

Wyoming Public Media

Independent Auditor's Report and Financial Statements

June 30, 2021 and 2020

Wyoming Public Media
June 30, 2021 and 2020

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Independent Auditor's Report

Board of Trustees
University of Wyoming
Wyoming Public Media
Laramie, Wyoming

We have audited the accompanying financial statements of Wyoming Public Media (the Network), a public media entity licensed to the Trustees of the University of Wyoming, reported as part of the University of Wyoming, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
University of Wyoming
Wyoming Public Media

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Network, as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements of the Network are intended to present the financial position, the changes in financial position and cash flows of only that portion of the University of Wyoming that is attributable to the transactions of the Network. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2021 and 2020, and the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BKD, LLP

Denver, Colorado
November 18, 2021

Wyoming Public Media

Management's Discussion and Analysis (Unaudited)

Years Ended June 30, 2021 and 2020

Introduction and Reporting Entity

The following discussion and analysis summarize the financial position and activities of Wyoming Public Media (WPM or the Network) for the years ended June 30, 2021 and 2020. WPM Management prepared the following discussion, and it should be read with the financial statements and related footnotes prepared by the University of Wyoming (UW) and which follow this section.

WPM is licensed to the Trustees of the University of Wyoming appointed by the Governor of Wyoming. Institutional oversight rests with the President through the office of the Vice President of Research and Economic Development. Direction and operation of the Network are delegated to the WPM General Manager who leads the operation with the mandate of providing a nationally recognized public broadcasting service to the public of Wyoming and ensuring Federal Communications Commission (FCC) and Corporation for Public Broadcasting (CPB) compliance at the broadcast and institutional levels. WPM operates under the CPB General Provision and Eligibility Criteria based on the *Communications Act* and applicable to Community Service Grant recipients. It maintains a Public Advisory Council. WPM is the third largest state network in the United States by geographic reach, and the only university-licensed public radio entity serving the citizens of Wyoming.

WPM provides high quality information and cultural content via four broadcast services and one digital platform: Wyoming Public Radio, Classical Wyoming, Jazz Wyoming, Wyoming Sounds, and wyomingpublicmedia.org. In addition, the Network produces and distributes two podcast programs: HumaNaturepodcast.org and TheModernWest.org. WPM is a multi-platform content producer.

WPM is a charter member of National Public Radio (NPR), an affiliate of Public Radio International (PRI) and American Public Media (APM). Its primary service, Wyoming Public Radio (WPR), broadcasts a varied schedule of news and information, Americana/Classical/Jazz music formats, and entertainment programming. Information programming is generated by NPR, BBC, APM, and local production. WPM employs 22 full-time professionals in engineering, technology, programming/production, fundraising, and administration, in addition to part-time, interns, and students. Of these, nine are professional journalists, supplemented by freelancers around the state and in Washington, D.C. WPM consistently wins state and national media awards and is a multi-year Edward R. Murrow awardee. Content is produced for both local and global distribution. Stories, features, and podcasts often air on NPR, reaching an audience of close to four million individuals per airing.

The Wyoming Public Radio service originates from the UW campus and is distributed via satellite to transmitters around the state. In addition, several communities can receive the 24-hour Classical Wyoming, Jazz Wyoming, and Wyoming Sounds signals on either analog or HD radio. All four services are available globally via internet streaming and generate a global audience. Currently the combined signals reach approximately 95% of the state's 570,000+ citizens. According to the most recent audience statistics, over 68,000 people aged 12 and above listen to WPM each week, and close to 8,000 households and businesses contribute financially.

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Management's Discussion and Analysis (Unaudited)

Years Ended June 30, 2021 and 2020

WPM operates under a strategic plan created in 2011 by the incoming General Manager and the UW Administration that addresses four key initiatives: 1) connect Wyoming via terrestrial and digital multi-platform delivery systems, 2) articulate Wyoming's issues and culture by increasing Wyoming-centric programming for local national/global distribution, 3) establish fiscal stability for current and future operations, and 4) create partnerships and collaborations with Wyoming communities and institutions. In 2020/2021, a fifth initiative was articulated – structure learning opportunities in broadcasting that sharpen professional staff skills and provide intern opportunities that ignite an interest in public media and/or are transferable to other life disciplines. The strategic plan is updated every year and has worked well under six UW administrations. It applies President Seidel's 4 Pillars (more digital, entrepreneurial, inclusive, and interdisciplinary) to the public broadcasting disciplines and supports the University's community outreach missions within FCC guidelines.

Strategic Initiative No. 1 connects all Wyoming via terrestrial radio. WPM continued upgrading sites along major Interstates: I-80 (Nebraska to Utah) and I-25/I-90 (Cheyenne to Ranchester/Buffalo to Sundance). Secondary roads connect Rawlins to Cody/Powell, Lander/Rock Springs to Jackson, and Torrington to Newcastle. Off-highway locations continued improvement with Classical Wyoming and Wyoming Sounds services. Douglas, Sheridan, and Saratoga upgrades were either initiated or completed. Today people driving through Wyoming can adjust their equipment and find the Wyoming Public Radio signal with few interruptions, while the Classical Wyoming and Wyoming Sounds signals are present in more locations.

