

**REDWOOD COMMUNITY RADIO, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**FINANCIAL STATEMENTS**

**For the Years Ended**  
**December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Redwood Community Radio, Inc.  
Redway, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Redwood Community Radio, Inc. (a California nonprofit public benefit corporation) 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.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Redwood Community Radio, 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.

### Emphasis of Matter

As discussed in Note 12, Coronavirus Pandemic, the World Health Organization had declared COVID-19 as a public health emergency of international concern. Because of this, and local operational restrictions, the Corporation has not been able to conduct normal program activities since shelter-in-place orders were issued. Given the uncertainty of the situation, the duration of any business disruption and the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

A handwritten signature in blue ink that reads "Doran &amp; Associates".

September 7, 2021

**REDWOOD COMMUNITY RADIO, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 193,840	\$ 49,533
Accounts and grants receivable, net of allowance for doubtful accounts (Note 3)	35,162	137,189
Prepaid expenses and deposits	5,267	6,142
Inventory (Note 1)	<u>3,555</u>	<u>3,454</u>
Total current assets	237,824	196,318
Property and equipment, net of accumulated depreciation of \$763,793 at 2020 and \$714,922 at 2019 (Notes 1 and 4)	<u>263,200</u>	<u>304,425</u>
Total assets	<u>\$ 501,024</u>	<u>\$ 500,743</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,849	\$ 8,563
Accrued vacations	4,196	2,831
Bridge loan (Note 5)	-	39,344
Current portion of capital leases (Note 6)	<u>1,980</u>	<u>2,841</u>
Total current liabilities	17,025	53,579
Capital leases, net of current portion (Note 6)	<u>498</u>	<u>2,324</u>
Total liabilities	<u>17,523</u>	<u>55,903</u>
Net assets (Note 7):		
Without donor restrictions	446,642	302,938
With donor restrictions	<u>36,859</u>	<u>141,902</u>
Total net assets	<u>483,501</u>	<u>444,840</u>
Total liabilities and net assets	<u>\$ 501,024</u>	<u>\$ 500,743</u>

The accompanying notes are an integral part of these financial statements.

**REDWOOD COMMUNITY RADIO, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENTS OF ACTIVITIES**  
**For the year ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE AND TRANSFERS</b>			
Support:			
Memberships	\$ 125,395	\$ 4,909	\$ 130,304
Grants and donations	234,955	34,247	269,202
Underwriting	90,321	-	90,321
In-kind goods and services (Note 8)	14,472	-	14,472
	<u>465,143</u>	<u>39,156</u>	<u>504,299</u>
Total support			
Revenue:			
Special events, net of expenses of \$1,233 (Note 9)	2,351	-	2,351
Sales, net of cost of goods sold of \$958	(329)	-	(329)
Interest income	189	-	189
Other income	2,228	-	2,228
	<u>4,439</u>	<u>-</u>	<u>4,439</u>
Total revenue			
Net assets with donor restrictions released from restrictions, fulfillment of purpose and/or time restrictions	144,199	(144,199)	-
	<u>613,781</u>	<u>(105,043)</u>	<u>508,738</u>
Total support, revenue, and transfers			
<b>EXPENSES AND LOSSES</b>			
Program services	254,064	-	254,064
Management and general	180,538	-	180,538
Fundraising	35,475	-	35,475
	<u>470,077</u>	<u>-</u>	<u>470,077</u>
Total expenses and losses			
Change in net assets	143,704	(105,043)	38,661
Net assets, beginning of year	302,938	141,902	444,840
Net assets, end of year	<u>\$ 446,642</u>	<u>\$ 36,859</u>	<u>\$ 483,501</u>

The accompanying notes are an integral part of these financial statements.

