

Friends of mvradio, Inc.

(a nonprofit Massachusetts corporation)

Financial Statements

December 31, 2020 and 2019

Friends of mvyradio, Inc.

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Friends of myradio, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 financial statements referred to above present fairly, in all material respects, the financial position of Friends of myradio, Inc. as of December 31, 2020 and 2019, 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

Longmont, Colorado
April 29, 2021

Friends of myradio, Inc.

Statements of Financial Position

December 31	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,057,045	\$ 516,287
Accounts receivable	30,127	32,641
Contributions receivable, current portion	252,323	111,952
Prepaid expenses	10,092	25,092
Total current assets	<u>1,349,587</u>	<u>685,972</u>
Property and Equipment, at cost	<u>3,075,450</u>	<u>1,983,507</u>
Other Assets		
Contributions receivable, net	54,717	-
Broadcast license	225,000	225,000
Total other assets	<u>279,717</u>	<u>225,000</u>
Total assets	<u>\$ 4,704,754</u>	<u>\$ 2,894,479</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 184,113	\$ 33,132
Accrued compensation and benefits	46,588	23,922
Deferred revenue	23,359	23,983
Current maturities of construction line of credit	28,019	-
Current maturities of line of credit, related party	500,000	-
Total current liabilities	<u>782,079</u>	<u>81,037</u>
Long-Term Liabilities		
Construction line of credit, net of current maturities	437,322	-
Line of credit, net of current maturities, related party	-	675,000
Total long-term liabilities	<u>437,322</u>	<u>675,000</u>
Total liabilities	<u>1,219,401</u>	<u>756,037</u>
Net Assets		
Without donor restrictions	3,103,328	1,969,924
With donor restrictions	382,025	168,518
Total net assets	<u>3,485,353</u>	<u>2,138,442</u>
Total liabilities and net assets	<u>\$ 4,704,754</u>	<u>\$ 2,894,479</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Support			
Contributions and memberships	\$ 468,333	\$ 312,940	\$ 781,273
Grants	372,385	44,821	417,206
Net assets released from restrictions			
Satisfaction of purpose restrictions	36,085	(36,085)	-
Expiration of time restrictions	108,169	(108,169)	-
Total operating support	<u>984,972</u>	<u>213,507</u>	<u>1,198,479</u>
Revenue			
Underwriting fees	244,635	-	244,635
Other program revenue	3,221	-	3,221
Total operating revenue	<u>247,856</u>	<u>-</u>	<u>247,856</u>
 Total operating support and revenue	<u>1,232,828</u>	<u>213,507</u>	<u>1,446,335</u>
Operating Expenses			
Program services			
Broadcasting and engineering	145,193	-	145,193
Programming	524,692	-	524,692
Supporting services			
General and administrative	221,249	-	221,249
Fundraising			
Underwriting and grant solicitation	211,821	-	211,821
Membership	123,311	-	123,311
Other fundraising	128,242	-	128,242
Total operating expenses	<u>1,354,508</u>	<u>-</u>	<u>1,354,508</u>
 Total operating support and revenue in excess (deficit) of operating expenses	<u>(121,680)</u>	<u>213,507</u>	<u>91,827</u>
Other Changes			
Capital campaign contributions	604,240	-	604,240
Forgiveness of debt	500,000	-	500,000
Paycheck Protection Program grant	150,042	-	150,042
Interest income	802	-	802
Total other changes	<u>1,255,084</u>	<u>-</u>	<u>1,255,084</u>
 Change in Net Assets	<u>1,133,404</u>	<u>213,507</u>	<u>1,346,911</u>
 Net Assets, Beginning of Year	<u>1,969,924</u>	<u>168,518</u>	<u>2,138,442</u>
 Net Assets, End of Year	<u>\$ 3,103,328</u>	<u>\$ 382,025</u>	<u>\$ 3,485,353</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Support			
Contributions and memberships	\$ 627,834	\$ 83,519	\$ 711,353
Grants	170,327	65,377	235,704
Special event income, net	63,580	-	63,580
Net assets released from restrictions			
Satisfaction of purpose restrictions	36,616	(36,616)	-
Expiration of time restrictions	119,545	(119,545)	-
Total operating support	<u>1,017,902</u>	<u>(7,265)</u>	<u>1,010,637</u>
Revenue			
Underwriting fees	372,054	-	372,054
Other program revenue	<u>3,328</u>	<u>-</u>	<u>3,328</u>
Total operating revenue	<u>375,382</u>	<u>-</u>	<u>375,382</u>
 Total operating support and revenue	<u>1,393,284</u>	<u>(7,265)</u>	<u>1,386,019</u>
Operating Expenses			
Program services			
Broadcasting and engineering	176,241	-	176,241
Programming	530,728	-	530,728
Supporting services			
General and administrative	222,494	-	222,494
Fundraising			
Underwriting and grant solicitation	214,838	-	214,838
Membership	81,087	-	81,087
Other fundraising	<u>117,636</u>	<u>-</u>	<u>117,636</u>
Total operating expenses	<u>1,343,024</u>	<u>-</u>	<u>1,343,024</u>
 Total operating support and revenue in excess (deficit) of operating expenses	<u>50,260</u>	<u>(7,265)</u>	<u>42,995</u>
Other Changes			
Capital campaign contributions	961,783	-	961,783
Interest income	<u>1,329</u>	<u>-</u>	<u>1,329</u>
Total other changes	<u>963,112</u>	<u>-</u>	<u>963,112</u>
Change in Net Assets	1,013,372	(7,265)	1,006,107
Net Assets, Beginning of Year	<u>956,552</u>	<u>175,783</u>	<u>1,132,335</u>
Net Assets, End of Year	<u>\$ 1,969,924</u>	<u>\$ 168,518</u>	<u>\$ 2,138,442</u>

