

COMMUNITY RADIO PROJECT, INC.  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

COMMUNITY RADIO PROJECT, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Community Radio Project, Inc.

### Opinion

We have audited the accompanying financial statements of Community Radio Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, 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 Community Radio Project, Inc. as of December 31, 2023, 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 Community Radio Project, Inc. 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 Community Radio Project, Inc.'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, including omissions, 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 Community Radio Project, 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 Community Radio Project, 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.

### **Report on Summarized Comparative Information**

We have previously audited Community Radio Project, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*F.E.W. CPAs*

F.E.W. CPAs  
Saint Louis, Missouri  
June 5, 2024

COMMUNITY RADIO PROJECT, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022

| ASSETS                                      |  |                     |                     |
|---|--|---------------------|---------------------|
| CURRENT ASSETS                              |  | 2023                | 2022                |
| Cash and cash equivalents                   |  | \$ 371,989          | \$ 389,281          |
| Endowment fund investment                   |  | 6,825               | 6,825               |
| Accounts receivable, net of allowance       |  | 6,561               | 11,115              |
| Prepaid expenses                            |  | 22,983              | 23,585              |
| Total current assets                        |  | <u>408,358</u>      | <u>442,275</u>      |
| NONCURRENT ASSETS                           |  |                     |                     |
| Property and equipment, net of depreciation |  | <u>982,888</u>      | <u>1,001,917</u>    |
| Total noncurrent assets                     |  | <u>982,888</u>      | <u>1,025,061</u>    |
| Total assets                                |  | <u>\$ 1,391,246</u> | <u>\$ 1,467,336</u> |
| LIABILITIES AND NET ASSETS                  |  |                     |                     |
| CURRENT LIABILITIES                         |  |                     |                     |
| Accounts payable                            |  | \$ 9,801            | \$ 2,115            |
| Accrued payroll                             |  | 4,877               | 4,877               |
| Employee benefits                           |  | 16                  | 753                 |
| Compensated absences                        |  | 11,047              | 21,870              |
| Deferred underwriting revenue               |  | 1,502               | 1,502               |
| Notes payable                               |  | 3,506               | 3,237               |
| Total current liabilities                   |  | <u>30,749</u>       | <u>45,823</u>       |
| NONCURRENT LIABILITIES                      |  |                     |                     |
| Notes payable, less current portion         |  | <u>162,204</u>      | <u>165,718</u>      |
| Total noncurrent liabilities                |  | <u>162,204</u>      | <u>188,862</u>      |
| Total liabilities                           |  | <u>192,953</u>      | <u>234,685</u>      |
| NET ASSETS                                  |  |                     |                     |
| Without donor restriction                   |  | 1,168,223           | 1,195,040           |
| With donor restriction                      |  | <u>30,070</u>       | <u>37,611</u>       |
| Total net assets                            |  | <u>1,198,293</u>    | <u>1,232,651</u>    |
| Total liabilities and net assets            |  | <u>\$ 1,391,246</u> | <u>\$ 1,467,336</u> |

See accompanying notes and independent auditors' report

COMMUNITY RADIO PROJECT, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

|                                       | Without<br>Donor restriction | With<br>Donor restriction | 2023<br>Total | 2022<br>Total |
|---------------------------------------|------------------------------|---------------------------|---------------|---------------|
| <b>SUPPORT AND REVENUE</b>            |                              |                           |               |               |
| Grants                                | \$ 246,276                   | \$ 23,245                 | \$ 269,521    | \$ 251,902    |
| Contributions                         | 110,539                      | -                         | 110,539       | 195,740       |
| Underwriting                          | 61,483                       | -                         | 61,483        | 55,562        |
| Special event                         | 23,451                       | -                         | 23,451        | 21,857        |
| In-kind contributions                 | 65,371                       | -                         | 65,371        | 63,931        |
| Other                                 | 143,170                      | -                         | 143,170       | 80            |
| Total support and revenue             | 650,290                      | 23,245                    | 673,535       | 589,072       |
| Net assets released from restrictions |                              |                           |               |               |
| Satisfaction of restrictions          | 30,786                       | (30,786)                  | -             | -             |
| Total                                 | 681,076                      | (7,541)                   | 673,535       | 589,072       |
| <b>EXPENSES</b>                       |                              |                           |               |               |
| Program                               | 276,459                      | -                         | 276,459       | 321,108       |
| Total program                         | 276,459                      | -                         | 276,459       | 321,108       |
| Supporting services                   |                              |                           |               |               |
| General and administration            | 114,495                      | -                         | 114,495       | 97,744        |
| Fundraising                           | 316,939                      | -                         | 316,939       | 244,795       |
| Total support services                | 431,434                      | -                         | 431,434       | 342,539       |
| Total expenses                        | 707,893                      | -                         | 707,893       | 663,647       |
| Changes in net assets from operations | (26,817)                     | (7,541)                   | (34,358)      | (74,575)      |
| <b>INVESTMENT ACTIVITIES</b>          |                              |                           |               |               |
| Unrealized gain (loss) on endowment   | -                            | -                         | -             | (1,443)       |
| Interest and dividend income          | -                            | -                         | -             | 163           |
| Investment expenses                   | -                            | -                         | -             | (120)         |
| Total investment activities           | -                            | -                         | -             | (1,400)       |
| Changes in net assets                 | (26,817)                     | (7,541)                   | (34,358)      | (75,975)      |
| Net assets - beginning of year        | 1,195,040                    | 37,611                    | 1,232,651     | 1,308,626     |
| Net assets - end of year              | \$ 1,168,223                 | \$ 30,070                 | \$ 1,198,293  | \$ 1,232,651  |

