

Friends of mvradio, Inc.

(a nonprofit Massachusetts corporation)

Financial Statements

December 31, 2023 and 2022

Friends of mvyradio, Inc.

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Independent Auditor's Report

To the Board of Directors
Friends of myradio, Inc.
West Tisbury, Massachusetts

Opinion

We have audited the financial statements of Friends of myradio, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Friends of myradio, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Friends of myradio, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report (continued)

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Brock and Company, CPAs, P.C.

Certified Public Accountants

Boulder, Colorado
May 24, 2024

Friends of myradio, Inc.

Statements of Financial Position

December 31	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 749,394	\$ 533,080
Investments, at fair value	308,000	176,000
Accounts receivable	60,462	73,181
Contributions receivable, current portion	112,121	150,588
Prepaid expenses	18,915	17,544
Total current assets	<u>1,248,892</u>	<u>950,393</u>
Property and Equipment, at cost	<u>3,933,335</u>	<u>4,055,333</u>
Other Assets		
Contributions receivable, net	-	21,460
Right-of-use operating lease assets	545,478	577,012
Broadcast license	225,000	225,000
Total other assets	<u>770,478</u>	<u>823,472</u>
Total assets	<u>\$ 5,952,705</u>	<u>\$ 5,829,198</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 27,121	\$ 69,907
Accrued compensation and benefits	38,891	33,477
Deferred revenue	2,110	8,100
Current maturities of operating lease obligations	27,971	26,313
Current maturities of construction line of credit	51,089	49,109
Total current liabilities	<u>147,182</u>	<u>186,906</u>
Long-Term Liabilities		
Operating lease obligations, net of current maturities	528,686	556,536
Construction line of credit, net of current maturities	342,753	393,837
Total long-term liabilities	<u>871,439</u>	<u>950,373</u>
Total liabilities	<u>1,018,621</u>	<u>1,137,279</u>
Net Assets		
Without donor restrictions	4,746,594	4,478,509
With donor restrictions	187,490	213,410
Total net assets	<u>4,934,084</u>	<u>4,691,919</u>
Total liabilities and net assets	<u>\$ 5,952,705</u>	<u>\$ 5,829,198</u>

The accompanying Notes are an integral part of these financial statements

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Friends of myradio, Inc.

Statement of Activities

Year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Support			
Contributions and memberships	\$ 1,107,451	\$ 110,121	\$ 1,217,572
Grants	541,488	34,805	576,293
Special event revenue	75,185	-	75,185
Special event expenses	(86,122)	-	(86,122)
Net assets released from restrictions	170,846	(170,846)	-
Total operating support	<u>1,808,848</u>	<u>(25,920)</u>	<u>1,782,928</u>
Revenue			
Underwriting fees	547,668	-	547,668
Concerts and public events	42,878	-	42,878
Other program revenue	5,624	-	5,624
Total operating revenue	<u>596,170</u>	<u>-</u>	<u>596,170</u>
Total operating support and revenue	<u>2,405,018</u>	<u>(25,920)</u>	<u>2,379,098</u>
Operating Expenses			
Program services			
Broadcasting and engineering	228,367	-	228,367
Programming	1,006,681	-	1,006,681
Supporting services			
General and administrative	281,362	-	281,362
Fundraising			
Underwriting and grant solicitation	252,425	-	252,425
Membership	164,009	-	164,009
Other fundraising	225,913	-	225,913
Total operating expenses	<u>2,158,757</u>	<u>-</u>	<u>2,158,757</u>
Total operating support and revenue in excess (deficit) of operating expenses	246,261	(25,920)	220,341
Other Changes			
Interest income	21,824	-	21,824
Change in Net Assets	<u>268,085</u>	<u>(25,920)</u>	<u>242,165</u>
Net Assets, Beginning of Year	<u>4,478,509</u>	<u>213,410</u>	<u>4,691,919</u>
Net Assets, End of Year	<u>\$ 4,746,594</u>	<u>\$ 187,490</u>	<u>\$ 4,934,084</u>

The accompanying Notes are an integral
part of these financial statements

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Friends of myradio, Inc.

