

**REDWOOD COMMUNITY RADIO INC.**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

REDWOOD COMMUNITY RADIO INC.

CONTENTS

-----

	<u>Pages</u>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position	1
Statement of Activities	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
Notes to Financial Statements	5-10

📍 **Saint Louis, Missouri**  
6240 S. Lindbergh Blvd Ste 101  
Saint Louis, MO 63123

📞 (314) 845-7999  
📠 (314) 845-7770  
🌐 [www.afewcpas.com](http://www.afewcpas.com)



📍 **Columbia, Illinois**  
205 S. Main  
Columbia, IL 62236

📞 (618) 281-4999  
📠 (618) 281-9533  
🌐 [www.afewcpas.com](http://www.afewcpas.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
of Redwood Community Radio Inc.

### **Opinion**

We have audited the accompanying financial statements of Redwood Community Radio (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, statement of functional expenses, and cash flows for the year 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 Redwood Community Radio as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Redwood Community Radio and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit 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 the 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 Redwood Community Radio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities 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 auditors' 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 for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment 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 Redwood Community Radio'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 Redwood Community Radio 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.



Fick, Eggemeyer & Williamson, CPAs  
Saint Louis, Missouri  
May 23, 2022

REDWOOD COMMUNITY RADIO  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 236,849
Accounts receivable, net of allowance	7,678
Grant receivable	118,161
Inventory	3,176
Prepaid expenses	<u>10,284</u>

Total current assets 376,148

NONCURRENT ASSETS

Property and equipment, net of depreciation	<u>245,906</u>
---	----------------

Total noncurrent assets 245,906

Total assets \$ 622,054

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 9,893
Accrued vacations	6,899
Accrued payroll	5,551
Deferred underwriting revenue	<u>794</u>

Total current liabilities 23,137

NONCURRENT LIABILITIES

None	<u>-</u>
------	----------

Total noncurrent liabilities -

Total liabilities 23,137

NET ASSETS

Without donor restriction	477,993
With donor restriction	<u>120,924</u>

Total net assets 598,917

Total liabilities and net assets \$ 622,054

See accompanying notes and independent auditors' report

REDWOOD COMMUNITY RADIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor restriction	With Donor restriction	Total
<b>SUPPORT AND REVENUE</b>			
Subscription	\$ 129,996	\$ -	\$ 129,996
Donations	16,028	-	16,028
Underwriter	100,138	-	100,138
In-kind goods and services	7,291	-	7,291
Sales	967	-	967
Fundraising	11,275	-	11,275
Other	2,416	-	2,416
Grants	198,419	120,424	318,843
	<u>466,530</u>	<u>120,424</u>	<u>586,954</u>
Net assets released from restrictions			
Satisfaction of restrictions	<u>36,359</u>	<u>(36,359)</u>	<u>-</u>
	<u>502,889</u>	<u>84,065</u>	<u>586,954</u>
<b>EXPENSES</b>			
Programs			
News	90,601	-	90,601
Programming	161,983	-	161,983
	<u>252,584</u>	<u>-</u>	<u>252,584</u>
Supporting services			
General and administration	162,050	-	162,050
Fundraising	57,882	-	57,882
	<u>219,932</u>	<u>-</u>	<u>219,932</u>
	<u>472,516</u>	<u>-</u>	<u>472,516</u>
Changes in net assets from operations	<u>30,373</u>	<u>84,065</u>	<u>114,438</u>
<b>INVESTMENT ACTIVITIES</b>			
Interest Income	<u>978</u>	<u>-</u>	<u>978</u>
	<u>978</u>	<u>-</u>	<u>978</u>
Changes in net assets	31,351	84,065	115,416
Net assets - beginning of year	<u>446,642</u>	<u>36,859</u>	<u>483,501</u>
Net assets - end of year	<u>\$ 477,993</u>	<u>\$ 120,924</u>	<u>\$ 598,917</u>