WPM's original \$5 million 5-year request to the state to upgrade and digitize the statewide technology was put on hold starting in 2017. WPM proposes reinstating these requests in coming years, as high-cost equipment and technology reaches its expected lifetime, and replacement/upgrade costs outpace the Network's operating budget. In the meantime, WPM will use federal COVID Relief funds provided for public broadcasting to help offset costs.

WPM continued to upgrade satellite network connectivity in new uplink facilities and downlink receivers. This new technology strengthens program distribution throughout the state and access to digital data for listeners with text capable receivers.

In tandem with analog radio, digital HD Radio technology upgrades continue to serve Wyoming, with over 55% of listeners able to access the HD radio signal. This also provides Classical Wyoming and Wyoming Sounds to audiences that would not be able to ordinarily receive an analog signal in the same region of the state.

Connecting Wyoming digitally, WPM embraced the global transition from analog to multi-platform smart technology and continued content development for new digital platforms. Wyomingpublicmedia.org provides a content-rich experience for individuals, students, and teachers. It is connected to the national public radio/NPR digital backbone, thus capturing national traffic. Content delves into areas such as the Wind River Reservation, UW Highlights, Wyoming Stories, Wyoming History, Wyoming Destinations, Health, Education, Energy, Natural Resources, etc. Two podcasts, *HumaNature* and *The Modern West*, were created to target audiences beyond Wyoming's borders and continue to grow in numbers and in peer recognition. Both are recognized in major podcast reviewers including Apple and *The New Yorker*. The public affairs program, *Open Spaces*, is now a radio, online, and podcast program. Mobile use of

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Management's Discussion and Analysis (Unaudited)

Years Ended June 30, 2021 and 2020

technology was introduced for smartphone access to national and local content. Capitalizing on the volume of digital content, a podcast-to-radio program was initiated to target predominantly radio consumers and is in pilot stage. Total pageviews for wyomingpublicmedia.org: 3,317,597, including podcasts, radio channels, and local programs.

Strategic Initiative No. 2 increases Wyoming-centric programming and content. WPM created several radio and multi-platform modules and programs which can be found on wyomingpublicmedia.org under a variety of tabs. WPM continues a kid's podcast and two museum-related modules partnering with the Buffalo Bill Center of the West and the UW American Heritage Center. Statewide coverage was maintained with four Wyoming regional reporting initiatives serving northeast, northwest, and central Wyoming including the Wind River Reservation. The WPM/Buffalo Bill Center of the West journalism partnership continues, as well as the multi-state Mountain West Bureau which is a CPB-funded initiative that began in 2018. All expansion funding came from non-university sources. As part of its strategic outreach initiative, WPM brings national public broadcasting programs and initiatives to Wyoming, including the *Story Corps* project, entertainers Ira Glass and David Sedaris, journalists Scott Simon, Lakshmi Singh, Lynn Neary, David Greene, Susan Stamberg, Don Gonyea, NPR Presidents/CEO's Kevin Klose, Gary Knell, and Jarl Mohn, and David Sedaris, among others. In 2020/2021 COVID-19 halted this program, and WPM migrated outreach activity to virtual formats.

Strategic Initiative No. 3 establishes fiscal stability in current and future operations. WPM reorganized the fundraising department and upgraded procedures to match public broadcasting industry Best Practices and regulations. Administrative fundraising costs remain well under the 20% of revenue benchmark favored by the philanthropic industry. WPM works with the UW Foundation and continues to associate with NPR as a national collaborator in a system-wide beta test. Activity supported through WPM fundraising is considered as "service to community," and assessed and evaluated annually by the CPB as per FCC guidelines. A strong service activity report card impacts WPM's ability to maintain federal funding and attract donors.

Strategic Initiative No. 4 builds involvement with communities. WPM sponsors activities in towns and cities throughout Wyoming, holds meet-and-greet opportunities (virtual in 2020/2021) with management, and funds a robust statewide public service announcement program online. Complying with federal requirements, WPM provides a detailed annual report evidencing its public service commitment in areas of programming, education, addressing diverse audiences, health and welfare, promoting a strong electorate, and increasing community involvement in civic life. As required by federal law, reports are available on the WPM website and are part of the Congressional record. WPM maintains a public file as per FCC regulations. Many community activities migrated to virtual format because of the pandemic. In the last year, WPM articulated its Diversity, Equity, Inclusion statements and reports as per CPB requirements.

Strategic Initiative No. 5 provides a platform for learning for the next generation of broadcasters and others who seek to learn the broadcast profession. Professional staff development is encouraged utilizing a rich source of public broadcast training initiatives that have expanded over the last two years. WPM administers an intern program for UW students, and in 2018/2019, celebrated the acceptance of its 40th intern since 2013. This program was temporarily reduced because of the pandemic. In addition to training, the program offers opportunity to diversify the work environment.

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Years Ended June 30, 2021 and 2020

Audience for WPM has increased significantly over 56 years of broadcasting. Finances have steadily strengthened due to outstanding audience and business support. The 2020/2021 operating budget is over \$4 million, of which 60% is funded from sources outside the University. An endowment was added after the turn of the century as per best practices recommendations for public broadcasting. CPB had in previous years designated WPM as a “soaring” station in its Financial Health and Audience Service analysis of all CPB radio grantees, and this position still holds. The University of Wyoming surveyed state residents about their perceptions of the University, finding that WPM and UW Athletics were the most recognized entities of the University. The findings are evidence that WPM continues to serve the people of Wyoming with a strong and well received broadcast and media service that fulfills outreach missions of the University.