Statement of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Support			
Contributions and memberships	\$ 1,038,334	\$ 96,248	\$ 1,134,582
Grants	334,064	53,897	387,961
Special event revenue	92,582	-	92,582
Special event expenses	(71,553)	-	(71,553)
Net assets released from restrictions	373,049	(373,049)	-
Total operating support	<u>1,766,476</u>	<u>(222,904)</u>	<u>1,543,572</u>
Revenue			
Underwriting fees	469,979	-	469,979
Concerts and public events	22,751	-	22,751
Other program revenue	13,254	-	13,254
Total operating revenue	<u>505,984</u>	<u>-</u>	<u>505,984</u>
Total operating support and revenue	<u>2,272,460</u>	<u>(222,904)</u>	<u>2,049,556</u>
Operating Expenses			
Program services			
Broadcasting and engineering	211,361	-	211,361
Programming	923,099	-	923,099
Supporting services			
General and administrative	296,554	-	296,554
Fundraising			
Underwriting and grant solicitation	246,964	-	246,964
Membership	177,418	-	177,418
Other fundraising	159,831	-	159,831
Total operating expenses	<u>2,015,227</u>	<u>-</u>	<u>2,015,227</u>
Total operating support and revenue in excess (deficit) of operating expenses	<u>257,233</u>	<u>(222,904)</u>	<u>34,329</u>
Other Changes			
Capital campaign contributions	23,283	-	23,283
Interest income	124	-	124
Total other changes	<u>23,407</u>	<u>-</u>	<u>23,407</u>
Change in Net Assets	280,640	(222,904)	57,736
Net Assets, Beginning of Year	<u>4,197,869</u>	<u>436,314</u>	<u>4,634,183</u>
Net Assets, End of Year	<u>\$ 4,478,509</u>	<u>\$ 213,410</u>	<u>\$ 4,691,919</u>

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part of these financial statements

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Friends of mvradio, Inc.

Statement of Functional Expenses

Year ended December 31, 2023

	Program Services			Supporting Services					
				Fundraising					
	Broadcasting and Engineering	Programming	Total	General and Administrative	Underwriting and Grant Solicitation	Membership	Other	Total	Total
Salaries and wages	\$ 8,505	\$ 554,712	\$ 563,217	\$ 95,548	\$ 180,697	\$ 52,441	\$ 98,450	\$331,588	\$ 990,353
Employee benefits	-	70,588	70,588	19,850	18,370	12,024	13,291	43,685	134,123
Payroll taxes	804	50,213	51,017	8,768	16,143	4,797	8,908	29,848	89,633
Total personnel costs	9,309	675,513	684,822	124,166	215,210	69,262	120,649	405,121	1,214,109
Depreciation	32,606	98,466	131,072	40,601	-	-	-	-	171,673
Marketing and membership	-	75,955	75,955	2,854	86	55,072	1,156	56,314	135,123
Legal and professional	20,337	1,518	21,855	70,553	19,180	-	1,500	20,680	113,088
Event expenses	-	-	-	-	-	-	99,167	99,167	99,167
Occupancy	70,916	19	70,935	-	-	-	-	-	70,935
Repairs and maintenance	9,012	35,997	45,009	19,647	-	-	-	-	64,656
Radio equipment rental	53,278	-	53,278	-	-	-	-	-	53,278
Travel and entertainment	598	38,140	38,738	112	1,730	-	505	2,235	41,085
Dues and subscriptions	948	34,980	35,928	596	2,740	-	1,095	3,835	40,359
Telephone and communications	28,512	3,448	31,960	1,378	3,793	-	493	4,286	37,624
Insurance	-	16,051	16,051	14,045	-	-	-	-	30,096
Bank and credit card fees	-	-	-	75	2,975	26,338	71	29,384	29,459
Software	520	9,257	9,777	651	4,688	11,357	-	16,045	26,473
Interest expense	-	11,062	11,062	5,956	-	-	-	-	17,018
Office expenses	2,331	5,169	7,500	728	1,648	1,980	1,277	4,905	13,133
Miscellaneous expenses	-	1,106	1,106	-	375	-	-	375	1,481
Total operating expenses	<u>\$ 228,367</u>	<u>\$1,006,681</u>	<u>\$1,235,048</u>	<u>\$ 281,362</u>	<u>\$ 252,425</u>	<u>\$164,009</u>	<u>\$225,913</u>	<u>\$642,347</u>	<u>\$2,158,757</u>