See accompanying notes and independent auditors' report

COMMUNITY RADIO PROJECT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

|                            | Program           | General and<br>Administration | Fundraising       | 2023<br>Total     | 2022<br>Total     |
|----------------------------|-------------------|-------------------------------|-------------------|-------------------|-------------------|
| Salaries and wages         | \$ 130,387        | \$ 26,077                     | \$ 104,310        | \$ 260,774        | \$ 290,249        |
| Payroll taxes              | 11,464            | 2,290                         | 9,171             | 22,925            | 23,214            |
| Employee benefits          | 16,432            | 3,284                         | 13,142            | 32,858            | 31,700            |
| Advertising                | -                 | -                             | 53,720            | 53,720            | 57,185            |
| Communications             | -                 | 6,875                         | -                 | 6,875             | 5,298             |
| Occupancy                  | -                 | -                             | -                 | -                 | 184               |
| Depreciation               | 25,384            | 5,076                         | 20,307            | 50,767            | 66,837            |
| Dues and subscriptions     | -                 | 10,327                        | -                 | 10,327            | 5,570             |
| Events                     | -                 | -                             | 17,046            | 17,046            | 14,184            |
| Grants                     | -                 | -                             | 70,968            | 70,968            | -                 |
| Insurance                  | 5,309             | 1,063                         | 4,247             | 10,619            | 6,477             |
| Interest                   | 3,350             | 670                           | 2,680             | 6,700             | 6,825             |
| Other                      | -                 | 11,003                        | -                 | 11,003            | 17,690            |
| Professional fees          | -                 | 38,944                        | -                 | 38,944            | 17,373            |
| Programming and production | 97,543            | -                             | -                 | 97,543            | 104,318           |
| Repairs and maintenance    | 281               | 56                            | 225               | 562               | 1,267             |
| Supplies                   | -                 | 3,527                         | -                 | 3,527             | 3,676             |
| Taxes and licenses         | -                 | 1,611                         | -                 | 1,611             | 1,260             |
| Training and travel        | -                 | 2,865                         | -                 | 2,865             | 3,341             |
| Utilities                  | 4,129             | 827                           | 3,303             | 8,259             | 6,999             |
| Total                      | <u>\$ 294,279</u> | <u>\$ 114,495</u>             | <u>\$ 299,119</u> | <u>\$ 707,893</u> | <u>\$ 663,647</u> |