In November 2019, WPM negotiated the forgiveness of the total \$166,694 outstanding balance on the loan with the former UW Outreach School, as the funding WPM received to repay it was discontinued. The loan payable balances were removed from WPM's financial statements in FY 2020.

In 2020, WPM received an estate gift of \$249,227 from long-time multiple-station public radio supporter, Walter E. Niekamp of Pensacola, Florida, with anticipated use in the central Wyoming Casper area. The Niekamps had lived in Casper, and Mr. Niekamp taught at Natrona High School. His association with UW was through WPM General Manager and WFIU-FM at Indiana University.

In 2021, under UW Trustee guidance, WPM applied for and received a federal PPP loan. Loan funding will be used early in FY22 and an application for forgiveness will be filed in accordance with the program provisions. This loan was sought to bridge current and future losses incurred from the pandemic, particularly in anticipated reductions in corporate underwriting funding.

WPM's trajectory as a leading Wyoming statewide media with national prominence continued as per UW's charge to the General Manager. The network transitioned into digital media operations and platforms with global reach. Directional changes were made in engineering/digital operations, news content and coverage scope, national content submissions, cultural reporting, community outreach, and a restructured fundraising model. WPM's General Manager assumes leadership roles in numerous national organizations as per position requirements and serves on regional and national broadcasting boards dealing with public broadcasting directions, technologies, and delivery systems. WPM employees are assigned to serve on national boards in areas of programming, engineering, technology, and emerging distribution platforms. Staff members participate in national training initiatives, and industry professional consultants and leaders are engaged in areas requiring national visioning. Though the smallest state network in the U.S. with a population of 570,000+, WPM retains a position of prominence in the national public radio area as evidenced by its national and regional grants and its high number of state and federal legislator endorsements.

As all broadcasters, WPM was affected by COVID-19 and responded immediately incorporating both FCC-based guidelines and UW regulations. The objective was to maintain full service on all channels and to all Wyomingites, as well as preservation of content created for national/global distribution. The full impact of the pandemic is expected to draw out for many years. Basing projections on national trends and findings, WPM expects fluctuations in all areas of operation.

Wyoming Public Media

Management's Discussion and Analysis (Unaudited)

Years Ended June 30, 2021 and 2020

Overview of the Financial Statements

WPM's financial statements consist of the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows (direct method). These statements are prepared in conformity with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, (Statement 34) and Government Accounting Standards Board Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (Statement 35). Statement 34 requires the classification of net position into three categories – net investment in capital assets; restricted; and unrestricted. Statement 35 applies Statement 34 to colleges and universities.

The statements of net position includes assets, liabilities, and net position of WPM as of June 30, 2021 and 2020. This statement is classified into current and noncurrent assets and liabilities, with net position classified in the categories noted above. The statements of revenues, expenses and changes in net position depicts the operating revenues and expenses resulting in net operating income or loss, which is then combined with nonoperating revenues and expenses to provide the total change in net position. Significant recurring sources of WPM's revenues (including general revenue from the University of Wyoming, indirect administrative support from the University of Wyoming, and investment income (loss)) expended for operations are considered nonoperating revenues according to definitions prescribed by the Governmental Accounting Standards Board.

These diversified revenue streams are critically important sources of funds used to supplement operating revenue in the delivery of WPM programs and services. Under this required reporting format, operating expenses will always exceed operating revenues and the statements of revenues, expenses and changes in net position will reflect a loss from operations every year. The statements of cash flows shows the sources and uses of cash from operations, noncapital financing activities, capital and related financing activities, and investing activities. The financial statements also include notes that explain important information in the financial statements and provide more detailed data.

Financial Highlights

The financial position of WPM at June 30, 2021 remains strong. Net position totaled \$4,848,368 as of June 30, 2021 and \$4,033,842 as of June 30, 2020. WPM's net position increased by 20.2% or \$814,526 in FY 2021 as compared with an increase of 19.4% or \$654,748 in FY 2020. The increase in FY 2021 was primarily due to one time funding provided by COVID Relief programs (CPB's American Rescue Plan Funding and a Paycheck Protection Program Loan) while the increase in FY 2020 was primarily due to reduced construction and travel activities.

Revenues and expenses are categorized as either operating or nonoperating and an operating income or loss is displayed. Significant recurring sources of the University's revenues, including WPM's share of state appropriations received as general revenues from UW, indirect administrative support, and investment income expended for operations are considered nonoperating revenues according to definitions prescribed by GASB.

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Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2021 and 2020

WPM's operating revenue and support decreased from \$2,858,497 in FY 2020 to \$2,651,305 in FY 2021. The 7.2% or \$207,192 decrease in FY 2021 operating revenue is primarily due to \$303,059 in decreased membership contributions (which includes a \$249,227 one-time estate gift received in FY2020) that was slightly offset by additional grant support. WPM's operating revenue and support increased 19.4% or \$464,069 from \$2,394,428 in FY 2019 to \$2,858,497 in FY 2020 to \$426,639 of increased membership contributions (which includes a \$249,227 one-time estate gift), \$25,768 in ticket sales and \$22,296 of increased underwriting.