The accompanying Notes are an integral part of these financial statements

Friends of mvradio, Inc.

Statement of Functional Expenses

Year ended December 31, 2022

	Program Services			Supporting Services					
	Broadcasting and Engineering	Programming	Total	General and Administrative	Fundraising			Total	Total
					Underwriting and Grant Solicitation	Membership	Other		
Salaries and wages	\$ -	\$ 489,957	\$ 489,957	\$ 96,756	\$ 183,617	\$ 71,908	\$ 92,148	\$347,673	\$ 934,386
Employee benefits	-	85,033	85,033	14,976	17,432	14,965	11,488	43,885	143,894
Payroll taxes	-	44,682	44,682	8,994	14,257	6,741	8,435	29,433	83,109
Total personnel costs	-	619,672	619,672	120,726	215,306	93,614	112,071	420,991	1,161,389
Depreciation	29,987	111,726	141,713	48,038	-	-	53	53	189,804
Legal and professional	18,463	-	18,463	85,477	12,913	-	-	12,913	116,853
Marketing and membership	-	58,355	58,355	3,658	351	42,168	2,361	44,880	106,893
Occupancy	73,054	936	73,990	343	-	-	-	-	74,333
Radio equipment rental	51,914	-	51,914	-	-	-	-	-	51,914
Event expenses	-	-	-	-	-	-	41,829	41,829	41,829
Repairs and maintenance	613	26,057	26,670	13,736	-	-	-	-	40,406
Dues and subscriptions	1,159	32,336	33,495	574	4,295	-	1,088	5,383	39,452
Telephone and communications	30,225	3,569	33,794	1,341	3,757	-	486	4,243	39,378
Travel and entertainment	60	30,597	30,657	639	1,844	60	109	2,013	33,309
Bank and credit card fees	-	2	2	6	1,757	27,606	305	29,668	29,676
Insurance	5,530	6,836	12,366	12,867	-	-	-	-	25,233
Software	-	8,448	8,448	555	4,752	10,655	-	15,407	24,410
Interest expense	-	15,647	15,647	8,425	-	-	-	-	24,072
Office expenses	98	8,918	9,016	166	1,989	3,315	1,489	6,793	15,975
Miscellaneous expenses	258	-	258	3	-	-	40	40	301
Total operating expenses	\$ 211,361	\$ 923,099	\$1,134,460	\$ 296,554	\$ 246,964	\$177,418	\$159,831	\$584,213	\$2,015,227

The accompanying Notes are an integral part of these financial statements

Friends of myradio, Inc.

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 242,165	\$ 57,736
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	171,673	189,804
Amortization of right-of-use operating lease asset	31,534	27,600
Net present value allowance	-	(2,633)
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	12,719	(18,697)
Contributions receivable	59,927	230,685
Prepaid expenses	(1,371)	(3,042)
Accounts payable	(42,786)	46,196
Accrued compensation and benefits	5,414	11,995
Deferred revenue	(5,990)	(9,449)
Operating lease obligations	(26,192)	(21,763)
Net cash provided by operating activities	<u>447,093</u>	<u>508,432</u>
Cash Flows From Investing Activities		
Net purchases of investments	(132,000)	(176,000)
Purchases of property and equipment	(49,675)	(95,304)
Net cash used by investing activities	<u>(181,675)</u>	<u>(271,304)</u>
Cash Flows From Financing Activities		
Payments on construction line of credit	(49,104)	(542,051)
Net cash used by financing activities	<u>(49,104)</u>	<u>(542,051)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	216,314	(304,923)
Cash and Cash Equivalents, Beginning of Year	533,080	838,003
Cash and Cash Equivalents, End of Year	\$ 749,394	\$ 533,080
Supplemental Cash Flow Information		
Cash paid for interest	\$ 17,018	\$ 24,072

