

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2021 AND 2020**

WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA

SEPTEMBER 30, 2021 AND 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows.....	8
Notes to the Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
White Ash Broadcasting, Inc.
Clovis, California

We have audited the accompanying financial statements of White Ash Broadcasting, Inc. (the Organization), a nonprofit organization, which comprise the statements of financial position as of September 30, 2021 and 2020, 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 Organization'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 Organization'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of White Ash Broadcasting, Inc., as of September 30, 2021 and 2020, 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.

Price Page & Company

Clovis, California
January 26, 2022

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,816,602	\$ 1,601,920
Pledges receivable, net	279,560	249,844
Bequest receivable	-	22,150
Prepaid expenses	39,377	38,959
Total current assets	<u>2,135,539</u>	<u>1,912,873</u>
Long-term assets:		
Pledges receivable, net	-	9,258
Investments	860,890	761,002
Property and equipment, net	3,270,577	3,479,461
Total long-term assets	<u>4,131,467</u>	<u>4,249,721</u>
Total assets	<u>\$ 6,267,006</u>	<u>\$ 6,162,594</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 15,785	\$ 10,371
Vacation payable	62,293	61,080
Other accrued expenses	17,397	16,453
Unearned revenue	239,093	226,403
Note payable, current portion	26,427	39,361
Total current liabilities	<u>360,995</u>	<u>353,668</u>
Long-term liabilities:		
Note payable, long-term portion	759,664	927,286
SBA PPP loan	-	176,486
Total long-term liabilities	<u>759,664</u>	<u>1,103,772</u>
Total liabilities	<u>1,120,659</u>	<u>1,457,440</u>
Net assets:		
With donor restrictions	<u>773,376</u>	<u>737,881</u>
Total with donor restrictions	<u>773,376</u>	<u>737,881</u>
Without donor restrictions		
Designated by the Board for endowment	105,978	87,744
Undesignated	4,266,993	3,879,529
Total without donor restrictions	<u>4,372,971</u>	<u>3,967,273</u>
Total net assets	<u>5,146,347</u>	<u>4,705,154</u>
Total liabilities and net assets	<u>\$ 6,267,006</u>	<u>\$ 6,162,594</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions	\$ 1,385,746	\$ 3,649	\$ 1,389,395
Grants	726,221	40,687	766,908
Special events, net of direct expenses of \$15,160	58,373	-	58,373
Investment income (loss), net	15,237	101,746	116,983
Interest and dividend income	1,492	-	1,492
Other income	<u>17,053</u>	<u>-</u>	<u>17,053</u>
Total revenues and support before net assets released from restrictions	2,204,122	146,082	2,350,204
Net assets released from restrictions	<u>110,587</u>	<u>(110,587)</u>	<u>-</u>
Total revenues and support after reclassification of net assets released from restrictions	<u>2,314,709</u>	<u>35,495</u>	<u>2,350,204</u>
Expenses:			
Program services:			
Programming and production	975,667	-	975,667
Broadcasting and technical	534,143	-	534,143
Public information	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total program expenses	<u>1,659,810</u>	<u>-</u>	<u>1,659,810</u>
Supporting services:			
General administration	254,376	-	254,376
Fundraising and membership development	<u>158,361</u>	<u>-</u>	<u>158,361</u>
Total supporting expenses	<u>412,737</u>	<u>-</u>	<u>412,737</u>
Total expenses	<u>2,072,547</u>	<u>-</u>	<u>2,072,547</u>
Other (revenue) and expenses:			
Forgiveness of debt	(176,486)	-	(176,486)
Bad debt expense	<u>12,950</u>	<u>-</u>	<u>12,950</u>
Total other (revenue) and expenses	<u>(163,536)</u>	<u>-</u>	<u>(163,536)</u>
Changes in net assets	<u>405,698</u>	<u>35,495</u>	<u>441,193</u>
Net assets, beginning of year	<u>3,967,273</u>	<u>737,881</u>	<u>4,705,154</u>
Net assets, end of year	<u>\$ 4,372,971</u>	<u>\$ 773,376</u>	<u>\$ 5,146,347</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions	\$ 1,502,713	\$ 15,430	\$ 1,518,143
Grants	394,802	45,228	440,030
Special events, net of direct expenses of \$27,233	57,158	-	57,158
Investment income (loss), net	3,010	50,679	53,689
Interest and dividend income	1,641	-	1,641
Other income	17,924	-	17,924
Total revenues and support before net assets released from restrictions	<u>1,977,248</u>	<u>111,337</u>	<u>2,088,585</u>
Net assets released from restrictions	528,197	(528,197)	-
Total revenues and support after reclassification of net assets released from restrictions	<u>2,505,445</u>	<u>(416,860)</u>	<u>2,088,585</u>
Expenses:			
Program services:			
Programming and production	894,467	-	894,467
Broadcasting and technical	526,720	-	526,720
Public information	152,595	-	152,595
Total program expenses	<u>1,573,782</u>	<u>-</u>	<u>1,573,782</u>
Supporting services:			
General administration	232,746	-	232,746
Fundraising and membership development	155,336	-	155,336
Total supporting expenses	<u>388,082</u>	<u>-</u>	<u>388,082</u>
Total expenses	<u>1,961,864</u>	<u>-</u>	<u>1,961,864</u>
Other (revenue) and expenses:			
Bad debt expense	10,100	-	10,100
Total other (revenue) and expenses	<u>10,100</u>	<u>-</u>	<u>10,100</u>
Changes in net assets	<u>533,481</u>	<u>(416,860)</u>	<u>116,621</u>
Net assets, beginning of year	<u>3,433,792</u>	<u>1,154,741</u>	<u>4,588,533</u>
Net assets, end of year	<u>\$ 3,967,273</u>	<u>\$ 737,881</u>	<u>\$ 4,705,154</u>