The accompanying Notes are an integral
part of these financial statements

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Friends of myradio, Inc.

Statement of Functional Expenses

Year ended December 31, 2020

	Program Services			Supporting Services					Total
	Broadcasting and Engineering	Programming	Total	General and Administrative	Fundraising Underwriting and Grant Solicitation	Membership	Other	Total	
Salaries and wages	\$ -	\$ 345,617	\$345,617	\$ 82,911	\$ 155,505	\$ 40,234	\$ 90,874	\$286,613	\$ 715,141
Employee benefits	-	58,808	58,808	15,008	9,220	6,652	10,292	26,164	99,980
Payroll taxes	-	35,831	35,831	8,442	15,203	3,961	9,187	28,351	72,624
Total personnel costs	-	440,256	440,256	106,361	179,928	50,847	110,353	341,128	887,745
Legal and professional	18,028	391	18,419	63,257	4,754	60	-	4,814	86,490
Marketing and membership	-	14,335	14,335	202	3,201	33,080	9,133	45,414	59,951
Radio equipment rental	44,475	-	44,475	-	-	-	-	-	44,475
Telephone and communications	31,718	1,586	33,304	2,011	3,180	1,200	-	4,380	39,695
Dues and subscriptions	1,160	32,504	33,664	492	320	-	1,212	1,532	35,688
Interest expense, related party	-	-	-	29,955	-	-	-	-	29,955
Software	349	6,063	6,412	702	3,723	18,053	548	22,324	29,438
Depreciation	19,047	6,121	25,168	-	-	-	389	389	25,557
Bank and credit card fees	2	-	2	225	808	19,146	3,505	23,459	23,686
Occupancy	18,663	2,490	21,153	-	896	-	-	896	22,049
Office expenses	4,471	6,284	10,755	2,225	1,087	925	2,145	4,157	17,137
Repairs and maintenance	5,401	4,900	10,301	5,530	-	-	518	518	16,349
Travel and entertainment	-	9,762	9,762	30	4,474	-	439	4,913	14,705
Insurance	1,879	-	1,879	9,910	-	-	-	-	11,789
Miscellaneous expenses	-	-	-	349	9,450	-	-	9,450	9,799
Total operating expenses	<u>\$ 145,193</u>	<u>\$ 524,692</u>	<u>\$669,885</u>	<u>\$ 221,249</u>	<u>\$ 211,821</u>	<u>\$123,311</u>	<u>\$128,242</u>	<u>\$463,374</u>	<u>\$1,354,508</u>

The accompanying Notes are an integral part of these financial statements

Friends of myradio, Inc.