**REDWOOD COMMUNITY RADIO, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENTS OF ACTIVITIES (Continued)**  
**For the year ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE AND TRANSFERS</b>			
Support:			
Memberships	\$ 147,963	\$ 8,821	\$ 156,784
Grants and donations	33,533	129,953	163,486
Underwriting	89,160	-	89,160
In-kind goods and services (Note 8)	9,185	-	9,185
	<u>279,841</u>	<u>138,774</u>	<u>418,615</u>
Total support			
Revenue:			
Special events, net of expenses of \$13,244 (Note 9)	20,317	-	20,317
Sales, net of cost of goods sold of \$5,190	(1,939)	-	(1,939)
Interest income	106	-	106
Other income	2,432	-	2,432
	<u>20,916</u>	<u>-</u>	<u>20,916</u>
Total revenue			
Net assets with donor restrictions released from restrictions, fulfillment of purpose and/or time restrictions	<u>56,784</u>	<u>(56,784)</u>	<u>-</u>
Total support, revenue, and transfers			
	<u>357,541</u>	<u>81,990</u>	<u>439,531</u>
<b>EXPENSES AND LOSSES</b>			
Program services	227,029	-	227,029
Management and general	165,270	-	165,270
Fundraising	65,505	-	65,505
	<u>457,804</u>	<u>-</u>	<u>457,804</u>
Total expenses and losses			
Change in net assets	<u>(100,263)</u>	<u>81,990</u>	<u>(18,273)</u>
Net assets, beginning of year, as originally stated	344,951	81,045	425,996
Prior period adjustment (Note 10)	58,250	(21,133)	37,117
Net assets, beginning of year, as restated	<u>403,201</u>	<u>59,912</u>	<u>463,113</u>
Net assets, end of year	<u>\$ 302,938</u>	<u>\$ 141,902</u>	<u>\$ 444,840</u>

The accompanying notes are an integral part of these financial statements.

**REDWOOD COMMUNITY RADIO, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the year ended December 31, 2020**

	Program				Management and General	Fundraising	Total
	News	Outreach	Programming	Total			
Staff wages	\$ 51,718	\$ -	\$ 67,158	\$ 118,876	\$ 41,243	\$ 29,185	\$ 189,304
Payroll taxes	4,824	-	6,861	11,685	4,298	3,204	19,187
Workers compensation	492	-	747	1,239	365	396	2,000
Accrued vacation	-	-	-	-	1,366	-	1,366
Transmitter sites rent, utilities, etc.	-	-	84,151	84,151	5,813	-	89,964
Building	-	-	-	-	1,842	-	1,842
Utilities	-	-	2,327	2,327	25,722	-	28,049
Staff/organization development	131	-	5,098	5,229	560	-	5,789
Professional services	19,372	-	2,264	21,636	28,105	-	49,741
Programming	-	-	7,242	7,242	-	-	7,242
Fundraising	-	70	-	70	715	387	1,172
Supplies	54	-	1,555	1,609	9,646	1,516	12,771
Financial/insurance/taxes	-	-	-	-	10,040	787	10,827
Depreciation	-	-	-	-	48,871	-	48,871
Miscellaneous	-	-	-	-	1,952	-	1,952
Special event expenses	-	600	-	600	419	4,969	5,988
Cost of goods sold	-	-	-	-	-	958	958
<b>Total expenses</b>	<b>76,591</b>	<b>670</b>	<b>177,403</b>	<b>254,664</b>	<b>180,957</b>	<b>41,402</b>	<b>477,023</b>
Less expenses included with revenues on the Statement of Activities:							
Special event expenses	-	600	-	600	419	4,969	5,988
Cost of goods sold	-	-	-	-	-	958	958
	<u>\$ 76,591</u>	<u>\$ 70</u>	<u>\$ 177,403</u>	<u>\$ 254,064</u>	<u>\$ 180,538</u>	<u>\$ 35,475</u>	<u>\$ 470,077</u>

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**REDWOOD COMMUNITY RADIO, INC.**  
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**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)**  
**For the year ended December 31, 2019**

	Program			Total	Management and General		Total
	News	Outreach	Programming			Fundraising	
Staff wages	\$ 36,621	\$ -	\$ 56,430	\$ 93,051	\$ 33,050	\$ 29,109	\$ 155,210
Payroll taxes	3,365	-	5,823	9,188	3,267	3,529	15,984
Workers compensation	485	-	736	1,221	412	375	2,008
Transmitter sites rent, utilities, etc.	-	-	76,562	76,562	686	-	77,248
Building	-	-	-	-	2,248	-	2,248
Utilities	-	-	2,160	2,160	23,710	-	25,870
Staff/organization development	-	-	4,680	4,680	5,507	240	10,427
Professional services	24,847	-	3,819	28,666	28,212	8,414	65,292
Programming	-	-	6,973	6,973	-	-	6,973
Fundraising	-	-	-	-	425	16,937	17,362
Emergency prep	-	-	1,948	1,948	-	-	1,948
Supplies	263	-	2,317	2,580	6,569	2,340	11,489
Financial/insurance/taxes	-	-	-	-	11,920	2,563	14,483
Bad debt	-	-	-	-	-	1,998	1,998
Depreciation	-	-	-	-	49,264	-	49,264
Special event expenses	-	1,388	-	1,388	-	11,856	13,244
Cost of goods sold	-	-	-	-	-	5,190	5,190
<b>Total expenses</b>	<b>65,581</b>	<b>1,388</b>	<b>161,448</b>	<b>228,417</b>	<b>165,270</b>	<b>82,551</b>	<b>476,238</b>
Less expenses included with revenues on the Statement of Activities:							
Special event expenses	-	1,388	-	1,388	-	11,856	13,244
Cost of goods sold	-	-	-	-	-	5,190	5,190
	<u>\$ 65,581</u>	<u>\$ -</u>	<u>\$ 161,448</u>	<u>\$ 227,029</u>	<u>\$ 165,270</u>	<u>\$ 65,505</u>	<u>\$ 457,804</u>