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Program			Supporting Services		
	Programming & Production	Broadcasting & Technical	Public Information	General Administration	Fundraising & Membership Development	Total
Salaries and related costs:						
Salary and wages	\$ 335,128	\$ 271,850	\$ 84,367	\$ 114,833	\$ 84,366	\$ 890,544
Employer taxes and benefits	53,759	43,609	13,534	18,421	13,534	142,857
Total salaries and related costs	<u>388,887</u>	<u>315,459</u>	<u>97,901</u>	<u>133,254</u>	<u>97,900</u>	<u>1,033,401</u>
Other expenses:						
Contractual services	13,600	18,781	-	-	-	32,381
Office expenses	3,286	2,731	3,224	19,079	3,225	31,545
Interest expense	12,850	10,812	4,402	5,869	4,401	38,334
Utilities	28,612	21,656	6,899	11,964	6,900	76,031
Telephone	3,617	2,740	873	1,509	872	9,611
Tower rental	-	13,200	-	-	-	13,200
General insurance	11,033	9,151	2,915	6,140	-	29,239
Repair and maintenance	11,031	8,621	3,127	4,169	9,242	36,190
Training and travel	1,120	776	884	875	-	3,655
Program fees	362,898	-	-	-	-	362,898
Advertising and promotion	-	-	-	17,027	956	17,983
Dues and subscriptions	981	1,717	1,226	245	1,206	5,375
Professional fees	28,946	14,042	2,718	32,987	4,600	83,293
Miscellaneous	5,216	18,210	2,555	2,795	1,652	30,428
Data processing	18,234	13,184	4,200	5,600	945	42,163
Depreciation expense	85,356	83,063	19,076	12,863	26,462	226,820
Total other expenses	<u>586,780</u>	<u>218,684</u>	<u>52,099</u>	<u>121,122</u>	<u>60,461</u>	<u>1,039,146</u>
Total expenses	<u>\$ 975,667</u>	<u>\$ 534,143</u>	<u>\$ 150,000</u>	<u>\$ 254,376</u>	<u>\$ 158,361</u>	<u>\$ 2,072,547</u>