Statement of Functional Expenses

Year ended December 31, 2019

	Program Services			Supporting Services					
	Broadcasting and Engineering	Programming	Total	General and Administrative	Fundraising			Total	Total
					Underwriting and Grant Solicitation	Membership	Other		
Salaries and wages	\$ -	\$ 327,833	\$327,833	\$ 80,200	\$ 151,720	\$ 22,303	\$ 84,918	\$258,941	\$ 666,974
Employee benefits	-	54,666	54,666	13,586	4,535	3,770	14,619	22,924	91,176
Payroll taxes	-	29,087	29,087	7,068	13,226	1,974	7,498	22,698	58,853
Total personnel costs	-	411,586	411,586	100,854	169,481	28,047	107,035	304,563	817,003
Legal and professional	17,774	240	18,014	60,749	11,279	3,375	-	14,654	93,417
Marketing and membership	-	48,654	48,654	475	2,016	21,792	4,831	28,639	77,768
Occupancy	41,112	2,650	43,762	23,326	1,384	-	-	1,384	68,472
Radio equipment rental	43,976	-	43,976	-	-	-	-	-	43,976
Depreciation and amortization	29,904	6,064	35,968	7,450	-	-	389	389	43,807
Telephone and communications	29,062	1,200	30,262	2,026	2,720	1,200	-	3,920	36,208
Travel and entertainment	347	13,877	14,224	1,558	17,181	131	798	18,110	33,892
Dues and subscriptions	1,073	27,089	28,162	-	679	-	1,818	2,497	30,659
Bank and credit card fees	-	-	-	-	1,789	17,961	52	19,802	19,802
Office expenses	4,498	7,960	12,458	1,460	1,909	1,325	2,247	5,481	19,399
Software	709	5,527	6,236	498	3,242	7,256	-	10,498	17,232
Repairs and maintenance	5,837	5,616	11,453	4,992	-	-	366	366	16,811
Insurance	1,879	-	1,879	11,821	-	-	-	-	13,700
Interest expense, related party	-	-	-	7,084	-	-	-	-	7,084
Miscellaneous expenses	70	265	335	201	3,158	-	100	3,258	3,794
Total operating expenses	<u>\$ 176,241</u>	<u>\$ 530,728</u>	<u>\$706,969</u>	<u>\$ 222,494</u>	<u>\$ 214,838</u>	<u>\$ 81,087</u>	<u>\$117,636</u>	<u>\$413,561</u>	<u>\$1,343,024</u>

The accompanying Notes are an integral part of these financial statements

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Friends of myradio, Inc.

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 1,346,911	\$ 1,006,107
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	25,557	33,807
Amortization	-	10,000
In-kind facilities lease expenses	-	42,000
Forgiveness of debt	(500,000)	-
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	2,514	477
Contributions receivable	(195,088)	(34,407)
Prepaid expenses	15,000	(6,445)
Accounts payable	150,981	16,930
Accrued compensation and benefits	22,666	473
Deferred revenue	(624)	13,953
Net cash provided by operating activities	<u>867,917</u>	<u>1,082,895</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>(652,159)</u>	<u>(1,864,473)</u>
Net cash used by investing activities	<u>(652,159)</u>	<u>(1,864,473)</u>
Cash Flows From Financing Activities		
Borrowings on line of credit, related party	<u>325,000</u>	<u>675,000</u>
Net cash provided by financing activities	<u>325,000</u>	<u>675,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	540,758	(106,578)
Cash and Cash Equivalents, Beginning of Year	<u>516,287</u>	<u>622,865</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,057,045</u>	<u>\$ 516,287</u>
Supplemental Cash Flow Information		
Cash paid for interest and capitalized as construction in progress	\$ 2,889	\$ -
Property and equipment acquired with construction line of credit	\$ 465,341	\$ -

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, 2020 and 2019

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.

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 at the amount of consideration from customers, of which the Organization has an unconditional right to receive. 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, 2020 and 2019, 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, 2020 and 2019

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, 2020 and 2019, 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 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.

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

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 2022.

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. Trademarks, domain names, and other similar assets were fully amortized during 2019. Amortization expense for the year ended December 31, 2019 was \$10,000.

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.

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

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

Impairment of Long-Lived Assets (continued). 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, 2020 and 2019.

Revenue Recognition. The Organization's revenues from contracts with customers is comprised primarily of underwriting fees. Underwriting fees consist of marketing the corporate sponsors on air and on the Organization's website and are generally received in advance of the service. Revenue is recognized at the point in time in which the service occurs, which satisfies the Organization's performance obligation. Revenue is reported at the amount of consideration which the Organization expects to be entitled in exchange for providing the services. The Organization determines the transaction price based on standard charges for services provided, reduced by discounts and other price concessions, if any.

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 \$56,161 in 2020 and \$97,821 in 2019.