The accompanying notes are an integral part of these financial statements.



**REDWOOD COMMUNITY RADIO, INC.**  
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**STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 38,661	\$ (18,273)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	48,871	49,264
Changes in assets and liabilities:		
Accounts and grants receivable, net	102,027	(78,689)
Prepaid expenses and deposits	875	2,915
Inventory	(101)	(405)
Accounts payable and accrued expenses	2,286	(2,104)
Accrued vacation	1,365	(756)
Total adjustments	<u>155,323</u>	<u>(29,775)</u>
Net cash provided (used) by operating activities	<u>193,984</u>	<u>(48,048)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	<u>(7,646)</u>	<u>(22,203)</u>
Net cash used by investing activities	<u>(7,646)</u>	<u>(22,203)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
(Repayment of) proceeds from bridge loan	(39,344)	39,344
Repayment of capital leases	<u>(2,687)</u>	<u>(5,360)</u>
Net cash (used) provided by financing activities	<u>(42,031)</u>	<u>33,984</u>
Net increase (decrease) in cash and cash equivalents	144,307	(36,267)
Cash and cash equivalents, beginning of year	<u>49,533</u>	<u>85,800</u>
Cash and cash equivalents, end of year	<u>\$ 193,840</u>	<u>\$ 49,533</u>
Supplementary information:		
Cash paid for interest	<u>\$ 846</u>	<u>\$ 1,264</u>

The accompanying notes are an integral part of these financial statements.

**REDWOOD COMMUNITY RADIO, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Redwood Community Radio, Inc. (RCR) is a nonprofit public benefit corporation chartered on April 21, 1983. It is governed by a board of directors that represents the community it serves. The primary purpose of RCR is to own and operate a community-supported broadcast system that provides current local and global news, educational programs, public service, emergency, and safety information, music, and entertainment. RCR maintains a platform for community members to express their views through local call-in talk shows, opinion pieces, and special programming.

RCR operates three transmitters serving Humboldt, northern Mendocino, and Trinity counties in northern California. RCR is membership-based and receives a significant portion of its financial support through pledges from members of the community. The daily operations of RCR is performed by volunteer programmers and paid full-time staff.

Method of Accounting - The financial statements of the Corporation are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Property and Equipment - The Corporation records property and equipment at cost of acquisition or, if donated, the fair market value at the date of donation. Depreciation is recognized using the straight-line method over the estimated useful life of each asset, which ranges from five to forty years. The Corporation capitalizes all property and equipment with a cost in excess of the capitalization threshold of \$8,000.

The Corporation reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2020 or 2019.

**REDWOOD COMMUNITY RADIO, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory - Inventory consists of novelty items and are carried at the lower of cost or fair value. All inventory is measured at fair value using Level 1 inputs.

Revenue and Revenue Recognition - The Corporation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. Memberships are functionally treated as support, as there is no exchange transaction associated with the designation.

Revenue, other than from unconditional contributions, bequests, and grants, is recognized in the period in which service is provided.

Advertising - RCR uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred. The advertising costs totaled \$0 and \$3,140 for the years ended December 31, 2020 and 2019, respectively.

Functional Expenses - RCR allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various statistical bases. The costs of program and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function.

Fair Value Measurements - Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Corporation determines the fair values of its assets and liabilities based on the fair value hierarchy, which includes three levels of inputs that may be used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are significant other observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 3 inputs are unobservable inputs for the assets or liabilities. Unobservable inputs reflect the Corporation's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, and may include the Corporation's own data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Corporation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**REDWOOD COMMUNITY RADIO, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes - The Station is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code, and is considered by the IRS to be an organization other than a private foundation. In the opinion of management, there is no unrelated business income.