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Program			Supporting Services		
	Programming & Production	Broadcasting & Technical	Public Information	General Administration	Fundraising & Membership Development	Total
Salaries and related costs:						
Salary and wages	\$ 283,379	\$ 252,140	\$ 80,328	\$ 107,104	\$ 80,327	\$ 803,278
Employer taxes and benefits	45,088	40,118	12,781	17,041	12,781	127,809
Total salaries and related costs	<u>328,467</u>	<u>292,258</u>	<u>93,109</u>	<u>124,145</u>	<u>93,108</u>	<u>931,087</u>
Other expenses:						
Contractual services	5,042	22,971	-	-	-	28,013
Office expenses	11,375	10,121	3,224	4,299	3,225	32,244
Interest expense	15,528	13,816	4,402	5,869	4,401	44,016
Utilities	24,340	21,656	6,899	9,199	6,900	68,994
Telephone	3,079	2,740	873	1,164	872	8,728
Tower rental	-	13,200	-	-	-	13,200
General insurance	10,285	9,151	2,915	3,887	2,916	29,154
Repair and maintenance	11,031	9,815	3,127	4,169	3,126	31,268
Training and travel	3,120	2,776	884	1,179	885	8,844
Program fees	350,389	-	-	-	-	350,389
Advertising and promotion	-	-	-	2,229	5,066	7,295
Dues and subscriptions	981	1,717	1,226	245	736	4,905
Professional fees	20,121	12,042	2,718	32,683	2,720	70,284
Miscellaneous	2,538	18,210	2,555	2,795	718	26,816
Data processing	14,817	13,184	4,200	5,600	4,201	42,002
Depreciation expense	93,354	83,063	26,463	35,283	26,462	264,625
Total other expenses	<u>566,000</u>	<u>234,462</u>	<u>59,486</u>	<u>108,601</u>	<u>62,228</u>	<u>1,030,777</u>
Total expenses	<u>\$ 894,467</u>	<u>\$ 526,720</u>	<u>\$ 152,595</u>	<u>\$ 232,746</u>	<u>\$ 155,336</u>	<u>\$ 1,961,864</u>

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Changes in net assets	\$ 441,193	\$ 116,621
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	226,820	264,625
Forgiveness of debt	(176,486)	-
Bad debt expenses	12,950	10,100
Unrealized gain on investments	(82,955)	(21,298)
In-kind contribution	-	(28,000)
Changes in operating assets and liabilities		
Pledges receivable	(33,408)	(7,155)
Bequest receivable	22,150	271,630
Prepaid expenses	(418)	4,689
Accounts payable	5,414	(1,773)
Vacation payable	1,213	15,384
Other accrued expenses	944	(197)
Unearned revenue	<u>12,690</u>	<u>216,803</u>
Net cash provided by (used in) operating activities	<u>430,107</u>	<u>841,429</u>
Cash flows from investing activities:		
Purchase of property and equipment	(17,936)	(44,034)
Purchase of investments	(34,659)	(222,070)
Proceeds from sale of investments	<u>17,726</u>	<u>121,824</u>
Net cash provided by (used in) investing activities	<u>(34,869)</u>	<u>(144,280)</u>
Cash flows from financing activities:		
Principal payments on note payable	(180,556)	(132,521)
SBA PPP Loan	<u>-</u>	<u>176,486</u>
Net cash provided by (used in) financing activities	<u>(180,556)</u>	<u>43,965</u>
Net increase in cash	214,682	741,114
Cash, beginning of year	<u>1,601,920</u>	<u>860,806</u>
Cash, end of year	<u>\$ 1,816,602</u>	<u>\$ 1,601,920</u>
Supplemental disclosures of cash flow information:		
Noncash investing activities, donated property and equipment	\$ -	\$ 28,000
Interest paid	<u>\$ 38,334</u>	<u>\$ 44,016</u>
Unrelated business income taxes paid	<u>\$ 2,520</u>	<u>\$ 2,548</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 – ORGANIZATION AND OPERATIONS

Organization

White Ash Broadcasting, Inc. (the Organization) is a nonprofit corporation which operates public radio stations in Clovis and Bakersfield, California, under the call letters KVPR and KPRX.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Adoption of New Accounting Pronouncement

In May 2014, the FASB issued guidance (Accounting Standards Codification [ASC] 606, Revenue from Contracts with Customers) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Organization adopted ASC 606 with a date of the initial application of October 1, 2020.

The Organization applied ASC 606 using the cumulative effect method, which resulted in recognizing the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets at October 1, 2020. The details of the significant changes and quantitative impact of the changes are discussed below.

As part of the adoption of ASC 606, the Organization elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

There were no significant changes that resulted from the adoption of ASC 606. The adoption of the new accounting policy did not have a significant impact on net income, and therefore, there was no adjustment to the opening balance of net assets. The Organization does not expect the adoption of the new revenue standard to have a material impact on its net income on an ongoing basis.