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.

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

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

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 April 29, 2021, the date at which the financial statements were available for release.

Note 2 - Liquidity and Availability

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, 2020 and 2019, the level of liquidity and reserves was managed within the guiding principles. The Organization's financial assets available for general expenditures within one year are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,057,045	\$ 516,287
Accounts receivable	30,127	32,641
Contributions receivable, net	<u>307,040</u>	<u>111,952</u>
	<u>1,394,212</u>	<u>660,880</u>
Less amounts not available to be used within one year:		
Contributions receivable due beyond one year, net	<u>(54,717)</u>	<u>-</u>
	<u>\$ 1,339,495</u>	<u>\$ 660,880</u>

Additionally, the Organization has a committed line of credit with a related party with \$500,000 available at December 31, 2020 which is available if needed.

Note 3 – Contributions Receivable

Contributions receivable consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Amounts due in:		
One year or less	\$ 252,323	\$ 111,952
One to five years	<u>58,500</u>	<u>-</u>
	<u>310,823</u>	<u>111,952</u>
Less present value allowance	<u>(3,783)</u>	<u>-</u>
	<u>\$ 307,040</u>	<u>\$ 111,952</u>

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 3 – Contributions Receivable (continued)

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, 2020 was 4.0%. The interest element resulting from amortization of the discount for the time value of money is reported as contribution revenue.

Note 4 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land and building	\$ 1,798,959	\$ 1,798,959
Radio and broadcast equipment	174,136	167,536
Computer equipment	56,278	54,219
Furniture and fixtures	17,050	17,050
Leasehold improvements	16,141	16,141
Construction in progress	1,172,429	63,587
	<u>3,234,993</u>	<u>2,117,492</u>
Less accumulated amortization	(159,543)	(133,985)
Net property and equipment	<u>\$ 3,075,450</u>	<u>\$ 1,983,507</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$25,557 and \$33,807, respectively. Amortization of leasehold improvement is included in depreciation expense.

Note 5 – Accounts Receivable and Contract Liabilities

Accounts receivable consists of amounts invoiced to customers for services rendered for which the Organization has met all performance obligations. Beginning balances were \$32,641 and \$33,118 at January 1, 2020 and 2019, respectively. Ending balances were \$30,127 and \$32,641 at December 31, 2020 and 2019, respectively.

The Organization has contracts that are unsatisfied or partially unsatisfied as of December 31, 2020 and 2019, in the amounts of \$23,359 and \$23,983, respectively. Contract liabilities as of December 31, 2018 totaling \$10,030 were recognized as revenue in 2019, and the December 31, 2019 contract liabilities were recognized as revenue in 2020. As of December 31, 2020, the Organization expects to recognize the December 31, 2020 amounts as revenue in 2021.

Note 6 – Lines of Credit, Related Party Transactions, and Commitments

The Organization has a \$1,000,000 line of credit agreement with a member of the board of directors. The agreement with the related party has outstanding borrowings of \$500,000 and \$675,000 at December 31, 2020 and 2019, respectively. The agreement bears no interest (discounted using an effective interest rate of 3.99% for 2020).

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 6 – Lines of Credit, Related Party Transactions, and Commitments (continued)

The agreement is unsecured and matures in September 2021 when all outstanding borrowings are due. During 2020, \$500,000 of the outstanding borrowings were forgiven by the related party. Interest expense forgiven by the related party totaled \$29,955 and \$7,084 in 2020 and 2019, respectively.

The Organization has entered into 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 had outstanding borrowings of \$465,341 at December 31, 2020. Interest only payments are due through May 2021 and, upon completion of the draw period, monthly principal and interest payments of \$5,510 commence 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. Interest charges totaling \$2,889 for the year ended December 31, 2020 have been capitalized in construction in progress. There were no outstanding borrowings at December 31, 2019.

Scheduled maturities of the long-term debt are as follows at December 31, 2020:

<u>Year</u>	<u>Amount</u>
2021	\$ 28,019
2022	49,573
2023	51,588
2024	53,684
2025	55,866
Thereafter	226,611
	<u>\$ 465,341</u>

The Organization has entered into a contract for the remodeling of its property in West Tisbury, Massachusetts totaling \$1,637,660. The Organization has capitalized costs in process related to the project totaling \$1,172,429 at December 31, 2020.

