

**Friends of mvyradio, Inc.**  
(a nonprofit Massachusetts corporation)  
Vineyard Haven, Massachusetts

**Financial Statements**

December 31, 2018 and 2017

# Friends of mvyradio, Inc.

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## **Independent Auditors' Report**

To the Board of Directors  
Friends of myradio, Inc.  
Vineyard Haven, Massachusetts

We have audited the accompanying financial statements of Friends of myradio, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

**Independent Auditors' Report (continued)**

**Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Friends of myradio, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Financial Statements**

The financial statements of Friends of myradio, Inc. as of December 31, 2017, were audited by other auditors whose report dated April 30, 2018, expressed an unmodified opinion on those statements.

*Altruic Advisors, PLLC*

Certified Public Accountants

Boulder, Colorado

March 26, 2019

# Friends of myradio, Inc.

## Statements of Financial Position

December 31	2018	2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 622,865	\$ 576,811
Accounts receivable	33,118	67,915
Contributions receivable	119,545	123,899
Prepaid expenses	18,647	18,862
Total current assets	<u>794,175</u>	<u>787,487</u>
<b>Property and Equipment</b>		
Radio and broadcast equipment	167,536	173,299
Computer equipment	52,292	53,572
Furniture and fixtures	17,050	17,050
Leasehold improvements	16,141	16,141
	<u>253,019</u>	<u>260,062</u>
Less accumulated amortization	<u>(100,178)</u>	<u>(71,112)</u>
Net property and equipment	<u>152,841</u>	<u>188,950</u>
<b>Other Assets</b>		
Contributions receivable, noncurrent	-	42,000
Broadcast license	225,000	225,000
Other intangible assets, net	10,000	20,000
Total other assets	<u>235,000</u>	<u>287,000</u>
Total assets	<u>\$ 1,182,016</u>	<u>\$ 1,263,437</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 16,202	\$ 20,103
Accrued compensation and benefits	23,449	27,402
Deferred revenue	10,030	19,447
Total current liabilities	<u>49,681</u>	<u>66,952</u>
<b>Net Assets</b>		
Net assets without donor restriction	956,552	989,663
Net assets with donor restriction	175,783	206,822
Total net assets	<u>1,132,335</u>	<u>1,196,485</u>
Total liabilities and net assets	<u>\$ 1,182,016</u>	<u>\$ 1,263,437</u>

The accompanying Notes are an integral  
part of these financial statements

# Friends of myradio, Inc.

## Statement of Activities

Year ended December 31, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Operating Support and Revenue Support</b>			
Contributions and memberships	\$ 603,697	\$ 58,433	\$ 662,130
Grants	64,955	154,231	219,186
Special event income, net	21,312	-	21,312
Net assets released from restrictions			
Satisfaction of purpose restrictions	34,260	(34,260)	-
Expiration of time restrictions	209,443	(209,443)	-
Total operating support	<u>933,667</u>	<u>(31,039)</u>	<u>902,628</u>
<b>Revenue</b>			
Underwriting fees	379,306	-	379,306
Other program revenue	1,541	-	1,541
Total operating revenue	<u>380,847</u>	<u>-</u>	<u>380,847</u>
 Total operating support and revenue	<u>1,314,514</u>	<u>(31,039)</u>	<u>1,283,475</u>
<b>Operating Expenses</b>			
Program services			
Broadcasting and engineering	201,426	-	201,426
Programming	453,623	-	453,623
Supporting services			
General and administrative	274,022	-	274,022
Fundraising			
Underwriting and grant solicitation	234,887	-	234,887
Membership	75,512	-	75,512
Other fundraising	106,633	-	106,633
Total operating expenses	<u>1,346,103</u>	<u>-</u>	<u>1,346,103</u>
 Total operating support and revenue in excess (deficit) of operating expenses	<u>(31,589)</u>	<u>(31,039)</u>	<u>(62,628)</u>
<b>Other Changes</b>			
Interest income	965	-	965
Loss on disposal of assets	(2,487)	-	(2,487)
Total other changes	<u>(1,522)</u>	<u>-</u>	<u>(1,522)</u>
 Change in Net Assets	(33,111)	(31,039)	(64,150)
 Net Assets, Beginning of Year	<u>989,663</u>	<u>206,822</u>	<u>1,196,485</u>
 Net Assets, End of Year	<u>\$ 956,552</u>	<u>\$ 175,783</u>	<u>\$ 1,132,335</u>

