,736,187

NPR is substantially supported by restricted contributions that require resources to be used in a particular manner or in a future period. NPR must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. However, amounts already appropriated from either the donor-restricted endowment or board-controlled accounts were not subtracted as unavailable.

Although the above liquidity analysis excludes board-designated amounts set aside for long-term investing, those resources could, after action by the NPR Inc. Board and Foundation Board, be used to support general expenditures. Furthermore, in the event of an unanticipated liquidity need, NPR Inc. could draw upon lines of credit totaling \$50 million (same in 2020; see Note 7(B)).

As part of NPR's liquidity management, NPR has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, NPR invests cash in excess of daily requirements in short-term investments. Occasionally, NPR may, with the concurrence of the NPR Inc. Board and Foundation Board, add a portion of any operating surplus to its liquidity reserves.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 14. Noncontrolling Interest

Noncontrolling interest on the Consolidated Balance Sheets consists of capital contributed by WGBH and PBS adjusted by net income (loss) and after reductions for distributed capital. Net income (loss) is allocated as defined in the NPM limited liability company agreement, as amended. Future liquidations, if any, are proportionate to the extent of either WGBH's or PBS' positive capital balances. The following table presents a roll-forward of noncontrolling interest for 2021 and 2020:

	WGBH		PBS		Total
October 1, 2019, balance	\$ 723,802	\$	637,648	\$	1,361,450
Plus: Share of NPM net income for the year ended September 30, 2020	74,282		41,267		115,549
Minus: Distribution to members in 2020	(85,320)		(47,400)		(132,720)
September 30, 2020, balance	712,764		631,515		1,344,279
Plus: Share of NPM net income for the year ended September 30, 2021	46,430		25,794		72,224
Minus: Distribution to members in 2021	(82,800)		(46,000)		(128,800)
September 30, 2021, balance	\$ 676,394	\$	611,309	\$	1,287,703

### 15. Related Party Transactions

During 2021 and 2020, NPR Inc. received contributions from the NPR Inc. Board and Foundation members totaling \$700,198 and \$5,223,258, respectively. These amounts do not include contributions received as a result of NPR Inc. Board and Foundation Board members recommending one or more distributions by a donor-advised fund, private foundation, or similar entity in lieu of direct donor payment.

NPM conducts activities on behalf of and with WGBH. During 2021 and 2020, the percentage of NPM's gross billings placed with WGBH totaled one percent and three percent, respectively. As of September 30, 2021 and 2020, the percentage of NPM's accounts payable owed to WGBH was one percent and three percent, respectively. WGBH is a member of the PMI Network (see discussion in Note 3(A)).

### 16. Nonrecurring Fair Value Measurements

NPR's financial instruments that are not measured at fair value on a recurring basis as of September 30, 2021 and 2020, consisted of the following: accounts and pledges receivable; prepaid expenses and other assets; accounts payable and accrued expenses; accrued compensation, benefits, and taxes; acquired programming obligations; deferred revenue, accrued interest payable; and other liabilities.

The fair value of the following approximates the carrying amount due to the standard terms and relatively short maturity of the financial instruments: accounts and pledges receivable; prepaid expenses and other assets; accounts payable and accrued expenses; accrued compensation, benefits, and taxes; acquired programming obligations; deferred revenue, accrued interest payable; and other liabilities. The carrying amount represents the amount at which the financial instrument is recorded on NPR's books. The fair value is the estimated amount at which an instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

# National Public Radio, Inc.

## Notes to Consolidated Financial Statements

### 16. Nonrecurring Fair Value Measurements (Continued)

The following tables present the carrying amounts and the estimated fair values of NPR's remaining financial instruments:

<b>September 30, 2021</b>	<b>Level in fair value hierarchy</b>	<b>Carrying Amount</b>	<b>Fair value</b>
Pledges receivable <sup>6</sup>	2	\$ 20,561,195	\$ 20,212,061
Bonds payable	2	\$ 188,980,000	\$ 198,254,485

<b>September 30, 2020</b>	<b>Level in fair value hierarchy</b>	<b>Carrying Amount</b>	<b>Fair value</b>
Pledges receivable <sup>6</sup>	2	\$ 17,289,191	\$ 17,346,947
Bonds payable	2	\$ 188,980,000	\$ 199,462,672

<sup>6</sup>: The carrying amount of pledges receivable represents gross pledges receivable less the discount to present value.

