

Friends of mvradio, Inc.

(a nonprofit Massachusetts corporation)

Financial Statements

December 31, 2024 and 2023

Friends of mvyradio, Inc.

Table of Contents

Independent Auditor's Report	Pages 1-2
Statements of Financial Position December 31, 2024 and 2023	Page 3
Statement of Activities Year ended December 31, 2024	Page 4
Statement of Activities Year ended December 31, 2023	Page 5
Statement of Functional Expenses Year ended December 31, 2024	Page 6
Statement of Functional Expenses Year ended December 31, 2023	Page 7
Statements of Cash Flows Years ended December 31, 2024 and 2023	Page 8
Notes to Financial Statements	Pages 9-19

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, 2024 and 2023, 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, 2024 and 2023, 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 21, 2025

Friends of myradio, Inc.

Statements of Financial Position

December 31	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 533,229	\$ 749,394
Investments, at fair value	320,387	308,000
Accounts receivable	60,703	60,462
Contributions receivable	219,138	112,121
Prepaid expenses	18,423	18,915
Total current assets	<u>1,151,880</u>	<u>1,248,892</u>
Property and Equipment, at cost	<u>3,835,629</u>	<u>3,933,335</u>
Other Assets		
Right-of-use operating lease assets	512,806	545,478
Broadcast license	225,000	225,000
Total other assets	<u>737,806</u>	<u>770,478</u>
Total assets	<u>\$ 5,725,315</u>	<u>\$ 5,952,705</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 31,428	\$ 27,121
Accrued compensation and benefits	62,481	38,891
Deferred revenue	260	2,110
Current maturities of operating lease obligations	23,443	27,971
Current maturities of construction line of credit	-	51,089
Total current liabilities	<u>117,612</u>	<u>147,182</u>
Long-Term Liabilities		
Operating lease obligations, net of current maturities	505,370	528,686
Construction line of credit, net of current maturities	-	342,753
Total long-term liabilities	<u>505,370</u>	<u>871,439</u>
Total liabilities	<u>622,982</u>	<u>1,018,621</u>
Net Assets		
Without donor restrictions	4,854,213	4,746,594
With donor restrictions	248,120	187,490
Total net assets	<u>5,102,333</u>	<u>4,934,084</u>
Total liabilities and net assets	<u>\$ 5,725,315</u>	<u>\$ 5,952,705</u>

The accompanying Notes are an integral part of these financial statements

Page 3

Friends of myradio, Inc.

Statement of Activities

Year ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Support			
Contributions and memberships	\$ 926,651	\$ 219,138	\$ 1,145,789
Grants	692,658	14,976	707,634
Special event revenue	14,560	-	14,560
Special event expenses	(23,384)	-	(23,384)
Net assets released from restrictions	173,484	(173,484)	-
Total operating support	<u>1,783,969</u>	<u>60,630</u>	<u>1,844,599</u>
Revenue			
Underwriting fees	522,046	-	522,046
Concerts and public events	52,480	-	52,480
Other program revenue	9,526	-	9,526
Total operating revenue	<u>584,052</u>	<u>-</u>	<u>584,052</u>
Total operating support and revenue	<u>2,368,021</u>	<u>60,630</u>	<u>2,428,651</u>
Operating Expenses			
Program services			
Broadcasting and engineering	232,610	-	232,610
Programming	1,096,645	-	1,096,645
Supporting services			
General and administrative	297,472	-	297,472
Fundraising			
Underwriting and grant solicitation	286,052	-	286,052
Membership	131,230	-	131,230
Other fundraising	229,959	-	229,959
Total operating expenses	<u>2,273,968</u>	<u>-</u>	<u>2,273,968</u>
Total operating support and revenue in excess of operating expenses	<u>94,053</u>	<u>60,630</u>	<u>154,683</u>
Other Changes			
Investment income, net	<u>13,566</u>	<u>-</u>	<u>13,566</u>
Change in Net Assets	<u>107,619</u>	<u>60,630</u>	<u>168,249</u>
Net Assets, Beginning of Year	<u>4,746,594</u>	<u>187,490</u>	<u>4,934,084</u>
Net Assets, End of Year	<u>\$ 4,854,213</u>	<u>\$ 248,120</u>	<u>\$ 5,102,333</u>

The accompanying Notes are an integral
part of these financial statements

Page 4

Friends of myradio, Inc.