See accompanying notes and independent auditors' report

COMMUNITY RADIO PROJECT, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| CASH FLOWS FROM OPERATING ACTIVITIES   | 2023                     | 2022                     |
|--|--------------------------|--------------------------|
| Changes in net assets  | \$ (34,358)              | \$ (75,975)              |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: |                          |                          |
| Depreciation   | 50,767                   | 66,837                   |
| Unrealized (gain) loss on endowment  | -                        | 1,443                    |
| Changes in assets and liabilities:   |                          |                          |
| (Increase) decrease in accounts receivable, net of allowance   | 4,554                    | 3,256                    |
| (Increase) decrease in grant receivable  | -                        | 10,000                   |
| (Increase) decrease in prepaid expenses  | 602                      | (4,767)                  |
| Increase (decrease) in accounts payable  | 7,686                    | (4,987)                  |
| Increase (decrease) in accrued payroll   | -                        | (712)                    |
| Increase (decrease) in employee benefits   | (737)                    | (259)                    |
| Increase (decrease) in compensated absences  | (10,823)                 | 8,129                    |
| Increase (decrease) in deferred underwriting revenue   | -                        | (8,092)                  |
| Net cash provided by (used in) operating activities  | <u>17,691</u>            | <u>(5,127)</u>           |
| <br>CASH FLOWS FROM INVESTING ACTIVITIES   |                          |                          |
| Purchase of investments  | -                        | (41)                     |
| Purchase of property and equipment   | <u>(31,738)</u>          | <u>(9,582)</u>           |
| Net cash provided by (used in) investing activities  | <u>(31,738)</u>          | <u>(9,623)</u>           |
| <br>CASH FLOWS FROM FINANCING ACTIVITIES   |                          |                          |
| Principal payments on notes payable  | <u>(3,245)</u>           | <u>(3,110)</u>           |
| Net cash provided by (used in) financing activities  | <u>(3,245)</u>           | <u>(3,110)</u>           |
| Net increase (decrease) in cash and cash equivalents   | (17,292)                 | (17,860)                 |
| Cash and cash equivalents - beginning of year  | <u>389,281</u>           | <u>407,141</u>           |
| Cash and cash equivalents - end of year  | <u><u>\$ 371,989</u></u> | <u><u>\$ 389,281</u></u> |
| Supplemental cash flow information:  |                          |                          |
| Cash paid during the year for interest   | \$ 6,700                 | \$ 6,825                 |

See accompanying notes and independent auditors' report



COMMUNITY RADIO PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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

Nature of Organization

Community Radio Project, Inc. (the Organization) is a Colorado nonprofit corporation branded as KSJD and is the licensee of KSJD, KICO, and KZET. The Organization was incorporated in 2004 and functions as a non-commercial public radio broadcast station. The mission of the Organization is to inform, entertain and empower the people of the Four Corners region through news, arts, culture, and public media service. The Four Corners region is comprised of Colorado, Arizona, New Mexico, and Utah, including the Ute Mountain Ute Tribe and portions of the Navajo Nation. The Organization envisions a community strengthened and elevated by locally-driven media and performing arts.

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.

COMMUNITY RADIO PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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

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.

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, depending on the nature of the 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.

On January 1, 2010, the Organization adopted the provisions of Accounting for Uncertainty in Income Taxes. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2023, no amounts have been recognized for uncertain tax positions. The Organization's tax returns filed for 2020 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. The Organization generally capitalized assets with a cost of \$500 or more. 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 expenses as incurred. Depreciation expense for the years ended December 31, 2023 and 2022 was \$50,767 and \$66,837, respectively.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Advertising Costs

Advertising costs are expensed as incurred. Advertising cost for the years ended December 31, 2023 and 2022 was \$6,169 and \$7,248, respectively.

COMMUNITY RADIO PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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

Investments

The Organization has adopted "Accounting for Certain Investments Held by Non-Profit Organizations." Under the standard, investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Contributed Services

A number of volunteers contribute services to the Organization. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for underwriting services. Management used the allowance method to account for doubtful accounts. As of December 31, 2023 and 2022, the allowance for doubtful accounts was \$4,000 and \$4,000, respectively.

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, 2023 and 2022 was \$11,047 and \$21,870, respectively.

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.

Operating and/or Finance Leases

The Organization accounts for leases in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, Leases. Leases are recognized as either operating leases or finance leases based on the criteria specified in ASC 842. Presently, the Organization does not have any material leases.

Revenue from Contracts with Customers

The Organization recognizes revenue 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.

COMMUNITY RADIO PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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

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 2 - EMPLOYEE RETENTION TAX CREDIT**

The CARES Act provided for refundable payroll tax credits known as the Employee Retention Tax Credit (ERTC). The ERTC allows qualified employers to receive a credit of 50% of the employee qualified wages and related payroll costs paid after March 13, 2020 through December 31, 2020, up to a maximum credit of \$5,000 per employee and a 70% credit of the of the employee qualified wages and related payroll costs paid January 1, 2021 through September 30, 2022, up to a maximum credit of \$7,000 per employee per quarter if certain conditions are met. The Organization has elected to treat these credits under the grant accounting policy. During the year ended December 31, 2023, the Center has received \$140,199 under the ERTC. As such, the full amount received and due under the ERTC was reported as other income in the statement of activities.