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), 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 objectives 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 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 the funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains cash balances with various financial institutions insured by the Federal Deposit Insurance Corporation. The uninsured portions of these balances were \$1,356,184 and \$592,311 as of September 30, 2021 and 2020, respectively.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. The fair values of investments are based on quoted market prices. The Organization's investment policy authorizes investments in United States government obligations, corporate bonds, common stock and mutual funds.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair market value at the date of the donation. The Organization's policy is to capitalize all purchases in excess of \$2,500. Any purchases less than \$2,500 for property and equipment are expensed through operations unless the items are to be kept for three years or more. Routine repairs and maintenance, including planned major maintenance activities are expensed when incurred. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	7 - 27.5 years
Radio equipment	3 - 15 years
Office furniture and fixtures	3 - 15 years
Leasehold improvements	3 - 15 years

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The Organization accrues personal time off for its qualified employees. The Organization's policy allows for up to 216 hours per year of paid time off. Personal time off accrued has been recorded and is included in vacation payable at year-end.

Revenue Recognition

The Organization recognizes revenues when earned, regardless of the timing of cash receipts. Revenue is considered earned when the Organization has substantially met its obligation to be entitled to the benefits represented by the revenue. Deposits, advance payments and progress payments for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenues and are recognized as revenue only when the revenue-producing event has occurred.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions or grants received and expended in the same fiscal year are reported as temporarily restricted net assets and releases from restriction, respectively, in the statement of activities.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated In-Kind Services

Donated in-kind services are recognized as contributions if they significantly enhance non-financial assets or involve a professional service that would otherwise have been purchased and whose values can be objectively measured. Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expenses for the years ended September 30, 2021 and 2020 were \$9,083 and \$2,229, respectively.

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization has qualified as a nonprofit organization and has been granted tax-exempt status pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Income taxes for such unrelated business income totaled approximately \$2,520 and \$2,548 for the years ended September 30, 2021 and 2020, respectively.

Generally accepted accounting principles provide accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Fair Value of Financial Instruments

The Organization considers its cash, pledges receivable, prepaid expenses, accounts payable, vacation payable, other accrued expenses and unearned revenue to be short-term in nature, and therefore their fair value approximates their carrying values.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities based on management's estimate of the personnel resources utilized in the function.

WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses (Continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salary and wages	Time & Effort
Employer taxes and benefits	Time & Effort
Office expenses	Time & Effort
Interest expense	Time & Effort
Utilities	Time & Effort
Telephone	Time & Effort
General insurance	Time & Effort
Repair and maintenance	Time & Effort
Training and travel	Time & Effort
Miscellaneous	Time & Effort
Data processing	Time & Effort
Depreciation expense	Time & Effort

NOTE 3 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure within one year consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,816,602	\$ 1,601,920
Pledges receivable	279,560	259,102
Bequest receivable	-	22,150
Investments	<u>860,890</u>	<u>761,002</u>
	2,957,052	2,644,174
Less amounts not available to be used within one year		
Donor-restricted with liquidity horizons greater than one year	<u>(723,376)</u>	<u>(505,782)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,233,676</u>	<u>\$ 2,138,392</u>

The Organization has not adopted an official liquidity management plan or cash maintenance policy. However, cash, cash equivalents, and investments are reviewed on a regular basis and adjusted, as needed, to account for immediate cash needs, assess risk, and maximize return. Consistent with previous years, the Organization conservatively maintains sufficient liquidity to meet its operating requirements and perform its mission.

WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable represent promises to give which have been made by donors but have not yet been received by the Organization. Pledges which will not be received in the subsequent year have been discounted using an estimated rate of return, which could be earned if such contributions have been made in the current year. The noncurrent portion of pledges receivable are related to the Capital Campaign. The Organization determines uncollectible pledges based upon management's review of historical collection information. The discount rate applied to arrive at net present value was 2%.

Total pledges were as follows at September 30:

	<u>2021</u>	<u>2020</u>
Receivables in less than one year	\$ 279,560	\$ 257,344
Receivables in one to five years	<u>-</u>	<u>10,035</u>
Total	279,560	267,379
Less: Discount to net present value	<u>-</u>	<u>(777)</u>
Subtotal	279,560	266,602
Less: Allowance for uncollectible pledges	<u>-</u>	<u>(7,500)</u>
Net pledges receivable	<u>\$ 279,560</u>	<u>\$ 259,102</u>

NOTE 5 – INVESTMENTS

Investments include funds with donor restrictions and funds without donor restrictions. The fair value of investments is as follows at September 30:

	<u>2021</u>	<u>2020</u>
Corporate bond funds	\$ 396,888	\$ 371,832
Equity funds	<u>464,002</u>	<u>389,170</u>
Total	<u>\$ 860,890</u>	<u>\$ 761,002</u>

As stated in Note 2, income from net assets with donor restrictions is available to support any activity. Therefore, the investment return increases the net assets without donor restrictions.