Statement of Activities

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
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			
Investment income, net	<u>21,824</u>	<u>-</u>	<u>21,824</u>
Change in Net Assets	268,085	(25,920)	242,165
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

Page 5

Friends of mvradio, Inc.

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services			Supporting Services					
	Broadcasting and Engineering	Programming	Total	General and Administrative	Fundraising			Total	Total
					Underwriting and Grant Solicitation	Membership	Other		
Salaries and wages	\$ -	\$ 614,440	\$ 614,440	\$ 120,728	\$ 205,604	\$ 47,265	\$ 116,367	\$ 369,236	\$ 1,104,404
Employee benefits	-	94,751	94,751	23,203	23,558	11,759	14,294	49,611	167,565
Payroll taxes	-	56,657	56,657	10,954	14,321	4,027	10,691	29,039	96,650
Total personnel costs	-	765,848	765,848	154,885	243,483	63,051	141,352	447,886	1,368,619
Depreciation	32,432	93,660	126,092	40,687	-	-	400	400	167,179
Marketing and membership	-	98,386	98,386	-	71	30,414	1,302	31,787	130,173
Legal and professional	32,500	3,770	36,270	70,244	20,605	-	-	20,605	127,119
Event expenses	-	3,557	3,557	-	-	-	80,200	80,200	83,757
Occupancy	69,768	1,600	71,368	-	-	-	-	-	71,368
Radio equipment rental	54,734	-	54,734	-	-	-	-	-	54,734
Dues and subscriptions	1,407	37,265	38,672	489	3,559	-	1,368	4,927	44,088
Travel and entertainment	187	38,386	38,573	-	1,642	-	1,490	3,132	41,705
Telephone and communications	29,763	3,527	33,290	1,432	3,804	-	504	4,308	39,030
Repairs and maintenance	3,228	22,605	25,833	10,221	-	-	-	-	36,054
Insurance	3,087	14,540	17,627	15,962	-	-	-	-	33,589
Bank and credit card fees	6	20	26	295	2,949	25,506	42	28,497	28,818
Software	2,478	7,209	9,687	622	2,477	11,301	-	13,778	24,087
Office expenses	2,840	5,398	8,238	502	1,502	958	3,246	5,706	14,446
Miscellaneous expenses	180	250	430	1,113	5,960	-	55	6,015	7,558
Interest expense	-	624	624	1,020	-	-	-	-	1,644
Total operating expenses	<u>\$ 232,610</u>	<u>\$ 1,096,645</u>	<u>\$ 1,329,255</u>	<u>\$ 297,472</u>	<u>\$ 286,052</u>	<u>\$ 131,230</u>	<u>\$ 229,959</u>	<u>\$ 647,241</u>	<u>\$ 2,273,968</u>

The accompanying Notes are an integral part of these financial statements

Friends of mvradio, Inc.

Statement of Functional Expenses

Year ended December 31, 2023

	Program Services			Supporting Services					
	Broadcasting and Engineering	Programming	Total	General and Administrative	Fundraising			Total	Total
					Underwriting and Grant Solicitation	Membership	Other		
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	\$ 228,367	\$1,006,681	\$1,235,048	\$ 281,362	\$ 252,425	\$164,009	\$225,913	\$642,347	\$2,158,757