The accompanying Notes are an integral
part of these financial statements

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Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. Friends of mvyradio, Inc. (the Organization) is a Massachusetts non-profit corporation established in August 2013 to operate an internet streaming music service and a FM radio station on the island of Martha's Vineyard, Massachusetts. The Organization aspires to reflect Martha's Vineyard and the region in music, news, culture, and community. It embraces its local, regional and worldwide roots through its independent format, and uses contemporary media and community engagement to enrich the lives of its audience. Funding for the Organization is primarily obtained through charitable contributions, memberships and grants from interested parties, and underwriting fees.

Basis of Accounting. The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, providing services, and receiving interest and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle. Effective January 1, 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 326, *Financial Instruments - Credit Losses*, which changes the method of measuring credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets. The standard changes the measurement of credit losses from the incurred loss model to the expected loss model, and requires enhanced disclosures to provide information for analysis of the Organization's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the new standard consist primarily of accounts receivable. The impact of the adoption is not considered to be material to the financial statements and primarily resulted in enhanced disclosures.

Cash and Cash Equivalents. Cash consists of a checking and savings accounts held at financial institutions. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Investments. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians.

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements. The Organization reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization values certificates of deposit at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. Early withdrawal charges may apply in the event the instruments are liquidated prior to their scheduled maturity date.

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued). The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used as of December 31, 2023 and 2022.

Accounts Receivable and Allowance for Credit Losses. Accounts receivable are stated at the amount of consideration from customers, of which the Organization has an unconditional right to receive. The Organization operates a radio station and its accounts receivable are primarily derived from underwriting fees. The Organization grants credit in the normal course of business to customers and recognizes an expected allowance for credit losses to reduce credit risk. At each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. Accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible. The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's customers have remained fairly constant for many years. Management believes all accounts receivables are fully collectible, and accordingly, no allowance for credit losses has been recorded.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in revenue. The total amount of write-offs was immaterial to the financial statements as a whole for the years ending December 31, 2023 and 2022.

Contributions Receivable. Unconditional promises to give are recognized as revenue in the period received. Contributions receivable are recorded at the amount the Organization expects to receive, allowing for estimated uncollectible contributions. The allowance for uncollectible contributions is estimated based on management's review of specific contributions outstanding. As of December 31, 2023 and 2022, management believes all contributions receivable are fully collectible, and accordingly, no allowance for doubtful contributions has been recorded. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment. It is the Organization's policy to capitalize property and equipment at cost for purchases over \$1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value on the date of gift. Such donations are reported as contributions without donor restriction unless the donor has restricted the donated asset to a specific purpose.

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Property and Equipment (continued). Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally forty years for buildings, four to ten years for radio and broadcast equipment, two to seven years for computer equipment, ten years for furniture and fixtures, and the remaining lease term for leasehold improvements.

Leases and Right-of-Use Assets. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The Organization made a policy election not to separate lease and nonlease components for all leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable, or otherwise, the Organization uses its incremental borrowing rate based on the information available at the commencement date for all leases to discount certain lease asset class obligations. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The Organization has also elected to exclude leases with terms of 12 months or less from right-of-use asset and operating lease obligation recognition.

Intangible Asset. The indefinite-lived intangible asset consists of a broadcast license. The broadcast license is not amortized, but is tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. The Organization utilizes an outside valuation firm to assist in determining fair value. The valuation of the broadcast license is an estimate that involves judgements about the validity of comparable sales. It is at least reasonably possible that such valuations will change in the near term and the change could be material. The broadcast license must be renewed periodically at minimal cost. Significant future cash flows associated with the broadcast license are affected by the Organization's ability or intent to renew the license. The costs incurred to renew the broadcast license will be expensed as incurred. The broadcast license is subject to renewal in April 2030.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2023 and 2022.