See accompanying notes and independent auditors' report

REDWOOD COMMUNITY RADIO  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Programs		General and Administration	Fundraising	Total
	News	Programming			
Fundraising	\$ -	\$ 1,197	\$ -	\$ 14,198	\$ 15,395
Salaries and wages	77,898	60,534	36,881	31,749	207,062
Staff development	-	-	637	4,272	4,909
Professional fees	12,406	-	31,553	719	44,678
Programming	-	8,568	-	-	8,568
Facility	-	70,633	4,383	-	75,016
Depreciation	-	-	51,427	-	51,427
Utilities	-	-	26,829	-	26,829
Supplies	297	5,396	7,250	945	13,888
Insurance	-	15,655	-	-	15,655
Interest	-	-	21	-	21
Bad debt	-	-	-	5,940	5,940
Bank fees	-	-	2,363	-	2,363
Miscellaneous	-	-	706	59	765
<b>Total</b>	<b>\$ 90,601</b>	<b>\$ 161,983</b>	<b>\$ 162,050</b>	<b>\$ 57,882</b>	<b>\$ 472,516</b>

REDWOOD COMMUNITY RADIO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 115,416
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	51,427
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable, net of allowance	27,484
(Increase) decrease in grant receivable	(118,161)
(Increase) decrease in inventory	379
(Increase) decrease in prepaid expenses	(5,017)
Increase (decrease) in accounts payable	(956)
Increase (decrease) in accrued vacations	2,703
Increase (decrease) in accrued payroll	5,551
Increase (decrease) in capital leases	(2,478)
Increase (decrease) in deferred underwriting revenue	794
	794
Net cash provided by (used in) operating activities	77,142
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(34,133)
Net cash provided by (used in) investing activities	(34,133)
CASH FLOWS FROM FINANCING ACTIVITIES	
None	-
Net cash provided by (used in) financing activities	-
Net increase (decrease) in cash and cash equivalents	43,009
Cash and cash equivalents - beginning of year	193,840
Cash and cash equivalents - end of year	\$ 236,849
Supplemental cash flow information:	
Cash paid during the year for interest	\$ 21

See accompanying notes and independent auditors' report



REDWOOD COMMUNITY RADIO INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

Redwood Community Radio Inc. (the “Organization”) is a California nonprofit corporation branded as KMUD. The Organization was incorporated in 1984 and functions as a non-commercial public radio broadcast station. The mission of the Organization is to encourage a communication center of open airways for all voices to inform, educate, entertain, and inspire the listening community through quality programming.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with auditing standards generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions - Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. As of December 31, 2021, the Organization carried \$3,176 in inventory.

REDWOOD COMMUNITY RADIO INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contribution Recognition

Contributions received are 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a 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 statement of activities as net assets released from restrictions.

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The organization adopted the provisions of *Accounting for Uncertainty in Income Taxes* on January 1, 2011. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2021, no amounts have been recognized for uncertain tax positions. The Organization's tax returns filed for 2018 and prior are closed.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair market value at the date of the donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Buildings and building improvements have been depreciated over periods ranging from 15 to 39 years. All other depreciable property has been depreciated over periods ranging from 4 to 15 years. Expenditures for repairs and maintenance are charged to operating expense as incurred. Depreciation expense for the year ended December 31, 2021, was \$51,427.

Contributed Services

A number of volunteers contributed services to the Organization. Only the contributed services that meet the reporting criteria for recognition have been reported at the fair market value for the services provided. Contributed services that do not meet the reporting criteria have not been included in the financial statements.

Accounts and Grants Receivable

Accounts and grant receivables are recorded at cost. The organization provides an allowance based on historical collection coupled with a review of existing receivables. Accounts receivable has been presented as of December 31, 2021, net of an allowance of doubtful accounts of \$1,510. The Organization considers all grants receivables to be fully collectible. As a result, the allowance for doubtful accounts as of December 31, 2021 was \$0.

Compensated Absences

Employees of the Organization are entitled to paid vacation, depending on job classification, length of service, and other factors. Employees accumulate earned vacation and, upon separation, are paid out any unused vacation pay based on current pay rates. Accordingly, compensated absences as of December 31, 2021, were \$6,899.

REDWOOD COMMUNITY RADIO INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's program services and support services. Nonoperating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual or nonrecurring nature.

New Accounting Pronouncement

On January 1, 2021, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which replaces previously existing revenue recognition guidance. The new standard requires companies to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of ASU 2014-09 has no impact on the previously reported financial statements.

**NOTE 2 - NON-CASH CONTRIBUTIONS**

The Organization receives donations of services and products from various sources. When such services represent specialized skills that would be otherwise purchased and the value of the services can be readily ascertained, those values are recorded as contributed services and charged to the appropriate expense category in the financial statements. When contributed services do not meet the criteria for recognition, they are not recognized in the financial statements. The amount of these donations recorded at fair market value for the year ended December 31, 2021 comprised of the following:

Event tickets	\$ 1,547
Professional services	806
Goods and services	2,080
Fundraising materials	2,858
Total	<u>\$ 7,291</u>

**NOTE 3 - LEASES**

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

Kneeland lease for a term maturing on 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 2021 were \$1,180.