Operating expenses decreased from \$4,060,208 in FY 2020 to \$3,900,874 in FY2021. The 3.9% or \$159,334 decrease in FY 2021 operating expenses is primarily due to voluntary staff reductions and continued reductions in capital improvement costs and travel expenses. WPM's operating expenses decreased 7.3% or \$321,304 from \$4,381,512 in FY 2019 to \$4,060,208 in FY 2020 primarily due to lower capital improvement costs and reduced travel expenses.

The net operating loss for FY 2021 was \$1,249,569 which included noncash depreciation expense of \$141,491, while the net operating loss for FY 2020 was \$1,201,711 which included noncash depreciation of \$145,331. The net operating loss for FY 2019 was \$1,987,084 which included noncash depreciation of \$162,661.

Net nonoperating revenues were \$2,064,095 in FY 2021, compared to \$1,856,459 in FY 2020. Included in nonoperating revenues are general revenue and indirect administrative support from the University of Wyoming (UW) and investment income. The increased net nonoperating revenues in FY 2021 compared to FY 2020 was primarily due to increased investment income. Net nonoperating revenues were \$1,856,459 in FY 2020, compared to \$1,653,004 in FY 2019. The higher net nonoperating revenues in FY 2020 was primarily due to forgiveness of the Outreach School Loan and special *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) funding provided by CPB.

WPM's land, equipment, and buildings, net of accumulated depreciation, totaled \$627,998, \$769,489, and \$904,223 at June 30, 2021, 2020, and 2019 respectively.

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2021 and 2020

Financial Analysis of the Statements

WPM's condensed financial statements are presented below for FY 2021, FY 2020 and FY 2019.

Condensed Statements of Net Position

	2021	2020	2019
Assets			
Current assets	\$ 3,692,057	\$ 2,519,984	\$ 1,909,808
Noncurrent assets	<u>2,286,272</u>	<u>1,973,857</u>	<u>2,061,877</u>
Total assets	<u>5,978,329</u>	<u>4,493,841</u>	<u>3,971,685</u>
Liabilities			
Current liabilities	765,253	459,999	545,897
Noncurrent liabilities	<u>364,708</u>	<u>-</u>	<u>46,694</u>
Total liabilities	<u>1,129,961</u>	<u>459,999</u>	<u>592,591</u>
Net Position			
Net investment in capital assets	627,998	769,489	737,529
Restricted for			
Nonexpendable endowment	129,700	129,700	129,700
Expendable, donor purpose	370,015	262,512	247,238
Unrestricted	<u>3,720,655</u>	<u>2,872,141</u>	<u>2,264,627</u>
Total net position	<u>\$ 4,848,368</u>	<u>\$ 4,033,842</u>	<u>\$ 3,379,094</u>

Current assets consist primarily of cash and cash equivalents, accounts receivable and contributions receivable, and prepaid assets such as prepaid lease rentals. Noncurrent assets consist primarily of investments, and property and equipment. Current liabilities consist of accounts payable and accrued expenses and unearned revenues. Noncurrent liabilities consist of outstanding debt associated with a Paycheck Protection Program Loan which is expected to be fully forgiven in FY2022.

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2021 and 2020

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total operating revenue and support	\$ 2,651,305	\$ 2,858,497	\$ 2,394,428
Operating expenses	<u>3,900,874</u>	<u>4,060,208</u>	<u>4,381,512</u>
Operating loss	<u>(1,249,569)</u>	<u>(1,201,711)</u>	<u>(1,987,084)</u>
State appropriations - general revenue	787,355	758,205	762,480
Other nonoperating revenues	<u>1,276,740</u>	<u>1,098,254</u>	<u>890,524</u>
Nonoperating revenue	<u>2,064,095</u>	<u>1,856,459</u>	<u>1,653,004</u>
Additions to permanent endowments	<u>-</u>	<u>-</u>	<u>9,562</u>
Increase (decrease) in net position	814,526	654,748	(324,518)
Net position, beginning of year	<u>4,033,842</u>	<u>3,379,094</u>	<u>3,703,612</u>
Net position, end of year	<u>\$ 4,848,368</u>	<u>\$ 4,033,842</u>	<u>\$ 3,379,094</u>

Operating revenues consist primarily of membership contributions including ticket sales, underwriting contributions, and community service grants.

Operating expenses consist primarily of broadcasting; programming and production; management and general; and fundraising, underwriting, and grant solicitation expense.

Nonoperating revenues consist primarily of state appropriations, investment income, and indirect administrative support from the University of Wyoming.

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2021 and 2020

Condensed Statement of Cash Flows

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net cash used in operating activities	\$ (440,657)	\$ (276,803)	\$ (931,182)
Net cash provided by noncapital financing activities	1,437,369	870,341	762,480
Net cash used in capital financing activities	-	(10,597)	(165,981)
Net cash provided by investing activities	<u>71,968</u>	<u>7,613</u>	<u>5,690</u>
Net increase (decrease) in cash	<u>1,068,680</u>	<u>590,554</u>	<u>(328,993)</u>
Cash, beginning of year	<u>2,131,086</u>	<u>1,540,532</u>	<u>1,869,525</u>
Cash, end of year	<u>\$ 3,199,766</u>	<u>\$ 2,131,086</u>	<u>\$ 1,540,532</u>

The net cash flows from operating activities were used primarily for payments to suppliers and employees, and for employee benefits.