The accompanying Notes are an integral part of these financial statements

# Friends of mvyradio, Inc.

## Statement of Activities

Year ended December 31, 2017

	Without Donor Restriction	With Donor Restriction	Total
<b>Operating Support and Revenue</b>			
<b>Support</b>			
Contributions and memberships	\$ 488,656	\$ 122,830	\$ 611,486
Grants	88,682	118,563	207,245
Special event income, net	83,148	-	83,148
Net assets released from restrictions			
Satisfaction of purpose restrictions	188,083	(188,083)	-
Expiration of time restrictions	71,380	(71,380)	-
Total operating support	<u>919,949</u>	<u>(18,070)</u>	<u>901,879</u>
<b>Revenue</b>			
Underwriting fees	467,900	-	467,900
Other program revenue	<u>2,178</u>	<u>-</u>	<u>2,178</u>
Total operating revenue	<u>470,078</u>	<u>-</u>	<u>470,078</u>
 Total operating support and revenue	<u>1,390,027</u>	<u>(18,070)</u>	<u>1,371,957</u>
<b>Operating Expenses</b>			
Program services			
Broadcasting and engineering	158,510	-	158,510
Programming	437,636	-	437,636
Supporting services			
General and administrative	222,272	-	222,272
Fundraising			
Underwriting and grant solicitation	217,312	-	217,312
Membership	99,544	-	99,544
Other fundraising	<u>128,349</u>	<u>-</u>	<u>128,349</u>
Total operating expenses	<u>1,263,623</u>	<u>-</u>	<u>1,263,623</u>
 Total operating support and revenue in excess of operating expenses	126,404	(18,070)	108,334
<b>Other Changes</b>			
Interest income	<u>327</u>	<u>-</u>	<u>327</u>
<b>Change in Net Assets</b>	126,731	(18,070)	108,661
<b>Net Assets, Beginning of Year</b>	<u>862,932</u>	<u>224,892</u>	<u>1,087,824</u>
<b>Net Assets, End of Year</b>	<u>\$ 989,663</u>	<u>\$ 206,822</u>	<u>\$ 1,196,485</u>

The accompanying Notes are an integral  
part of these financial statements

# Friends of myradio, Inc.

## Statement of Functional Expenses

Year ended December 31, 2018

	Program Services			Supporting Services					
	Broadcasting and Engineering	Programming	Total	General and Administrative	Fundraising Underwriting and Grant Solicitation	Membership	Other	Total	Total
Salaries and wages	\$ -	\$ 302,015	\$302,015	\$ 106,214	\$ 166,306	\$ 19,767	\$ 80,267	\$266,340	\$ 674,569
Employee benefits	-	25,629	25,629	16,733	13,514	2,941	10,048	26,503	68,865
Payroll taxes	-	26,332	26,332	7,921	14,733	2,681	7,052	24,466	58,719
Total personnel costs	-	353,976	353,976	130,868	194,553	25,389	97,367	317,309	802,153
Legal and professional	17,487	4,560	22,047	63,634	5,609	2,600	-	8,209	93,890
Occupancy	44,320	-	44,320	27,411	-	-	-	-	71,731
Telephone and communications	55,306	1,295	56,601	2,490	1,295	1,295	390	2,980	62,071
Travel and entertainment	271	24,007	24,278	8,261	24,137	259	4,154	28,550	61,089
Depreciation and amortization	29,815	6,064	35,879	7,714	-	792	404	1,196	44,789
Radio equipment rental	42,603	-	42,603	-	-	-	-	-	42,603
Marketing and membership	-	21,224	21,224	314	-	16,699	500	17,199	38,737
Repairs and maintenance	7,764	7,170	14,934	13,637	1,740	-	-	1,740	30,311
Dues and subscriptions	1,073	26,009	27,082	664	679	-	940	1,619	29,365
Bank and credit card fees	-	-	-	-	1,142	20,957	82	22,181	22,181
Office expenses	808	3,572	4,380	7,198	963	2,270	2,152	5,385	16,963
Software	40	5,452	5,492	1,221	3,148	5,251	-	8,399	15,112
Insurance	1,879	-	1,879	8,921	-	-	-	-	10,800
Miscellaneous expenses	60	294	354	1,689	1,621	-	644	2,265	4,308
Total expenses	\$ 201,426	\$ 453,623	\$655,049	\$ 274,022	\$ 234,887	\$ 75,512	\$106,633	\$417,032	\$1,346,103