Revenue Recognition. The Organization earns revenue from contracts with customers through providing underwriting services, which primarily includes the marketing of corporate sponsors on air and on the Organization's website. The Organization's customers are primarily local businesses. The Organization's contracts typically include a single performance obligation to perform agreed upon services, which generally occur within a single fiscal year.

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Revenue Recognition (continued). Underwriting fee revenue is recognized over time as the Organization's customers simultaneously receive and consume the benefits of the Organization's performance. The Organization typically provides underwriting services under fixed fee arrangements which are billed in advance of the service. Amounts that have been invoiced are recorded in either deferred revenue or revenue, depending on whether the revenue recognition criteria have been met. The Organization generally does not experience changes in the transaction price subsequent to the inception of its contracts.

Underwriting fee revenue recognized under contracts with customers for the years ended December 31, 2023 and 2022, was \$547,668 and \$469,979, respectively. The Organization had accounts receivable representing net billed amounts due on contracts with customers of \$60,462, \$73,181, and \$54,484 as of December 31, 2023 and 2022, and January 1, 2022, respectively. The Organization did not have any contract assets associated with underwriting fees as of December 31, 2023 and 2022, or as of January 1, 2022. The Organization typically collects fees in advance of services being provided, which are recorded as deferred revenue (contract liabilities) on the statements of financial position, and recorded as services are provided. Contract liabilities as of December 31, 2023 and 2022, and January 1, 2022 totaled \$2,110, \$8,100 and \$17,549, respectively. Contract liabilities are generally recognized as revenue during the following year.

Revenue from event ticket sales is recognized when the related event takes place, which satisfies the Organization's performance obligation. Any amounts received prior to the event is recorded as a contract liability. The Organization did not have any accounts receivable, contract assets, or contract liabilities associated with revenue from event ticket sales as of December 31, 2023 and 2022, or as of January 1, 2022.

Contributions, Memberships, and Grants. Contributions, memberships, and grants are recognized when the donation is received. Donor-restricted gifts are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets with donor restrictions even if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Services and Materials. Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed materials are reported at fair market value on the date of gift.

Barter Transactions. The Organization barter sponsorship broadcasts for materials and services. Revenue from such transactions is recorded at the estimated fair market value of the material or service received. Revenue is recognized as the sponsorships are broadcast, and expenses are recognized when incurred. When materials or services are received prior to the sponsorship broadcast, the Organization records deferred revenue. When sponsorships are broadcast in advance of receiving the materials or services, the Organization records a receivable. Barter transactions totaled \$176,030 in 2023 and \$123,763 in 2022.

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Functional Allocation of Expenses. The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 24, 2024, the date at which the financial statements were available for release.

Note 2 – Liquidity and Availability

The Organization's financial assets available for general expenditures within one year are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 749,394	\$ 533,080
Accounts receivable	60,462	73,181
Contributions receivable, net	<u>112,121</u>	<u>172,048</u>
	<u>921,977</u>	<u>778,309</u>
Less amounts not available to be used within one year:		
Contributions receivable due beyond one year, net	-	(21,460)
	<u>\$ 921,977</u>	<u>\$ 756,849</u>

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity monthly. During the years ended December 31, 2023 and 2022, the level of liquidity and reserves was managed within the guiding principles.

Additionally, the Organization has a committed line of credit with \$250,000 available at December 31, 2023, which is available if needed.

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 3 – Fair Value Measurements

The Organization's investments, at fair value, consisted of certificates of deposit totaling \$308,000 and \$176,000 as of December 31, 2023 and 2022, respectively. The assets are classified as level 2 within the fair value hierarchy.

Investment income consisted of \$21,824 and \$124 in interest for the years ended December 31, 2023 and 2022, respectively.