NPR's fair value estimation methodology is:

- Pledges receivable**—The fair value of pledges to be received within one year approximates the carrying amount due to the relatively short maturity of these financial instruments. Receivables for pledges to be received after one year are initially recorded using the present value of future cash flows, discounted using risk-free rates that approximate U.S. Treasury borrowing rates at the time of the gift for the respective periods of contribution. The estimated fair value of the pledges to be received after one year reflects the present value of the future cash flows using risk-free rates that approximate U.S. Treasury borrowing rates at the end of fiscal years 2021 and 2020, for the respective remaining pledge payment period.
- Bonds payable**—NPR Inc. utilized a financial services company to determine the fair value of the bonds payable (see Note 7(A)). The estimated fair value reflects current market values for bonds with similar maturities, credit quality, coupons, and call features. Management has analyzed the estimates, assumed credit quality, call features, and cash flow data provided by the third party and concluded these estimates appropriately present the fair value of the bonds payable.

## **Supplementary Information**

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# National Public Radio, Inc. (Parent Company Only)

## Supplemental Balance Sheets

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 8,264,616	\$ 17,320,861
Restricted cash	2,828,009	87,818
Accounts receivable, net	40,322,727	26,275,270
Pledges receivable, net	20,322,494	16,998,733
Investments	135,449,250	122,159,309
Property and equipment, net	199,339,399	199,013,154
Operating lease right-of-use assets	6,285,394	–
Prepaid expenses and other assets	6,249,377	5,392,228
Investment in NPR Asset Holding Company, Inc.	4,899,514	4,805,379
<b>Total assets</b>	<b>\$ 423,960,780</b>	<b>\$ 392,052,752</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 13,413,225	\$ 9,701,580
Accrued compensation, benefits, and taxes	17,490,658	24,607,869
Acquired programming obligations	5,114,939	6,375,504
Deferred revenue	22,172,317	26,790,944
Due to subsidiaries	10,942,068	4,529,998
Accrued interest payable	2,827,494	–
Other liabilities	2,173,219	2,941,678
Conditional contribution refundable advances	1,995,879	1,103,934
Operating lease liabilities	7,649,054	–
Bonds payable	188,980,000	188,980,000
<b>Total liabilities</b>	<b>272,758,853</b>	<b>265,031,507</b>
<b>Net assets</b>		
Net assets without donor restrictions	120,506,334	95,451,186
Net assets with donor restrictions	30,695,593	31,570,059
<b>Total net assets</b>	<b>151,201,927</b>	<b>127,021,245</b>
<b>Total liabilities and net assets</b>	<b>\$ 423,960,780</b>	<b>\$ 392,052,752</b>

*See independent auditor's report under "Other Matters: Supplementary Information."*



# National Public Radio, Inc. (Parent Company Only)

## Supplemental Statements of Activities

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Changes in net assets without donor restrictions</b>		
<b>Operating revenues</b>		
Core and other programming fees	\$ 90,406,977	\$ 92,589,943
Corporate sponsorships	121,744,823	99,528,073
Contributions:		
Contributions of cash and other financial assets <sup>7</sup>	24,363,355	23,460,512
Net assets released from donor restrictions	15,863,764	11,928,046
<b>Total contributions</b>	<b>40,227,119</b>	<b>35,388,558</b>
NPR Foundation board-designated and endowment support distributions	13,138,721	12,567,678
Satellite interconnection and distribution	14,434,640	14,731,186
Use of current year net investment returns for operations	557,900	2,134,853
Contributions of nonfinancial assets	2,579,597	2,368,600
Other	9,877,813	10,801,060
<b>Total operating revenues</b>	<b>292,967,590</b>	<b>270,109,951</b>
<b>Operating expenses</b>		
Program services:		
Content	139,999,702	138,210,186
Digital	26,684,808	28,242,310
Satellite interconnection and distribution	15,803,109	16,332,524
Other	3,494,450	2,979,642
<b>Total program services</b>	<b>185,982,069</b>	<b>185,764,662</b>
Support services:		
General and administrative	72,998,684	65,097,499
Fundraising	5,219,879	5,631,033
<b>Total support services</b>	<b>78,218,563</b>	<b>70,728,532</b>
<b>Total operating expenses</b>	<b>264,200,632</b>	<b>256,493,194</b>
<b>Operating surplus</b>	<b>28,766,958</b>	<b>13,616,757</b>
<b>Nonoperating activities</b>		
Return on investments, net	8,017,932	1,624,161
Change in investment in subsidiary	(305,864)	(519,511)
Interest expense	(2,827,472)	(2,840,712)
Depreciation and amortization	(8,487,404)	(8,882,713)
Loss on early extinguishment of debt	-	(26,325,476)
Other, net	(109,002)	(194,052)
<b>Total nonoperating activities</b>	<b>(3,711,810)</b>	<b>(37,138,303)</b>
<b>Increase (decrease) in net assets without donor restrictions</b>	<b>\$ 25,055,148</b>	<b>\$ (23,521,546)</b>