The accompanying Notes are an integral part of these financial statements



# Friends of mvyradio, Inc.

## Statement of Functional Expenses

Year ended December 31, 2017

	Program Services			Supporting Services					
	Broadcasting and Engineering	Programming	Total	General and Administrative	Fundraising			Total	Total
					Underwriting and Grant Solicitation	Membership	Other		
Salaries and wages	\$ -	\$ 298,650	\$298,650	\$ 34,916	\$ 169,908	\$ 43,622	\$ 80,356	\$293,886	\$ 627,452
Employee benefits	-	13,237	13,237	4,734	7,090	6,496	9,990	23,576	41,547
Payroll taxes	-	23,955	23,955	2,782	13,313	3,499	6,431	23,243	49,980
Total personnel costs	-	335,842	335,842	42,432	190,311	53,617	96,777	340,705	718,979
Legal and professional	7,460	5,690	13,150	63,676	538	4,100	2,500	7,138	83,964
Occupancy	23,056	-	23,056	45,623	-	-	-	-	68,679
Repairs and maintenance	27,457	-	27,457	27,950	-	-	-	-	55,407
Marketing and membership	216	26,171	26,387	12,712	-	12,462	2,506	14,968	54,067
Travel and entertainment	38	23,207	23,245	4,323	12,773	160	3,422	16,355	43,923
Radio equipment rental	41,090	-	41,090	-	-	-	-	-	41,090
Depreciation and amortization	29,815	6,665	36,480	1,529	920	1,198	324	2,442	40,451
Telephone and communications	24,980	1,264	26,244	2,563	1,753	1,264	1,170	4,187	32,994
Dues and subscriptions	1,073	25,071	26,144	778	679	-	790	1,469	28,391
Office expenses	-	7,329	7,329	9,238	2,315	3,718	33	6,066	22,633
Grants	-	-	-	400	-	-	20,337	20,337	20,737
Bank and credit card fees	-	-	-	40	1,711	18,003	2	19,716	19,756
Software	-	5,327	5,327	886	3,133	5,022	-	8,155	14,368
Insurance	3,325	-	3,325	8,129	1,241	-	-	1,241	12,695
Miscellaneous expenses	-	1,070	1,070	1,993	1,938	-	488	2,426	5,489
Total expenses	<u>\$ 158,510</u>	<u>\$ 437,636</u>	<u>\$596,146</u>	<u>\$ 222,272</u>	<u>\$ 217,312</u>	<u>\$ 99,544</u>	<u>\$128,349</u>	<u>\$445,205</u>	<u>\$1,263,623</u>

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	2018	2017
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (64,150)	\$ 108,661
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	34,789	30,451
Amortization	10,000	10,000
Loss on disposal of equipment	2,487	-
In-kind facilities lease expenses	42,000	42,000
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	34,797	(10,405)
Contributions receivable	4,354	(12,895)
Prepaid expenses	215	617
Accounts payable	(3,901)	7,582
Accrued compensation and benefits	(3,953)	(6,942)
Deferred revenue	(9,417)	5,283
Net cash provided by operating activities	47,221	174,352
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(1,167)	(26,783)
Net cash used by investing activities	(1,167)	(26,783)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>46,054</b>	<b>147,569</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>576,811</b>	<b>429,242</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 622,865</b>	<b>\$ 576,811</b>
<b>Supplemental Cash Flow Information</b>		
Deposit applied to equipment purchase	\$ -	\$ 33,400

# Friends of mvradio, Inc.

## Notes to Financial Statements

December 31, 2018 and 2017

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### Note 1 – Nature of Organization and Significant Accounting Policies

*Nature of Organization.* Friends of mvradio, 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 restriction and net assets with donor restriction.

*Net Assets Without Donor Restriction.* 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 Restriction.* 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.

*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.

*Accounts Receivable.* Accounts receivable consist of amounts due from sponsors for underwriting programs or events that have occurred and are stated net of allowances for uncollectible accounts. At the time accounts receivable are originated, the Organization considers an allowance for doubtful accounts based on the creditworthiness of the client. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis. As of December 31, 2018 and 2017, management believes all accounts receivable are fully collectible, and accordingly, no allowance for doubtful accounts has been recorded.