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of WPM's finances and to account for the funding it receives. Additional details can be requested by mail at the following address:

Wyoming Public Media
Department 3984
1000 East University Avenue
Laramie, Wyoming 82071

Wyoming Public Media
Statements of Net Position
June 30, 2021 and 2020

Assets

	2021	2020
Current Assets		
Cash and cash equivalents	\$ 1,808,141	\$ 1,548,958
Restricted cash and cash equivalents	1,391,625	582,128
Accounts receivable, net of \$0 allowance for uncollectible accounts for 2021 and 2020, respectively	14,042	41,060
Grants receivable	79,665	6,528
Contributions receivable, net of \$26,493 and \$59,193 allowance for uncollectible accounts for 2021 and 2020, respectively	261,240	228,369
Inventory	3,879	7,082
Prepaid expenses	133,465	105,859
Total current assets	3,692,057	2,519,984
Noncurrent Assets		
Investments restricted for endowments and quasi-endowments	1,658,274	1,204,368
Capital assets, net	627,998	769,489
Total noncurrent assets	2,286,272	1,973,857
Total assets	5,978,329	4,493,841

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Statements of Net Position (continued)
June 30, 2021 and 2020

Liabilities and Net Position

	2021	2020
Current Liabilities		
Accounts payable	24,033	39,759
Other accrued liabilities	7,209	6,307
Underwriting and grants received in advance	734,011	413,933
Total current liabilities	765,253	459,999
Noncurrent Liabilities		
Loan payable, less current portion	364,708	-
Total noncurrent liabilities	364,708	-
Total liabilities	1,129,961	459,999
Net Position		
Net investment in capital assets	627,998	769,489
Restricted for		
Nonexpendable - endowment	129,700	129,700
Expendable		
Donor purpose	370,015	262,512
Unrestricted	3,720,655	2,872,141
Total net position	\$ 4,848,368	\$ 4,033,842

Wyoming Public Media
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Membership contributions	\$ 1,730,084	\$ 2,033,143
Ticket sales	-	25,768
Program underwriting	503,340	467,922
Corporation for Public Broadcasting Community Service		
Programs Acquisition, Rural Expansion, and Other Grants	319,616	319,902
Grants - other	<u>98,265</u>	<u>11,762</u>
Total operating revenues	<u>2,651,305</u>	<u>2,858,497</u>
Operating Expenses		
Broadcasting	528,220	604,130
Programming and production	1,414,405	1,414,385
Management and general	1,311,003	1,384,667
Fundraising, underwriting, and grant solicitation	505,755	511,695
Depreciation	<u>141,491</u>	<u>145,331</u>
Total operating expenses	<u>3,900,874</u>	<u>4,060,208</u>
Operating Loss	<u>(1,249,569)</u>	<u>(1,201,711)</u>
Nonoperating Revenues		
General revenue from the University of Wyoming	787,355	758,205
Indirect administrative support from the University of Wyoming	750,866	753,115
COVID-19 funding	-	112,136
Investment income	525,874	54,327
Loan forgiveness	-	166,694
Miscellaneous income	<u>-</u>	<u>11,982</u>
Total nonoperating revenues	<u>2,064,095</u>	<u>1,856,459</u>
Increase in Net Position	814,526	654,748
Net Position, Beginning of Year	<u>4,033,842</u>	<u>3,379,094</u>
Net Position, End of Year	<u>\$ 4,848,368</u>	<u>\$ 4,033,842</u>

Wyoming Public Media
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Membership contributions	\$ 1,697,213	\$ 2,019,000
Ticket sales	-	25,768
Program underwriting	513,150	495,147
Community service grants	396,724	330,295
Payments to vendors	(1,122,743)	(1,238,332)
Payments to employees	(1,311,171)	(1,331,073)
Payments for benefits	(613,830)	(589,590)
Miscellaneous cash receipts	-	11,982
	<u>(440,657)</u>	<u>(276,803)</u>
Net cash used in operating activities		
Cash Flows from Noncapital Financing Activities		
General revenue from the University of Wyoming	787,355	758,205
COVID-19 funding	285,306	112,136
Proceeds from Paycheck Protection Plan loan	364,708	-
	<u>1,437,369</u>	<u>870,341</u>
Net cash provided by noncapital financing activities		
Cash Flows from Capital Financing Activities		
Property and equipment acquisitions	-	(10,597)
	<u>-</u>	<u>(10,597)</u>
Net cash used in capital financing activities		
Cash Flows from Investing Activities		
Interest received	111,309	68,595
Purchase of investments including reinvestment of earnings	(39,341)	(60,982)
	<u>71,968</u>	<u>7,613</u>
Net cash provided by investing activities		
Net Increase in Cash	1,068,680	590,554
Cash and Cash Equivalents, Beginning of Year	<u>2,131,086</u>	<u>1,540,532</u>
Cash and Cash Equivalents, End of Year		
Including current restricted cash balances of \$1,391,625 and \$582,128 for 2021 and 2020, respectively	<u>\$ 3,199,766</u>	<u>\$ 2,131,086</u>