ASC 740-10, Accounting for Uncertainty in Income Taxes - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Station to report information regarding its exposure to various tax positions taken by the Station. The Station has determined whether any tax positions have met the recognition threshold and has measured the Station's exposure to those tax positions. Management believes that the Station has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed (four years for California). Any interest or penalties assessed to the Station would be recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Accounting Standards Update, ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets - In September 2020, the FASB amended guidance regarding the way nonprofit organizations report nonfinancial assets, including donated goods and rent, in-kind professional services, etc. The amendment requires contributed nonfinancial assets to be presented separately from cash and other financial assets on the statement of activities, and the footnote disclosure must include a dis-aggregation by type, donor restrictions, if applicable, and other details about the nature and valuation of the nonfinancial assets received. The new standard is effective for fiscal years beginning after June 15, 2021, and could have an impact on the Station's reporting of contributed nonfinancial assets.

Accounting Standards, ASU 2016-02, Leases - In February 2016, the FASB issued amendments to the way lessees record lease transactions. Upon implementation, lessees will be required to recognize at commencement the right-of-use asset and a lease liability representing the lessee's obligation to make lease payments arising from the lease, as discounted, for all leases except short-term leases. This Standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2021, and early adoption is permitted. Management is currently evaluating the impact the amendments to this ASU will have on the financial statements of the Station.

Subsequent Events - Subsequent events have been evaluated through September 7, 2021, which is the date the financial statements were available to be issued.

**REDWOOD COMMUNITY RADIO, INC.**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following:

Cash and cash equivalents	\$ 193,840
Less: restricted cash	(4,276)
Accounts receivable	35,162
Less: restricted receivables	<u>(27,674)</u>
 Total financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 197,052</u>

Redwood Community Radio, RCR, has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. RCR has a goal to maintain financial assets (cash in a reserve account) sufficient to meet 50 days of operating expenses, which is approximately \$50,000. The Organization also has a strong membership base from which it relies on monthly memberships, silent drives, and on-air requests, as well as a solid base of underwriting contributions that bring in the bulk of the cash to meet fiscal financial responsibilities as of December 31, 2019.

NOTE 3 ACCOUNTS AND GRANTS RECEIVABLE

The Station received pledges, grants, and other receivables for various purposes. The receivables are collectible as follows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Accounts and grants receivable	\$ 38,926	\$ 143,130
Less: allowance for doubtful accounts	<u>(3,764)</u>	<u>(5,941)</u>
 Total accounts and grants receivable	 <u>\$ 35,162</u>	 <u>\$ 137,189</u>

The allowance for doubtful accounts is based on prior years' experience, management's analysis of specific commitments, and subsequent collections of receivables.

**REDWOOD COMMUNITY RADIO, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Property and Equipment, at Cost</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Balance, December 31, 2018	\$ 49,037	\$ 286,190	\$ 661,917	\$ 997,144
Additions	-	-	22,203	22,203
Balance, December 31, 2019	49,037	286,190	684,120	1,019,347
Additions	-	-	7,646	7,646
Balance, December 31, 2020	49,037	286,190	691,766	1,026,993
<u>Accumulated Depreciation</u>				
Balance, December 31, 2018		146,050	519,608	665,658
Depreciation expense		7,486	41,778	49,264
Balance, December 31, 2019		153,536	561,386	714,922
Depreciation expense		7,384	41,487	48,871
Balance, December 31, 2020		160,920	602,873	763,793
Property and equipment, net	<u>\$ 49,037</u>	<u>\$ 125,270</u>	<u>\$ 88,893</u>	<u>\$ 263,200</u>

NOTE 5 BRIDGE LOAN

On August 13, 2019, the Corporation entered into a loan agreement with a local credit union for \$39,344. The loan bore interest at the rate of 3% per annum, matured August 13, 2020, and was secured by a generator owned by the Corporation. As of December 31, 2019, the balance of the loan was \$39,344, and the note was repaid upon maturity in 2020.

NOTE 6 CAPITAL LEASES

The Corporation has entered into capital leases for equipment as follows:

- Equipment lease dated March 22, 2017, for 60 months, requiring monthly payments of \$161.
- Phone system lease dated March 7, 2017, for 36 months, requiring monthly payments of \$315. This lease matured in 2020.