Note 7 – Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years December 31, 2020 and 2019:

	<u>Purpose Restrictions</u>		<u>Time</u>	<u>Total</u>
	<u>Broadcasting</u>	<u>Other</u>	<u>Restrictions</u>	
Balance, January 1, 2019	\$ 41,188	\$ 15,050	\$ 119,545	\$ 175,783
Additions	31,074	5,870	111,952	148,896
Releases	(27,941)	(8,675)	(119,545)	(156,161)
Balance, December 31, 2019	44,321	12,245	111,952	168,518
Additions	44,821	5,900	307,040	357,761
Releases	(31,473)	(4,612)	(108,169)	(144,254)
Balance, December 31, 2020	<u>\$ 57,669</u>	<u>\$ 13,533</u>	<u>\$ 310,823</u>	<u>\$ 382,025</u>

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Notes to Financial Statements

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Note 8 – Operating Leases and Related Party Transactions

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 2024. The lease can be extended for three additional five-year periods each. Rent expense under the lease totaled \$15,750 for the year ended December 31, 2020.

The Organization leased facilities from an entity owned by a member of the board of directors under a noncancelable operating lease. The lease did not require a monthly rental payment, but did require the Organization to cover the variable shared operating costs. The lease expired in December 2019. Rent expense, including in-kind expenses and the shared operating costs, under the lease with the related party totaled \$60,785 for the year ended December 31, 2019.

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 \$44,475 and \$43,976 for the years ended December 31, 2020 and 2019, respectively.

Future annual minimum lease payments required under the noncancelable operating leases are as follows at December 31, 2020:

<u>Year</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2021	\$ 21,000	\$ 20,341	\$ 41,341
2022	21,000	20,951	41,951
2023	21,000	21,580	42,580
2024	7,000	5,434	12,434
	<u>\$ 70,000</u>	<u>\$ 68,306</u>	<u>\$ 138,306</u>

Note 9 – Contributed Services and Materials

Contributed services and materials are as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Interest, related party	\$ 29,955	\$ 7,084
Landscape services and other	630	420
Legal services	400	7,146
	<u>\$ 30,985</u>	<u>\$ 14,650</u>

Note 10 – Special Events

The Organization did not derive revenue from special fundraising events during the year ended December 31, 2020.

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Notes to Financial Statements

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Note 10 – Special Events (continued)

The Organization derived net revenue from the following special fundraising events during the year ended December 31, 2019:

	Concerts & Station Events	Other	Total
Registrations and sales	\$ 73,405	\$ 43,781	\$ 117,186
Contributions	10,000	-	10,000
	<u>83,405</u>	<u>43,781</u>	<u>127,186</u>
Direct costs	(38,817)	(24,789)	(63,606)
Net revenue	<u>\$ 44,588</u>	<u>\$ 18,992</u>	<u>\$ 63,580</u>

Note 11 – Paycheck Protection Program and Subsequent Event

During April 2020, the Organization received proceeds from the Paycheck Protection Program administered by the U.S. Small Business Administration of \$150,042. Proceeds from the program are considered a government grant if at least 60% of the proceeds are spent on eligible payroll, with the remaining 40% on other narrowly specified expenses. As of December 31, 2020, the Organization fulfilled the requirements of the program. Accordingly, the Organization recognized grant revenue totaling \$150,042 in the accompanying statement of activities.

In January 2021, the Organization received proceeds from a second draw of the Paycheck Protection Program administered by the U.S. Small Business Administration of \$155,080. Proceeds from the program are considered a government grant if at least 60% of the proceeds are spent on eligible payroll, with the remaining 40% on other narrowly specified expenses within the covered period.

Note 12 – 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 \$12,731 and \$11,509 to the plan for the years ended December 31, 2020 and 2019, respectively.

Note 13 – 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.

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Note 13 – Concentrations (continued)

Bank Deposits. The Organization routinely maintained cash balances in excess of federally insured limits during the years ended December 31, 2020 and 2019.

Major Donor. The Organization had a single donor who comprised 36% of total revenues for the year ended December 31, 2019. There were no major donors for the year ended December 31, 2020.

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

Note 14 – Risks and Uncertainty

During 2020, a health care pandemic occurred in the United States and internationally. In response to the crisis, the federal, state, and municipal governments have enacted various policies to curtail group gatherings until the risk has diminished. The global economy has been negatively impacted and certain activities of the Organization could be subject to closure or substantially modified operations. No reliable estimate of the potential future financial impacts of this uncertainty on the Organization can be made at this time.