# Friends of mvyradio, Inc.

## Notes to Financial Statements

December 31, 2018 and 2017

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

*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, 2018 and 2017, 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. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally 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. Depreciation expense for the years ended December 31, 2018 and 2017 was \$34,789 and \$30,451, respectively.

*Intangible Assets.* The Organization classifies intangible assets as definite-lived or indefinite-lived assets.

Definite-lived intangible assets consist of trademarks, domain names, and other similar assets. Definite-lived intangible assets are stated at cost if purchased, or fair value if donated. The intellectual property is amortized using the straight-line method over the estimated useful lives of the assets, which is five years. If the Organization were to determine that a change in the remaining estimated useful life of an intangible asset was necessary, then the remaining carrying amount of the intangible asset would be amortized prospectively over the revised remaining useful life.

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.

*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, 2018 and 2017.

# Friends of mvyradio, Inc.

## Notes to Financial Statements

December 31, 2018 and 2017

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

*Underwriting Fees and Other Program Revenue.* Underwriting fees and other program revenues are recorded as the services are rendered. Prepaid amounts are recorded as a deferred revenue liability when payments are received. As the services are rendered, revenue is then recorded.

*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 restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets with donor restriction 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 broadcasted, 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 \$89,921 in 2018 and \$75,705 in 2017.

*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 March 26, 2019, the date at which the financial statements were available for release.

### Note 2 - New Accounting Pronouncement

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the stated purpose of improving financial reporting by not-for-profit entities.

# Friends of myradio, Inc.

## Notes to Financial Statements

December 31, 2018 and 2017

### Note 2 - New Accounting Pronouncement (continued)

During the year ended December 31, 2018, the Organization adopted the requirements of ASU 2016-14 and, as a result, adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Organization's financial statements.

The temporarily restricted net asset class has been renamed "net assets with donor restriction".

The unrestricted net asset class has been renamed "net assets without donor restriction".

The financial statements include a new disclosure about liquidity and availability of resources (Note 7).

The changes have the following effect on net assets at December 31, 2017:

	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 989,663	\$ -
Temporarily restricted net assets	206,822	-
Net assets without donor restriction	-	989,663
Net assets with donor restriction	-	206,822
	<u>\$ 1,196,485</u>	<u>\$ 1,196,485</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

### Note 3 – Contributions Receivable and Related Party Transactions

Contributions receivable consisted of the following at December 31:

	2018	2017
Amounts due in:		
One year or less	\$ 77,545	\$ 81,899
One year or less from related party	42,000	42,000
Two to five years from related party	-	42,000
	<u>119,545</u>	<u>165,899</u>
Less current portion	<u>(119,545)</u>	<u>(123,899)</u>
Net contributions receivable, noncurrent	<u>\$ -</u>	<u>\$ 42,000</u>

The Organization leases facilities from an entity owned by a member of the board of directors under a noncancelable operating lease (Note 6). The related party promised to forgive the lease payments at the inception of the lease until the lease expires in December 2019.

# Friends of mvyradio, Inc.

## Notes to Financial Statements

December 31, 2018 and 2017

### Note 4 – Intangible Assets

The Organization's broadcast license has a carrying value of \$225,000 at both December 31, 2018 and 2017, and is subject to renewal in April 2022.

Other intangible assets consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Trademarks, domain names and similar assets	\$ 50,000	\$ 50,000
Accumulated amortization	<u>(40,000)</u>	<u>(30,000)</u>
	<u>\$ 10,000</u>	<u>\$ 20,000</u>

Amortization expense for each of the years ended December 31, 2018 and 2017 was \$10,000. Amortization expense for the year ended December 31, 2019 will be \$10,000.

### Note 5 - Net Assets with Donor Restriction

The following summarizes the changes in net assets with donor restriction for the years December 31, 2018 and 2017:

	<u>Purpose Restrictions</u>		<u>Time</u>	<u>Total</u>
	<u>Broadcasting</u>	<u>Other</u>	<u>Restriction</u>	
Balance, January 1, 2017	\$ 29,888	\$ -	\$ 195,004	\$ 224,892
Additions	119,618	79,500	42,275	241,393
Releases	(112,832)	(75,251)	(71,380)	(259,463)
Balance, December 31, 2017	\$ 36,674	\$ 4,249	\$ 165,899	\$ 206,822
Additions	<b>32,025</b>	<b>17,550</b>	<b>163,089</b>	<b>212,664</b>
Releases	<b>(27,511)</b>	<b>(6,749)</b>	<b>(209,443)</b>	<b>(243,703)</b>
Balance, December 31, 2018	<u>\$ 41,188</u>	<u>\$ 15,050</u>	<u>\$ 119,545</u>	<u>\$ 175,783</u>