**REDWOOD COMMUNITY RADIO, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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NOTE 6 CAPITAL LEASES (Continued)

Future minimum liabilities on the long-term capital lease are as follows:

Year ending December 31,	
2021	\$ 1,980
2022	498
	\$ 2,478

NOTE 7 NET ASSETS

Net Assets Without Donor Restrictions:

	2020	2019
Undesignated	\$ 446,642	\$ 302,938
Designated by the board	-	-
	\$ 446,642	\$ 302,938

Net Assets With Donor Restrictions:

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditures for specified purposes:

CPB CSG	\$ 7,464	\$ 24,411
RCR Facility Project	3,128	3,128
Other	1,148	2,500

Subject to the passage of time:

Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	25,119	111,863
	\$ 36,859	\$ 141,902

**REDWOOD COMMUNITY RADIO, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
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NOTE 8 IN-KIND GOODS AND SERVICES

The Corporation received the benefit of in-kind professional services and goods during the years ended December 31, 2020 and 2019, which were recorded at fair value based on the market approach on a non-recurring basis as follows:

<u>Description:</u>	Fair Value Measurements Using			<u>Total</u>
	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
<u>2020:</u>				
Bartered goods and services	\$ -	\$ 2,100	\$ -	\$ 2,100
Other merchandise	-	4,756	-	4,756
Professional services	-	6,408	-	6,408
Equipment	-	1,208	-	1,208
	<u>\$ -</u>	<u>\$ 14,472</u>	<u>\$ -</u>	<u>\$ 14,472</u>
<u>2019:</u>				
Bartered goods and services	\$ -	\$ 4,664	\$ -	\$ 4,664
Event tickets and CDs	-	4,220	-	4,220
Other merchandise	-	301	-	301
	<u>\$ -</u>	<u>\$ 9,185</u>	<u>\$ -</u>	<u>\$ 9,185</u>

NOTE 9 SPECIAL EVENTS

During the years ended December 31, 2020 and 2019, the Corporation held special events resulting in net income of \$2,351 and \$20,317, respectively, as follows:

	2020	2019
Income	\$ 3,584	\$ 33,561
Expenses	(1,233)	(13,244)
	<u>\$ 2,351</u>	<u>\$ 20,317</u>



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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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NOTE 10 PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2019, management identified certain unconditional awards made in 2018 that had not been recorded. As a result, \$37,117 in 2018 income was recorded as a prior period adjustment, of which \$4,000 was with donor restrictions and \$33,117 was without donor restrictions. During the same period certain amounts were identified to have been misclassified as net assets with donor restriction when no donor restrictions existed. As a result, net assets with donor restriction was decreased and net assets without donor restrictions was increased by \$25,133 as part of the prior period adjustment.

NOTE 11 OPERATING LEASES

The Corporation has entered into long-term leases for properties on which to locate radio transmitters, antennae, and related equipment as follows:

- Pratt Mountain lease for a term of five years, maturing May 1, 2021; as of the report date, this lease is month-to-month. The lease calls for base payments of \$1,400, increasing by CPI. Monthly payments for 2020 ranged from \$1,438 to \$1,528, for a total of \$21,587. Monthly payments for 2019 were \$1,438 for a total of \$15,818.
- Kneeland lease for a term maturing January 31, 2022. The lease calls for base payments of \$850 at inception in 2012 with annual increases; since 2017 the annual increases are 5%. Monthly payments for 2020 ranged from \$1,070 to \$1,124 and totaled \$13,433. Monthly payments for 2019 ranged from \$1,019 to \$1,070 and totaled \$12,794.

The future minimum lease obligations under the long-term lease are as follows:

Year ending December 31,	
2021	\$ 24,701
2022	<u>1,585</u>
	<u>\$ 26,286</u>

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**NOTES TO FINANCIAL STATEMENTS**  
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NOTE 12 RISKS, UNCERTAINTIES AND CONCENTRATIONS

- The Station relies on a significant amount of funding received in the form of donations and grants from individuals and foundations to support its operations. The current global financial markets and discussions of a U.S. economic downturn may have an impact on the level of funding provided by these funding sources. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce the Station's exposure to impact from these events.
- In 2020, the Station, received \$227,807, or 45% of total income, from one funder. The same funder represented 79% of accounts and grants receivable, net, at December 31, 2020. In 2019, the Station received \$114,888, or 26% of total income, from one funder. The same funder represented 84% of accounts and grants receivable, net, at December 31, 2019.
- Coronavirus Pandemic - In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, have declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the non-profit Corporation's operations includes restrictions on employees' and volunteers' ability to work, and reductions or cancellation of program activities and fundraising events. The economic pressures during the shelter-in-place may result in increased operating expenses and reductions in the Corporation's ability to fundraise, and it is anticipated that the impacts from this pandemic will continue for some time. In the small community that KMUD serves, the economic impact from the global pandemic has already closed businesses permanently as well as temporarily, causing less opportunity for Underwriting, Sponsorships, and income collaboration for Redwood Community Radio. As of the report date, the full financial impact of the coronavirus outbreak cannot be measured.