**NOTE 3 - 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 years ended December 31, 2023 and 2022 are comprised of the following:

|                        | 2023             | 2022             |
|------------------------|------------------|------------------|
| Tower rent             | \$ 17,820        | \$ 17,820        |
| Printing               | 6,000            | 1,447            |
| Advertising            | 11,213           | 18,435           |
| Professional services  | 4,000            | 6,134            |
| Antenna and rack space | 26,338           | 19,095           |
| Fundraising materials  | -                | 1,000            |
| Total                  | <u>\$ 65,371</u> | <u>\$ 63,931</u> |

COMMUNITY RADIO PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

**NOTE 4 - CONCENTRATION OF CREDIT RISK**

The Organization maintains accounts at various banks. Each depositor is insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of December 31, 2023, the Organization's cash deposits totaled \$355,024, which exceeds the federally insured limit by \$105,024.

The Organization maintains accounts at various banks. Each depositor is insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of December 31, 2022, the Organization's cash deposits totaled \$379,342, which exceeds the federally insured limit by \$129,220.

**NOTE 5 - PROPERTY AND EQUIPMENT**

A summary of property and equipment as of December 31, 2023 and 2022 follows:

|                             | 2023       | 2022         |
|-----------------------------|------------|--------------|
| Building                    | \$ 160,000 | \$ 160,000   |
| Building improvements       | 1,231,674  | 1,231,674    |
| Equipment                   | 414,355    | 383,310      |
| Total depreciable property  | 1,806,029  | 1,774,984    |
| Accumulated depreciation    | (863,141)  | (813,067)    |
| Depreciable property, net   | 942,888    | 961,917      |
| Land                        | 40,000     | 40,000       |
| Property and equipment, net | \$ 982,888 | \$ 1,001,917 |

**NOTE 6 - DONOR-ADVISED FUNDS**

A donor-advised fund (the "Fund") was established in May 2019 on behalf of the Organization. The Fund was established by a local donor to help the Organization as they grow in the future and help fund capital investments and expenditures. The amount to be received by the Organization is unknown at this time. Therefore, no amounts have been recorded on the books of the Organization as of December 31, 2023 or 2022.

**NOTE 7 - LEASES IN KIND**

In March 2015, the Organization entered into a contract with American Tower Corporation for the use of an antenna, feedlines, and ground space. The contract is for 10 years with the option for three five-year renewal periods. The monthly lease expense is \$750 with 3% annual increases. For the years ended December 31, 2023 and 2022, the expense associated with this lease was \$17,820 and \$17,820 respectively, which is recorded as in-kind revenue and expense.

COMMUNITY RADIO PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

**NOTE 8 - NOTES PAYABLE**

In July 2014, the Organization obtained a mortgage with the USDA in order to refinance an existing loan. The Organization could draw funds up to \$193,710 to assist in the renovation of the Organization's building. The mortgage is collateralized by a deed of trust on the Organization's building. The mortgage carries an interest rate of 4% and monthly payments of principal and interest of \$828 are payable through July 2052. The outstanding balance on the mortgage as of December 31, 2023 and 2022 was \$165,710 and \$168,955, respectively.

Future maturities of notes payable:

| Year ending December 31, |                   |
|--------------------------|-------------------|
| 2024                     | \$ 3,506          |
| 2025                     | 3,649             |
| 2026                     | 3,797             |
| 2027                     | 3,952             |
| 2028 and subsequent      | 150,806           |
| Total                    | <u>\$ 165,710</u> |

**NOTE 9 - FAIR VALUE MEASUREMENTS**

The Financial Accounting Standards Board establishes a framework for measuring fair value. That 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 and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described in the following paragraphs:

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 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.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement

COMMUNITY RADIO PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

**NOTE 9 - FAIR VALUE MEASUREMENTS (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes during 2023 in the methodologies used to value the investments as of December 31, 2023.

Funds held by Onward! may be pooled with other investor accounts and invested jointly. Onward! values the pool based on published closing prices of various securities on active exchanges.