### Note 6 - Operating Leases and Related Party Transactions

The Organization leases facilities from an entity owned by a member of the board of directors under a noncancelable operating lease. The lease does not require a monthly rental payment, but does require the Organization to cover the variable shared operating costs. The lease expires in December 2019, but can be extended for one 18-month period and 11 additional one-year terms beyond the initial extension. Rent expense, including in-kind expenses and the shared operating costs, under the lease with the related party totaled \$47,103 and \$46,195 for the years ended December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, the Organization owed the related party \$1,478 and \$1,791, respectively.

The Organization leases space on a radio tower under a noncancelable operating lease. The lease expires April 2024 and can be extended for three additional five-year periods each. The Organization also leases equipment under month-to-month arrangements. Rent expense under all the equipment leases totaled \$42,603 and \$41,090 for the years ended December 31, 2018 and 2017, respectively.

# Friends of myradio, Inc.

## Notes to Financial Statements

December 31, 2018 and 2017

### Note 6 - Operating Leases and Related Party Transactions (continued)

Future annual minimum lease payments, including in-kind rent expense, required under the noncancelable operating leases are as follows at December 31, 2018:

Year ended December 31	Facilities		Total
	Use	Equipment	
2019	\$ 42,000	\$ 19,173	\$ 61,173
2020	-	19,478	19,478
2021	-	20,251	20,251
2022	-	20,951	20,951
2023	-	21,579	21,579
Thereafter	-	5,434	5,434
	<u>\$ 42,000</u>	<u>\$ 106,866</u>	<u>\$ 148,866</u>

### Note 7 - Liquidity and Availability

The Organization had \$794,175 and 787,487 in financial assets available within one year of December 31, 2018 and 2017, respectively. 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, 2018 and 2017, the level of liquidity and reserves was managed within the guiding principles.

### Note 8 – Related Party Transactions

The Organization contracts with an entity that shares a member of the board of directors for contracted management and accounting support services. The Organization recognized expenses to the related party of \$45,992 and \$43,650 in 2018 and 2017, respectively. At December 31, 2018, the Organization owed the related party \$3,245.

### Note 9 – Special Events

The Organization derived net revenue from the following special fundraising events during the year ended December 31, 2018:

	Concerts & Station		Total
	Events	Other	
Gross proceeds	\$ 47,103	\$ 7,000	\$ 54,103
Contributions	474	16,034	16,508
	<u>47,577</u>	<u>23,034</u>	<u>70,611</u>
Direct costs	(34,900)	(14,399)	(49,299)
Net revenue	<u>\$ 12,677</u>	<u>\$ 8,635</u>	<u>\$ 21,312</u>



# Friends of myradio, Inc.

## Notes to Financial Statements

December 31, 2018 and 2017

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### Note 9 – Special Events (continued)

The Organization derived net revenue from the following special fundraising events during the year ended December 31, 2017:

	Concerts & Station Events	Other	Total
Gross proceeds	\$ 50,550	\$ 44,432	\$ 94,982
Contributions	12,500	59,000	71,500
	<u>63,050</u>	<u>103,432</u>	<u>166,482</u>
Direct costs	(44,529)	(38,805)	(83,334)
Net revenue	<u>\$ 18,521</u>	<u>\$ 64,627</u>	<u>\$ 83,148</u>

### 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 \$9,851 and \$10,751 to the plan for the years ended December 31, 2018 and 2017, respectively.

### Note 11 - Concentrations

*Concentrations of Credit Risk.* The Organization's primary customers are companies receiving sponsorship spots. The Organization performs ongoing credit evaluations of its customers and generally does not require collateral. The Organization provides reserves for credit losses, as necessary, based on a thorough review of all outstanding accounts. Such losses and yearly provisions have been within management's expectations.

*Bank Deposits.* The Organization routinely maintains cash balances in excess of federally insured limits.

*Major Grantor.* The Organization had a single grantor who comprised 20% of total revenues for the year ended December 31, 2017. The major grantor comprised 47% of the contributions receivable at December 31, 2017.

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