Wyoming Public Media
Statements of Cash Flows (continued)
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Loss to Net		
Cash Used in Operating Activities		
Operating loss	\$ (1,249,569)	\$ (1,201,711)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	141,491	145,331
Miscellaneous revenue	-	11,982
Noncash expenses		
Indirect administrative support from the University of Wyoming	750,866	753,115
Change in assets and liabilities		
Accounts receivable	27,018	(10,620)
Grants receivable	(73,137)	(1,083)
Contributions receivable	(32,871)	(14,143)
Inventory	3,203	(782)
Prepaid expenses	(27,606)	7,006
Accounts payable	(15,726)	(5,676)
Other accrued liabilities	902	2,219
Underwriting and grants received in advance	34,772	37,559
	<u>\$ (440,657)</u>	<u>\$ (276,803)</u>
Noncash Investing, Capital and Noncapital Financing Activities		
Unrealized loss on investments	\$ (24,221)	\$ (205,279)
Loan forgiven	\$ -	\$ 166,694

Wyoming Public Media

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Wyoming Public Media (the Network) is a public media entity licensed to the Trustees of the University of Wyoming (the University) and is reported as part of the University of Wyoming. These financial statements are intended to present the financial position, the changes in financial position and cash flows of only that portion of the University that is attributable to the transactions of the Network. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2021 and 2020, the changes in its financial position or cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Financial results for the University are presented in separate financial statements prepared by the University.

The Network is comprised of 24 separate radio stations and associated translators, KBUW-FM – Buffalo, KDUW-FM – Douglas, KEUW-FM – Torrington, KSUW-FM – Sheridan, KUWA-FM – Afton, KUWC-FM – Casper, KUWD-FM – Sundance, KUWE-FM – Evanston, KUWG-FM – Gillette, KUWI-FM – Rawlins, KUWJ-FM – Jackson, KUWK-FM – Kaycee, KUWL-FM Jazz – Laramie, KUWN-FM – Newcastle, KUWP-FM – Powell/Cody, KUWR-FM – Laramie, KUWT-FM – Thermopolis, KUWV-FM – Lingle, KUWW-FM – Fort Washakie, KUWX-FM – Pinedale, KUWY-FM Classical – Laramie, KUWZ-FM – Rock Springs/Green River, KAIW-FM – Saratoga, and KZUW-FM – Reliance.

Basis of Accounting and Presentation

The financial statements of the Network have been prepared on the accrual basis of accounting whereby revenues are recorded when earned and all expenses are recorded when they have been incurred for all exchange transactions, while those from government-mandated nonexchange transactions (*i.e.*, grants) are recognized when all applicable eligibility requirements are met.

Reporting Guidelines

The Network is reported as a single purpose business-type activity entity. In addition, the Network's financial statements have been prepared in accordance with the Corporation for Public Broadcasting's (CPB) *Application Principles of Accounting and Financial Reporting to Public Telecommunications Entities*.

Use of Estimates

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

Wyoming Public Media

Notes to Financial Statements

June 30, 2021 and 2020

Cash and Cash Equivalents

The Network considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2021 and 2020, cash and cash equivalents consist of claims on cash with the University and cash and cash equivalents held by the University of Wyoming Foundation (the Foundation). Interest on the cash pooled with the University is allocated based on the Network's proportion of the pool.

Investments Restricted for Endowment

Investments restricted for endowment are held in the Foundation's Endowment Fund, which is a pooled investment of individual endowments benefiting the University and its related entities including the Network. In accordance with GASB No. 72, *Fair Value Measurement and Application*, for investments in pooled funds, the fair value is determined as the number of units or shares held in the fund multiplied by the price per unit or shares. Investments are reported at the net asset value (NAV).

Accounts Receivable

Accounts receivable consists of amounts due for underwriting. Accounts receivable is recorded net of estimated uncollectible amounts.

Contributions Receivable

Contributions receivable consists of amounts due for unconditional promises to give to the Network. Contributions receivable is recorded net of estimated uncollectible amounts which is based upon a review of outstanding pledges, historical collections and existing economic conditions.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Prepaid Expenses

Prepaid expenses represent payments for benefits not yet received, such as prepaid rent or membership dues paid in advance. The expenses are amortized and recognized in the period in which the benefit is received.

Capital Assets

Capital assets are recorded at historical cost at the date of purchase, or acquisition value at the date of donation if acquired by gift. For equipment, the Network's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Wyoming Public Media

Notes to Financial Statements

June 30, 2021 and 2020

Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Network:

Buildings and improvements	50 years
Equipment	3 – 7 years

Underwriting and Grants Received in Advance

Underwriting and grants received in advance represents unearned amounts from contract sponsors which have not yet been earned under the terms of the agreement and on grants awards for which the Network has not met all of the applicable eligibility requirements.

Net Position

Net position of the Network is classified in four components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase of those assets. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Network. Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Network, such as permanent endowments. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted which may be used for the operation of the Network at the discretion of the governing board.

The Network first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Classification of Revenues

The Network has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues – Operating revenues include activities that are considered to be principal ongoing operations of the Network and include sources that are primarily used to provide services to the Network’s audience, such as (1) membership contributions, (2) program underwriting and (3) grants. Revenue from membership contributions is recognized when an unconditional promise to give exists. Unrestricted grants are recorded as revenues at the time the grant awards are received and when eligibility requirements have been met. Restricted support and revenues are recognized upon incurring the appropriate expenses or meeting the eligibility requirements.

Nonoperating revenues – Nonoperating revenues include all those revenues not considered to be operating revenues as defined above, such as state appropriations received from the University, subsidies received from the federal government related to COVID-19, investment income, and indirect administrative support from the University.

Wyoming Public Media

Notes to Financial Statements

June 30, 2021 and 2020

In-kind Contributions

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. However, if the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated services from volunteers are not included in the accompanying financial statements as there is no measurable and objective basis for determining the fair value of these contributions.