*Continued on the next page*

# National Public Radio, Inc. (Parent Company Only)

## Supplemental Balance Sheets

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Changes in net assets with donor restrictions</b>		
Contributions of cash and other financial assets	\$ 14,820,728	\$ 22,231,497
Split-interest agreement contributions	-	17,829
Return on investments, net	168,570	141,419
Net assets released from donor restrictions	(15,863,764)	(11,928,046)
<b>(Decrease) increase in net assets with donor restrictions</b>	<b>(874,466)</b>	<b>10,462,699</b>
<b>Change in net assets</b>	<b>24,180,682</b>	<b>(13,058,847)</b>
Net assets, beginning of year	127,021,245	140,080,092
<b>Net assets, end of year</b>	<b>\$ 151,201,927</b>	<b>\$ 127,021,245</b>

7: In 2021 and 2020, NPR Inc. recorded "Contributions of cash and other financial assets" revenue in net assets without donor restrictions from grants awarded by the following federal agencies totaling:

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
National Endowment for the Humanities	\$ -	\$ 40,360
National Endowment for the Arts	84,500	50,000
Small Business Administration	-	10,000
Total revenue	\$ 84,500	\$ 100,360

*See independent auditor's report under "Other Matters: Supplementary Information."*

**NPR Foundation**  
**Supplemental Balance Sheets**

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,645,322	\$ 4,927,270
Pledges receivable, net	1,201	290,458
Investments	398,395,268	335,100,314
Due from NPR Inc.	8,964,600	3,417,465
<b>Total assets</b>	<b>\$ 410,006,391</b>	<b>\$ 343,735,507</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>	<b>\$ 87,964</b>	<b>\$ 84,816</b>
<b>Net assets</b>		
Net assets without donor restrictions	31,657,562	26,802,891
Net assets with donor restrictions	378,260,865	316,847,800
<b>Total net assets</b>	<b>409,918,427</b>	<b>343,650,691</b>
<b>Total liabilities and net assets</b>	<b>\$ 410,006,391</b>	<b>\$ 343,735,507</b>

*See independent auditor's report under "Other Matters: Supplementary Information."*

# NPR Foundation

## Supplemental Statements of Activities

<i>Years ended September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Changes in net assets without donor restrictions</b>		
<b>Revenues, gains, and other support</b>		
Contributions of cash and other financial assets	\$ 3,482,746	\$ 3,070,152
Return on investments, net	6,049,580	1,187,142
Net assets released from donor restrictions	12,521,466	13,713,589
<b>Total revenues, gains, and other support</b>	<b>22,053,792</b>	<b>17,970,883</b>
<b>Expenses</b>		
Transferred to NPR Inc.:		
Annual support	3,828,090	4,758,687
Board-designated and endowment support	13,138,721	12,567,679
Compensation, taxes, and benefits	96,273	106,314
Miscellaneous contracted services	95,787	179,598
Connectivity, supplies, postage, and other office expenses	1,333	2,012
Facility lease, utilities, taxes, and related expenses	8,628	8,325
Marketing	3,810	194
Travel, conferences, meetings, and events	—	49,834
Other	26,479	28,937
<b>Total expenses</b>	<b>17,199,121</b>	<b>17,701,580</b>
<b>Increase in net assets without donor restrictions</b>	<b>4,854,671</b>	<b>269,303</b>
<b>Changes in net assets with donor restrictions</b>		
Contributions of cash and other financial assets	233,079	1,166,806
Return on investments, net	73,701,452	14,170,064
Net assets released from donor restrictions	(12,521,466)	(13,713,589)
<b>Increase in net assets with donor restrictions</b>	<b>61,413,065</b>	<b>1,623,281</b>
<b>Change in net assets</b>	<b>66,267,736</b>	<b>1,892,584</b>
Net assets, beginning of year	343,650,691	341,758,107
<b>Net assets, end of year</b>	<b>\$ 409,918,427</b>	<b>\$ 343,650,691</b>

*See independent auditor's report under "Other Matters: Supplementary Information."*