Cahto Peak lease was a long-term lease entered into by the Organization on January 1, 1997. This lease has since become a month-to-month lease. The lease calls for a base payment of \$182 increasing once a year on January 1. Monthly rent payments for 2021 were \$469.

REDWOOD COMMUNITY RADIO INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 3– LEASES (continued)**

Pratt Mountain lease for a term of five years, maturing April 3, 2027, The lease calls for base payments of \$1,400, increasing by the Consumer Price Index (CPI). Monthly payments for 2021 ranged from \$1,528 to \$1,553.

future minimum lease payments are as follows:

December 31,	
2022	\$ 19,486
2023	19,381
2024	20,157
2025	20,963
2026	21,801
2027	22,674
Total	<u>\$ 124,462</u>

Total related lease payments during 2021 totaled \$38,236.

**NOTE 4 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between fundraising, administration, or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

**NOTE 5 - PROPERTY AND EQUIPMENT**

A summary of property and equipment as of December 31, 2021 follows:

Building	\$ 252,894
Building improvements	59,433
Equipment	<u>687,722</u>
Total depreciable property	1,000,049
Accumulated depreciation	<u>(809,209)</u>
Depreciable property, net	190,840
Land	49,037
Construction in progress	<u>6,029</u>
Property and equipment, net	<u>\$ 245,906</u>

REDWOOD COMMUNITY RADIO INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 6 - AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets as of December 31, 2021:

Financial assets at year-end	
Cash and cash equivalents	\$ 236,849
Accounts receivable, net of allowance	7,678
Grant receivable	118,161
Total financial assets at year-end	244,527
Less amounts not available for general expenditures within one year	
Net assets with period restrictions in excess of one year	96,046
Net assets with purpose restrictions	24,878
Total amounts not available for general expenditures within one year	120,924
Financial assets available to meet general expenditures within one year	\$ 123,603

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2021, are restricted as follows:

	Purpose	Period
CPB	\$ 24,878	\$ 93,546
WILPF Youth Journalism Grant	-	500
HAF Youth Journalism	-	2,000
Total	\$ 24,878	\$ 96,046

**NOTE 8 - REVENUE RECOGNITION UNDER ASU 2014-09**

Contracts with Customers

The Organization recognized \$100,138 of revenue from contracts with customers during 2021. No impairment losses were recognized on receivables or contract assets.

Disaggregated Revenue

Underwriting revenue is recognized when the Organization provides air time to the customer. Hence, economic factors can materially affect the nature, timing, and uncertainty of revenues and cash flows from underwriting revenue.

REDWOOD COMMUNITY RADIO INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 8 - REVENUE RECOGNITION UNDER ASU 2014-09 (continued)**

Contract Balances

A summary of beginning and ending contract-type balances follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 7,678	\$ 35,162
Deferred underwriting revenue	794	-

Performance Obligations

Contract performance for underwriting obligations is satisfied at the time when services are provided. The Organization does not charge interest on accounts receivable and has no formal obligation for refunds.

Significant Judgments

There were no significant judgments used for the recognition of revenue for 2021. Also, during 2021 there were no changes in the judgments utilized for determining the timing of the satisfaction of performance obligations or transaction prices allocated to performance obligations.

The Organization bills for services using an agreed-upon rate. Adjusting consideration for the effects of the time value of money is not necessary for the Organization's contract receivables. The financial statements include no estimates of variable consideration or noncash consideration.

Practical Expedients Used for Financing Components

There is no financing component to the Organization's recognition of revenue.

Transition Disclosures

The Organization adopted ASC 606 on January 1, 2021, and it was applied retrospectively using the *Modified Retrospective Method*. The difference between contract revenue using prior revenue recognition methods and revenue using new guidance is \$0. The practical expedient used to analyze the effect of the adoption of ASC 606 was the *Right to Invoice* expedient. There was no difference in methods used for recognition of contract revenue with customers versus revenue with non-customers.

**NOTE 9 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 23, 2022, the date which the financial statements were available for issue, and no reportable events were noted.