Indirect Administrative Support

Indirect support from the University consists of allocated institutional support and operation and maintenance costs incurred by the University for which the Network receives benefits. The fair value of this support is recognized in the statements of revenues, expenses and changes in net position as indirect administrative support and also as expense in the management and general and fundraising, underwriting and grant solicitation functional expense categories as detailed in Note 7. The University also provides donated facilities consisting of office and studio space which is valued in accordance with the guidelines established by the CPB.

COVID-19 Funding

The *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was passed by Congress and signed into law by President Donald Trump on March 27, 2020. This over \$2 trillion economic relief package delivers on the federal government's commitment to protecting the American people from the public health and economic impacts of COVID-19. The Network received \$112,136 in relief funds awarded to the University from the CPB and it is recognized in the 2020 statements of revenues, expenses and changes in net position. The funds had no eligibility requirements and are to be used to sustain operations and services.

The Network also received \$285,306 in *American Rescue Plan Act* Stabilization Grants from the CPB in April 2021. The grants were funded under Public Law 117-2, *American Rescue Plan Act of 2021*, as signed by President Joe Biden on March 11, 2021, to prevent, prepare for, and respond to the coronavirus. The funds are restricted to expenditures to maintain programming and services. The Network did not incur any eligible expenditures in fiscal year 2021 and as such this grant is reported in Underwriting and Grants Received in Advance on the statements of net position.

Wyoming Public Media
Notes to Financial Statements
June 30, 2021 and 2020

Note 2: Cash and Cash Equivalents

Deposits

Wyoming Statute § 9-4-817 authorizes agencies of the state to deposit public funds in financial institutions authorized to do business in the state of Wyoming. These deposits must be fully insured by Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including bonds, debentures, and other securities in which the State Treasurer may by law invest. Alternatively, a depository may pledge conventional real estate mortgages and notes connected with mortgages at a ratio of one and one-half to one (1½:1) of the value of public funds secured by the securities.

Deposits for the Network represents the Network’s prorated share of commingled cash and cash equivalents held and invested by the University acting as the Network’s fiscal agent or held and invested by the Foundation. The Network’s deposits are held as follows:

	2021	2020
Deposits held by the University	\$ 3,126,329	\$ 2,063,255
Deposits held by Foundation	73,437	67,831
Total deposits	\$ 3,199,766	\$ 2,131,086

Additional information on the University’s and Foundation’s cash and cash equivalents can be found in their separately issued financial statements.

Note 3: Endowment Funds

The University of Wyoming Trustees established a quasi-endowment fund which totals \$1,357,928 and \$982,279 as of June 30, 2021 and 2020, respectively. The funds cannot be withdrawn without University of Wyoming’s Board of Trustees approval. The earnings from the account are available to the Network. The quasi-endowment is included in unrestricted net position on the statements of net position.

The Network has also received gifts as endowments from third parties. As of June 30, 2021 and 2020, total gifts and unspent earnings are \$300,346 and \$222,089, respectively, of which \$129,700 is corpus and is not expendable. The corpus is reported in restricted nonexpendable net position on the statements of net position.

The quasi-endowment and other endowments are held in the Foundation’s Endowment Fund which is a pooled investment of individual endowments benefiting the University and its related entities including the Network. The Foundation maintains separate accounts for each participant in the pool.

Wyoming Public Media

Notes to Financial Statements

June 30, 2021 and 2020

Investment income, gains and losses and expenses of the pool are allocated to each participant based on their share of ownership in the pool and are reflected as investment income in the accompanying statements of revenues, expenses and changes in net position.

The investments within the Foundation’s Endowment Fund are exposed to risks that have the potential to result in losses. Those risks and their definitions are:

- Credit risk – the risk an insurer or counterparty to an investment will not fulfill its obligation
- Custodial risk – the risk that in the case of default by the counterparty a government will be unable to recover its deposit/investment or collateralizing securities in the possession of an outside party
- Concentration risk – the risk of loss attributable to the size of a government’s investment in a single issuer
- Interest rate risk – the risk that changes in interest rates will adversely affect the fair value of investments
- Foreign currency risk – the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment

The investment committee of the Foundation, following the Prudent Expert Rule, carries out the Foundation’s investment policy. The Prudent Expert Rule states that a fiduciary shall manage the portfolio “with the care, skill, prudence and diligence, under circumstances then prevailing, and that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and like aims.” External managers have been hired to invest in the following asset classes: equities, fixed income, absolute return, private equity/venture capital, hedged equity, and real estate. A long-term target asset allocation strategy has been implemented to achieve required returns while minimizing risk. All investments selected must be in compliance with the laws of the state of Wyoming, Internal Revenue Code prohibitions on self-dealing or vehicles that would jeopardize the carrying out of the exempt purpose of the Foundation, and restrictions on Unrelated Business Taxable Income.

Further information on the investments held by the Foundation can be found in their separately issued financial statements.