Note 4 – Contributions Receivable

Contributions receivable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Amounts due in:		
One year or less	\$ 112,121	\$ 150,588
One to five years	-	22,500
	<u>112,121</u>	<u>173,088</u>
Less present value allowance	-	(1,040)
	<u>\$ 112,121</u>	<u>\$ 172,048</u>

Contributions receivable are measured in the aggregate using present value techniques that consider historical trends of collection similar to the fund raising activities, the type of donor, general economic conditions, and market interest rate assumptions. The present value discount rate used at December 31, 2022 was 4.0%. The interest element resulting from amortization of the discount for the time value of money is reported as contribution revenue.

Note 5 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land and building	\$ 4,039,617	\$ 3,988,985
Radio and broadcast equipment	345,337	345,337
Computer equipment	57,600	56,506
Furniture and fixtures	35,613	35,613
Leasehold improvements	16,141	16,141
Construction in progress	15,352	17,403
	<u>4,509,660</u>	<u>4,459,985</u>
Less accumulated amortization	(576,325)	(404,652)
Net property and equipment	<u>\$ 3,933,335</u>	<u>\$ 4,055,333</u>

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 5 – Property and Equipment (continued)

Depreciation expense for the years ended December 31, 2023 and 2022 was \$171,673 and \$189,804, respectively. Amortization of leasehold improvement is included in depreciation expense.

Note 6 – Leases

The Organization leases a radio tower under a noncancelable operating lease. The lease expires in April 2039 as optional extension terms are expected to be exercised. The lease also includes rent escalation terms of 3% annually. The operating lease obligations and related right-of-use asset as of December 31, 2023 totaled \$309,354 and \$298,042, respectively. The operating lease obligations and related right-of-use asset as of December 31, 2022 totaled \$318,430 and \$312,460, respectively.

The Organization leases facilities in Vineyard Haven, Massachusetts under a noncancelable operating lease. The lease requires monthly payments of \$1,750 and expires in April 2039 as optional extension terms are expected to be exercised. The operating lease obligations and related right-of-use asset as of December 31, 2023 and 2022 totaled \$241,202 and \$252,380, respectively.

The Organization leases a vehicle under a noncancelable operating lease. The lease requires monthly payments of \$515 and expires in December 2024. The operating lease obligations and related right-of-use asset as of December 31, 2023 totaled \$6,101 and \$6,234, respectively. The operating lease obligations and related right-of-use asset as of December 31, 2022 totaled \$12,039 and \$12,172, respectively.

Operating lease costs consist of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Amortization of right-of-use assets	\$ 31,534	\$ 27,600
Interest on lease liability	<u>21,835</u>	<u>24,405</u>
	<u>\$ 53,369</u>	<u>\$ 52,005</u>

The Organization leases equipment under a short term operating lease. Rent expense totaled \$24,000 for each of the years ended December 31, 2023 and 2022.

Cash paid for amounts included in the measurement of operating lease liabilities totaled \$48,762 and \$45,042 for the years ended December 31, 2023 and 2022, respectively. Right-of-use assets obtained in exchange for operating lease liabilities totaled \$14,957 for the year ended December 31, 2022.

The weighted average of the remaining lease terms and discount rates are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Remaining lease term, operating leases	15.18 years	16.04 years
Discount rate, operating leases	3.99%	3.97%

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 6 – Leases (continued)

Scheduled maturities of operating lease liabilities are as follows at December 31, 2023:

<u>Year</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2024	\$ 21,000	\$ 28,410	\$ 49,410
2025	21,000	22,894	43,894
2026	21,000	23,580	44,580
2027	21,000	24,288	45,288
2028	21,000	25,017	46,017
Thereafter	217,000	303,857	520,857
	<u>322,000</u>	<u>428,046</u>	<u>750,046</u>
Less imputed interest	(80,798)	(112,591)	(193,389)
	<u>\$ 241,202</u>	<u>\$ 315,455</u>	<u>\$ 556,657</u>