Investment return consists of the following at September 30:

	<u>2021</u>	<u>2020</u>
Investment earnings	\$ 34,028	\$ 32,391
Unrealized gain/(loss)	<u>82,955</u>	<u>21,298</u>
Total	<u>\$ 116,983</u>	<u>\$ 53,689</u>

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 5 – INVESTMENTS (Continued)

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant observable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations are for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations are for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities. The Organization has no financial assets or liabilities of this category.

Level 3: Inputs are unobservable. Valuations are for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discount cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining fair value assigned to such assets or liabilities. The Organization has no financial assets or liabilities in this category.

The table below presents the level within the fair value hierarchy at which investments are measured at September 30, 2021:

Description	Level 1	Level 2	Level 3
Equity funds	\$ 464,002	\$ -	\$ -
Corporate bond funds	396,888	-	-
	<u>\$ 860,890</u>	<u>\$ -</u>	<u>\$ -</u>

The table below presents the level within the fair value hierarchy at which investments are measured at September 30, 2020:

Description	Level 1	Level 2	Level 3
Equity funds	\$ 389,170	\$ -	\$ -
Corporate bond funds	371,832	-	-
	<u>\$ 761,002</u>	<u>\$ -</u>	<u>\$ -</u>

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at September 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 411,650	\$ 411,650
Radio equipment	424,210	419,352
Office furniture and fixtures	83,402	77,962
Leasehold improvements	57,034	57,034
Buildings and Improvements	<u>3,914,979</u>	<u>3,907,341</u>
	4,891,275	4,873,339
Accumulated depreciation	<u>(1,620,698)</u>	<u>(1,393,878)</u>
Property and equipment, net	<u>\$ 3,270,577</u>	<u>\$ 3,479,461</u>

Depreciation expense for the years ended September 30, 2021 and 2020 was \$226,820 and \$264,625, respectively.

NOTE 7 – LINE OF CREDIT

The Organization has a line of credit agreement with the United Security Bank that provides for borrowings of up to \$150,000 at the bank's prime rate (3.95% at September 30, 2021). Any borrowings under this line are collateralized by the Organization's savings account, deposits, receivables and fixed assets. At September 30, 2021 and 2020, the Organization did not carry a balance on the line of credit. The Organization did not pay any interest for the year ended September 30, 2021 and 2020. The line expired in October 2021 and was renewed with comparable terms and a maturity of October 2022.

NOTE 8 – LONG-TERM DEBT

Note Payable

The Organization has a note payable to United Security Bank payable in monthly installment of \$4,777 including interest at 3.95% secured by assets of the Organization. The note has a principal balance of \$786,091 and \$966,647 at September 30, 2021 and 2020, respectively.

Principal payments consist of the following for years ending September 30:

2022	\$ 26,427
2023	27,505
2024	28,546
2025	29,791
2026	<u>673,822</u>
Total	<u>\$ 786,091</u>

Total interest expense on the note payable was \$38,334 and \$44,016 for the years ended September 30, 2021 and 2020, respectively.

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 8 – LONG-TERM DEBT (Continued)

SBA PPP Loan

On April 30, 2020, the Organization received a Small Business Administration Paycheck Protection Program (SBA PPP) loan in the amount of \$176,486. Principal and interest at 1.00% were payable monthly beginning after forgiveness is granted. Interest accrues between the date of disbursement and forgiveness on the amount of the loan that is not forgiven.

The SBA PPP is a federal loan program designed to assist entities in sustaining their operations during the COVID – 19 pandemic. The loan is forgivable if used for eligible costs, including payroll costs, rent payments and others. Specific criteria must be met under the program guidelines for the loan to be forgiven. The Organization's SBA PPP loan was forgiven in full as of November 24, 2020 and recognized as other revenue for the year ended September 30, 2021.

NOTE 9 – ENDOWMENTS

Generally accepted accounting principles provide guidance on the net asset classification of donor restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Organization's endowment consists of approximately seven individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the Organization to classify as endowments (included with Net Assets with Donor Restrictions), the fair value of the original gift as of the gift date, the original value of subsequent gifts, including any accumulations to the donor-restricted endowments made in accordance with the applicable gift instruments. Accumulated earnings above or deficits below the original gift values in each endowment fund are reported as an increase or decrease to each fund within Net Assets with Donor Restrictions.