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	2024	2023
Cash Flows From Operating Activities		
Change in net assets	\$ 168,249	\$ 242,165
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	167,179	171,673
Amortization of right-of-use operating lease asset	32,672	31,534
Net realized and unrealized (gains) losses on investments	(927)	85
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	(241)	12,719
Contributions receivable	(107,017)	59,927
Prepaid expenses	492	(1,371)
Accounts payable	4,307	(42,786)
Accrued compensation and benefits	23,590	5,414
Deferred revenue	(1,850)	(5,990)
Operating lease obligations	(27,844)	(26,192)
Net cash provided by operating activities	<u>258,610</u>	<u>447,178</u>
Cash Flows From Investing Activities		
Net purchases of investments	(11,460)	(132,000)
Purchases of property and equipment	(69,473)	(49,760)
Net cash used by investing activities	<u>(80,933)</u>	<u>(181,760)</u>
Cash Flows From Financing Activities		
Payments on construction line of credit	(393,842)	(49,104)
Net cash used by financing activities	<u>(393,842)</u>	<u>(49,104)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(216,165)	216,314
Cash and Cash Equivalents, Beginning of Year	749,394	533,080
Cash and Cash Equivalents, End of Year	\$ 533,229	\$ 749,394
Supplemental Cash Flow Information		
Cash paid for interest	\$ 1,644	\$ 17,018

The accompanying Notes are an integral
part of these financial statements

Page 8

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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.

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.

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

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 valuation methodologies used for assets measured at fair value on a recurring basis are as follows:

Certificates of Deposit. 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.

Debt Securities. The Organization values debt securities with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

Fair Value Measurements (continued). 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, 2024 and 2023.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

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, 2024 and 2023.

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, 2024 and 2023, 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.

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

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, seven to 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, 2024 and 2023.

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

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.

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, 2024 and 2023, was \$522,046 and \$547,668, respectively. The Organization had accounts receivable representing net billed amounts due on contracts with customers of \$60,703, \$60,462, and \$73,181 as of December 31, 2024 and 2023, and January 1, 2023, respectively. The Organization did not have any contract assets associated with underwriting fees as of December 31, 2024 and 2023, or as of January 1, 2023. 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, 2024 and 2023, and January 1, 2023 totaled \$260, \$2,110 and \$8,100, 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, 2024 and 2023, or as of January 1, 2023.

Contributions, Memberships, and Grants. Unconditional contributions, memberships, and grants are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service. Donor restricted contributions and grants whose restrictions are met in the same reporting period are reported as net assets with donor restrictions. Conditional grants and contributions are recognized when the conditions on which they depend are substantially met. Funding received in advance of fulfilling the conditions and refundable to the donor are reported as refundable advances in the statements of financial position.

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

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 \$145,530 in 2024 and \$176,030 in 2023.

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 21, 2025, 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>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 533,229	\$ 749,394
Investments, at fair value	320,387	308,000
Accounts receivable	60,703	60,462
Contributions receivable	219,138	112,121
	<u>\$ 1,133,457</u>	<u>\$ 1,229,977</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.

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 2 – Liquidity and Availability (continued)

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, 2024 and 2023, 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, 2024, which is available if needed.

Note 3 – Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value, as of December 31:

	<u>2024</u>	<u>2023</u>
Certificates of deposit (level 2)	\$ 212,000	\$ 308,000
Debt securities		
U.S. government bonds (level 1)	<u>108,387</u>	<u>-</u>
	<u>\$ 320,387</u>	<u>\$ 308,000</u>

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. There were no significant transfers in or out of fair value levels during the years ended December 31, 2024 and 2023.

Investment income consisted of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 12,639	\$ 21,909
Net unrealized gain (loss) on investments	898	(85)
Net realized gain on investments	<u>29</u>	<u>-</u>
Net investment income	<u>\$ 13,566</u>	<u>\$ 21,824</u>

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 4 – Contributions Receivable

Contributions receivable were \$219,138 and \$112,121 as of December 31, 2024 and 2023, respectively. Amounts outstanding at December 31, 2023 were collected during the year ended December 31, 2024, and management estimates the outstanding amount at December 31, 2024 will be collected during the year ending December 31, 2025.