Note 7 – Lines of Credit and Subsequent Event

Construction Line of Credit. The Organization has a \$1,000,000 construction line of credit agreement with The Cape Cod Five Cents Savings Bank for the renovation of the building. The agreement has outstanding borrowings of \$393,842 and \$442,946 at December 31, 2023 and 2022, respectively. Interest only payments were made through May 2021 and, upon completion of the draw period, monthly principal and interest payments of \$5,510 commenced in June 2021. The agreement bears interest at 3.99% for the first 60 months, thereafter, the interest rate will be adjusted every five years to the Boston Federal Home Loan and Bank 5 Year Rate plus 2.25%. The agreement is collateralized by a deed of trust and assignment of rents and matures in November 2039.

Scheduled maturities of the long-term debt are as follows at December 31, 2023:

<u>Year</u>	<u>Amount</u>
2024	\$ 51,089
2025	53,238
2026	55,433
2027	57,717
2028	60,077
Thereafter	116,288
	<u>\$ 393,842</u>

In January 2024, the construction line of credit was paid in full.

Revolving Line of Credit. The Organization has a \$250,000 revolving line of credit agreement with The Cape Cod Five Cents Savings Bank with no outstanding borrowings at December 31, 2023 and 2022. The agreement bears interest at 1% over the Wall Street Journal Prime Rate with a floor rate of 4%. The agreement does not mature and is due on demand by the lender. The agreement is collateralized by generally all business assets.

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 8 – Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years December 31, 2023 and 2022:

	Purpose Restrictions		Time	Total
	Broadcasting	Other	Restrictions	
Balance, January 1, 2022	\$ 30,195	\$ 6,019	\$ 400,100	\$ 436,314
Additions	53,897	4,200	92,048	150,145
Releases	(46,195)	(6,754)	(320,100)	(373,049)
Balance, December 31, 2022	37,897	3,465	172,048	213,410
Additions	34,805	2,000	108,121	144,926
Releases	-	(2,798)	(168,048)	(170,846)
Balance, December 31, 2023	\$ 72,702	\$ 2,667	\$ 112,121	\$ 187,490

Note 9 – Special Events

The Organization derived net losses from the following special fundraising events during the year ended December 31, 2023:

	Beach Road Weekend	Other	Total
Contributions	\$ 50,000	\$ 5,000	\$ 55,000
Registrations and sales	-	20,185	20,185
	50,000	25,185	75,185
Direct costs	(52,968)	(33,154)	(86,122)
Net loss	\$ (2,968)	\$ (7,969)	\$ (10,937)

The Organization derived net revenue from the following special fundraising events during the year ended December 31, 2022:

	Beach Road Weekend	Other	Total
Contributions	\$ 50,500	\$ 14,937	\$ 65,437
Registrations and sales	12,700	14,445	27,145
	63,200	29,382	92,582
Direct costs	(50,500)	(21,053)	(71,553)
Net revenue	\$ 12,700	\$ 8,329	\$ 21,029

Note 10 – Retirement Plan

The Organization maintains a 403(b) plan covering all employee who normally work at least 20 hours per week, are at least 21 years old, and have completed at least six months of service. The Organization provides a fully vested discretionary contribution to the plan. The Organization contributed \$26,755 and \$17,237 to the plan for the years ended December 31, 2023 and 2022, respectively.

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 11 – Related Party Transactions

The Organization contracts with an entity that is subject to significant influence by a member of the board or directors for professional services. The Organization recognized expenses with the related party of \$46,475 in 2023 and \$45,275 in 2022.

Note 12 – Concentrations

Bank Deposits. The Organization routinely maintained cash balances in excess of federally insured limits during the years ended December 31, 2023 and 2022.

Major Donor. The Organization had a single donor who comprised 10% of total revenues for the year ended December 31, 2022. Contributions receivable due from the donor totaled \$62,703 at December 31, 2022. The Organization did not have a major donor for the year ended December 31, 2023.

Geographical Concentration. The Organization receives a substantial amount of their support from Martha's Vineyard, Massachusetts and the surrounding areas.