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. Furthermore, while the Organization believes its valuation methods are appropriate and consistent, 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments as of December 31, 2023.

|                          | Level 1 | Level 2  | Level 3 | Total    |
|--------------------------|---------|----------|---------|----------|
| Endowment fund - Onward! | \$ -    | \$ 6,825 | \$ -    | \$ 6,825 |
| Total                    | \$ -    | \$ 6,825 | \$ -    | \$ 6,825 |

The following table sets forth by level, within the fair value hierarchy, the Organization's investments as of December 31, 2022.

|                          | Level 1 | Level 2  | Level 3 | Total    |
|--------------------------|---------|----------|---------|----------|
| Endowment fund - Onward! | \$ -    | \$ 6,825 | \$ -    | \$ 6,825 |
| Total                    | \$ -    | \$ 6,825 | \$ -    | \$ 6,825 |

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2023 and 2022 are restricted as follows:

|                | 2023      |        | 2022      |        |
|----------------|-----------|--------|-----------|--------|
|                | Purpose   | Period | Purpose   | Period |
| Endowment fund | \$ 6,825  | \$ -   | \$ 6,825  | \$ -   |
| CSG Grant      | 23,245    | -      | 30,786    | -      |
| Total          | \$ 30,070 | \$ -   | \$ 37,611 | \$ -   |

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**NOTE 11 - DONOR RESTRICTED ENDOWMENT**

In December 2015, the Organization received a donation in the amount of \$50,000 to start an endowment fund. In October 2016, the Organization transferred the \$50,000 to Onward! A Legacy Foundation, to be held as a separate fund. The Organization signed an agreement with Onward!, which states that principal and net income from the fund be used for news, arts, and entertainment programs of KSJD and the Sunflower Theater. As of December 31, 2023 and 2022 the balance was \$6,825 and \$6,825, respectively.

|  | Without Donor<br>Restriction | With Donor<br>Restriction | Total Endowment<br>Net Assets |
|--|------------------------------|---------------------------|-------------------------------|
| Endowment net assets - January 1, 2023   | \$ -                         | \$ 6,825                  | \$ 6,825                      |
| Distributions                            | -                            | -                         | -                             |
| Investment income                        | -                            | -                         | -                             |
| Unrealized gain                          | -                            | -                         | -                             |
| Investment expenses                      | -                            | -                         | -                             |
| Endowment net assets - December 31, 2023 | <u>\$ -</u>                  | <u>\$ 6,825</u>           | <u>\$ 6,825</u>               |

|  | Without Donor<br>Restriction | With Donor<br>Restriction | Total Endowment<br>Net Assets |
|--|------------------------------|---------------------------|-------------------------------|
| Endowment net assets - January 1, 2022   | \$ -                         | \$ 8,227                  | \$ 8,227                      |
| Distributions                            | -                            | (2)                       | (2)                           |
| Investment income                        | -                            | 163                       | 163                           |
| Unrealized gain                          | -                            | (1,443)                   | (1,443)                       |
| Investment expenses                      | -                            | (120)                     | (120)                         |
| Endowment net assets - December 31, 2022 | <u>\$ -</u>                  | <u>\$ 6,825</u>           | <u>\$ 6,825</u>               |

**NOTE 12 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 5, 2024, the date which the financial statements were available for issue, and no reportable events were noted.



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**NOTE 13 - REVENUE RECOGNITION UNDER ASU 2014-09**

Contracts with Customers

The Organization recognized \$61,483 and \$55,562 of revenue from contracts with customers during 2023 and 2022, respectively. Bad debt of \$0 and \$0 was recognized on receivables during 2023 and 2022, respectively.

Disaggregated Revenue

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

Contract Balances

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

|                                       | December 31, 2023 | December 31, 2022 | December 31, 2021 |
|---------------------------------------|-------------------|-------------------|-------------------|
| Accounts receivable, net of allowance | \$ 6,561          | \$ 11,115         | \$ 14,371         |
| Deferred underwriting revenue         | 1,502             | 1,502             | 9,594             |

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 2023 and 2022. Also, during 2023, 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.

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**NOTE 14 - AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets as of December 31, 2023:

|   |                   |
|---|-------------------|
| Financial assets at year-end  |                   |
| Cash and cash equivalents   | \$ 371,989        |
| Endowment fund investment   | 6,825             |
| Accounts receivable, net of allowance                                   | 6,561             |
| Total financial assets at year-end                                      | <u>385,375</u>    |
| Less amounts not available for general expenditures within one year     |                   |
| Net assets with period restrictions in excess of one year               | -                 |
| Net assets with purpose restrictions                                    | 30,070            |
| Total amounts not available for general expenditures within one year    | <u>30,070</u>     |
| Financial assets available to meet general expenditures within one year | <u>\$ 355,305</u> |