The following summarizes the Network’s activity and net asset value per share of the underlying portfolio for the years ended June 30, 2021 and 2020:

Balance, June 30, 2019	\$ 1,157,654
Additions (including income reinvested in pool)	60,982
Realized/unrealized gain (loss)	(14,268)
Balance, June 30, 2020	1,204,368
Additions (including income reinvested in pool)	39,341
Realized/unrealized gain (loss)	414,565
Balance, June 30, 2021	\$ 1,658,274

Wyoming Public Media
Notes to Financial Statements
June 30, 2021 and 2020

Note 4: Capital Assets

Capital assets activity for the years ended June 30, 2021 and 2020, was:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Capital assets, not being depreciated				
Land	\$ 50,272	\$ -	\$ -	\$ 50,272
Capital assets, being depreciated				
Equipment	2,618,395	-	353,519	2,264,876
Buildings	507,455	-	-	507,455
Total capital assets, being depreciated	3,125,850	-	353,519	2,772,331
Less: accumulated depreciation	(2,406,633)	(141,491)	(353,519)	(2,194,605)
Capital assets, net	<u>\$ 769,489</u>	<u>\$ (141,491)</u>	<u>\$ -</u>	<u>\$ 627,998</u>
	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Capital assets, not being depreciated				
Land	\$ 50,272	\$ -	\$ -	\$ 50,272
Capital assets, being depreciated				
Equipment	2,607,798	10,597	-	2,618,395
Buildings	507,455	-	-	507,455
Total capital assets, being depreciated	3,115,253	10,597	-	3,125,850
Less: accumulated depreciation	(2,261,302)	(145,331)	-	(2,406,633)
Capital assets, net	<u>\$ 904,223</u>	<u>\$ (134,734)</u>	<u>\$ -</u>	<u>\$ 769,489</u>

Note 5: Loan Payable

PPP Loan

On June 4, 2021, the Network received a loan in the amount of \$364,708 pursuant to the Paycheck Protection Program (PPP). Under the terms of the program loans are eligible to be forgiven if the proceeds were used for payroll and other non-payroll expenses. The Network anticipates using all of the proceeds to make eligible payments, and therefore expects substantially all of the loan to be forgiven in fiscal year 2022.

If the loan is not forgiven, the Network will be required to make monthly payments of \$8,558 with the first payment due November 5, 2022 and the final payment due June 5, 2026. The loan accrues interest at a rate of 1%. In addition, in the event of a default the lender may declare the entire unpaid principal balance under the note and all unpaid interest to be due immediately.

Wyoming Public Media
Notes to Financial Statements
June 30, 2021 and 2020

Other Loans

In November 2010, the Network entered into a loan agreement with the University of Wyoming Outreach School. The loan is to provide the financial resources necessary for the Network to construct a new transmitter in southeast Wyoming. The noninterest bearing loan of \$300,000 is due in annual principal payments of \$30,000 for 10 years beginning December 1, 2012. Due to anticipated additional costs of the transmitter, an additional advance of \$2,962 was made during the construction period and will be paid with the final payment. Unused funds of \$16,268 were returned upon completion of the project in fiscal year 2012. On November 15, 2019, the remaining balance of the loan with the University of Wyoming Outreach School was forgiven. The outstanding balance on the loan at June 30, 2020 was \$0.

Note 6: Corporation for Public Broadcasting Grants

CPB is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the *Communications Act*, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the *Communications Act*, CSG funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

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

Note 7: Functional Allocation of Contributed Support

The indirect administrative support has been allocated to the functional expense areas in which the support was used or consumed. For the years ended June 30, 2021 and 2020, the allocations were as follows:

	2021	2020
Management and general	\$ 734,814	\$ 735,088
Fundraising, underwriting and grant solicitation	16,052	18,027
Total	\$ 750,866	\$ 753,115

Wyoming Public Media
Notes to Financial Statements
June 30, 2021 and 2020

Note 8: Operating Leases

The Network has several operating leases for the use of broadcast towers and equipment which expire in various years through 2029. These leases require various minimum monthly payments.

Future minimum lease payments at June 30, 2021, were:

Year Ending June 30	
2022	\$ 107,254
2023	63,595
2024	56,119
2025	43,699
2026	20,692
Thereafter	<u>27,350</u>
	<u>\$ 318,709</u>

Rental expense under the leases for the years ended June 30, 2021 and 2020, totaled \$113,617 and \$120,051, respectively, and is included in local programming and production and broadcasting expense in the accompanying statements of revenues, expenses and changes in net position.

Note 9: Related-party Transactions

The University of Wyoming Foundation (the Foundation) is a not-for-profit corporation formed to promote the welfare, development, growth and well-being of the University. The Foundation operates independently of the University, but supports University activities including those of the Network. The Foundation's financial records are maintained separately from the University's financial accounting system. The Foundation is utilized as an investment vehicle of the Network.

During the years ended June 30, 2021 and 2020, the Network received revenue from other University departments of \$47,850 and \$99,075, respectively, and paid expenses to other University departments of \$58,169 and \$62,320, respectively.

Note 10: Risk Management

The Network is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters, teachers' liability and employee health and accident benefits. The Network is covered through commercial insurance coverage which is purchased by the University for claims arising from such matters other than those related to employee health, long-term disability, and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The state of Wyoming self-insures employee health and workers' compensation benefits for all state employees, including Network employees, who are considered University employees.

Wyoming Public Media
Notes to Financial Statements
June 30, 2021 and 2020

Note 11: Investments Risks and Uncertainties

The Network's investments in the Foundation Endowment Fund are comprised of various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 12: Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Network expect such amounts, if any, to be immaterial.

Note 13: Current Economic Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Network. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.