Note 5 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Land and building	<u>\$ 4,041,817</u>	\$ 4,039,617
Radio and broadcast equipment	<u>368,923</u>	345,337
Computer equipment	<u>59,441</u>	57,600
Furniture and fixtures	<u>63,832</u>	35,613
Leasehold improvements	<u>16,141</u>	16,141
Construction in progress	<u>27,811</u>	15,352
	<u>4,577,965</u>	4,509,660
Less accumulated amortization	<u>(742,336)</u>	(576,325)
Net property and equipment	<u><u>\$ 3,835,629</u></u>	<u><u>\$ 3,933,335</u></u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$167,179 and \$171,673, 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, 2024 totaled \$299,245 and \$283,238, respectively. The operating lease obligations and related right-of-use asset as of December 31, 2023 totaled \$309,354 and \$298,042, 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, 2024 and 2023 totaled \$229,568 and \$241,202, respectively.

The Organization leased a vehicle under a noncancelable operating lease. The lease required monthly payments of \$515 and expired in December 2024. There was no operating lease obligation and related right-of-use asset as of December 31, 2024 related to the vehicle lease. The operating lease obligations and related right-of-use asset as of December 31, 2023 totaled \$6,101 and \$6,234, respectively.

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 6 – Leases (continued)

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

	<u>2024</u>	<u>2023</u>
Amortization of right-of-use assets	\$ 32,672	\$ 31,534
Interest on lease liability	21,566	21,835
	<u>\$ 54,238</u>	<u>\$ 53,369</u>

The Organization leases equipment under a short term operating lease. Rent expense totaled \$25,200 and \$24,000 for the years ended December 31, 2024 and 2023, respectively.

Cash paid for amounts included in the measurement of operating lease liabilities totaled \$49,410 and \$48,762 for the years ended December 31, 2024 and 2023, respectively.

The weighted average remaining lease term for the operating leases was 14.33 years and 15.18 years at December 31, 2024 and 2023, respectively. The weighted average discount rate for the operating leases was 4.00% and 3.99% at December 31, 2024 and 2023, respectively.

Scheduled maturities of operating lease liabilities are as follows at December 31, 2024:

<u>Year</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
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
2029	21,000	25,767	46,767
Thereafter	195,999	278,090	474,089
	300,999	399,636	700,635
Less imputed interest	<u>(71,432)</u>	<u>(100,390)</u>	<u>(171,822)</u>
	<u>\$ 229,567</u>	<u>\$ 299,246</u>	<u>\$ 528,813</u>

Note 7 – Lines of Credit

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, 2024 and 2023. 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.

Construction Line of Credit. The Organization had a \$1,000,000 construction line of credit agreement with The Cape Cod Five Cents Savings Bank for the renovation of the building with outstanding borrowings of \$393,842 at December 31, 2023. In January 2024, the construction line of credit was paid in full.

Friends of myradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 8 – Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years December 31, 2024 and 2023:

	Purpose Restrictions		Time	Total
	Broadcasting	Other	Restrictions	
Balance, January 1, 2023	\$ 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
Additions	14,976	-	219,138	234,114
Releases	(58,696)	(2,667)	(112,121)	(173,484)
Balance, December 31, 2024	<u>\$ 28,982</u>	<u>\$ -</u>	<u>\$ 219,138</u>	<u>\$ 248,120</u>

Note 9 – Special Events

The Organization derived a net loss from the following special fundraising event during the year ended December 31, 2024:

	MVY David Wax
Registrations and sales	\$ 14,560
Direct costs	(23,384)
Net loss	<u>\$ (8,824)</u>

The Organization derived a net loss 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 revenue	<u>\$ (2,968)</u>	<u>\$ (7,969)</u>	<u>\$ (10,937)</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 \$38,336 and \$26,755 to the plan for the years ended December 31, 2024 and 2023, respectively.

Friends of mvyradio, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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 \$45,919 in 2024 and \$46,475 in 2023.

Note 12– Concentrations

Bank Deposits. The Organization routinely maintained cash balances in excess of federally insured limits during the years ended December 31, 2024 and 2023.

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

Note 13 – Subsequent Event

In January 2025, the Federal Communications Commission issued the Organization an FM license to operate WMVC on 91.5FM from Edgartown, Massachusetts. The license expires in April 2030.