The remaining portion of endowment funds that are not classified as Net Assets with Donor Restrictions are not subject to explicit donor restriction and are subject to the Organization's spending policy. The following represents the composition of endowment funds that have explicit donor stipulations prohibiting the spending of principal and endowment funds that do not have specific donor stipulations, however are subject to the Organization's endowment spending policies.

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 9 – ENDOWMENTS (Continued)

The Organization's endowment funds by composition consist of the following at September 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 765,603	\$ 765,603
Board-designated endowment funds	<u>105,978</u>	<u>-</u>	<u>105,978</u>
Total endowed net assets	<u>\$ 105,978</u>	<u>\$ 765,603</u>	<u>\$ 871,581</u>

The Organization's endowment funds by composition consist of the following at September 30, 2020:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 683,033	\$ 683,033
Board-designated endowment funds	<u>87,744</u>	<u>-</u>	<u>87,744</u>
Total endowed net assets	<u>\$ 87,744</u>	<u>\$ 683,033</u>	<u>\$ 770,777</u>

Changes in Endowment Net Assets

The following schedule shows changes in endowment net assets for the year ended September 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, October 1, 2020	<u>\$ 87,744</u>	<u>\$ 683,033</u>	<u>\$ 770,777</u>
Investment return:			
Investment income	4,425	29,603	34,028
Net appreciation (depreciation)	<u>10,812</u>	<u>72,143</u>	<u>82,955</u>
Total investment return	<u>15,237</u>	<u>101,746</u>	<u>116,983</u>
Contributions	<u>2,997</u>	<u>3,409</u>	<u>6,406</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(22,585)</u>	<u>(22,585)</u>
Endowment net assets, September 30, 2021	<u>\$ 105,978</u>	<u>\$ 765,603</u>	<u>\$ 871,581</u>

WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 9 – ENDOWMENTS (Continued)

Changes in Endowment Net Assets (Continued)

The following schedule shows changes in endowment net assets for the year ended September 30, 2020:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, October 1, 2019	\$ 35,575	\$ 630,470	\$ 666,045
Investment return:			
Investment income	2,195	30,196	32,391
Net appreciation (depreciation)	815	20,483	21,298
Total investment return	3,010	50,679	53,689
Contributions	49,159	13,774	62,933
Appropriation of endowment assets for expenditure	-	(11,890)	(11,890)
Endowment net assets, September 30, 2020	\$ 87,744	\$ 683,033	\$ 770,777

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies in the Organization's endowment funds for the years ended September 30, 2021 and 2020.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 3.5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on bond-based investments to achieve its long-term return objectives within prudent risk constraints. The investment committee meets quarterly to assess the investment assets and the returns from the assets. As of September 30, 2021, the Organization had an investment policy of approximately 45% bonds, 55% stocks in order to be conservative in an uncertain market.

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 9 – ENDOWMENTS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Board of Directors shall comply with state and federal laws requiring minimum distributions applicable to non-profit organizations as well as the laws relating to maximum distributions that are presumptively excessive. Under this policy the Board of Directors retains full discretion with respect to principal and income of the endowments that are consistent with the laws governing such funds. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of three percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 10 – NET ASSETS

The detail of the Organization's net asset categories at September 30, is as follows:

	<u>2021</u>	<u>2020</u>
With donor restrictions:		
Perpetual in nature	\$ 499,933	\$ 496,524
Purpose restricted	273,443	206,172
Time restricted only	<u>-</u>	<u>35,185</u>
Total net assets with donor restrictions	<u>773,376</u>	<u>737,881</u>
Without donor restrictions:		
Designated by the Board for mortgage payments	105,978	87,744
Undesignated	<u>4,266,993</u>	<u>3,879,529</u>
Total net assets without donor restrictions	<u>4,372,971</u>	<u>3,967,273</u>
 Total net assets	 <u>\$ 5,146,347</u>	 <u>\$ 4,705,154</u>

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Organization participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 12 – UNCERTAINTY

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus, COVID-19, a pandemic. Accordingly, some functions of the Organization's operations were limited to protect the health and safety of its employees.

**WHITE ASH BROADCASTING, INC.
CLOVIS, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there are no subsequent events that have occurred from September 30, 2021 through the date the financial statements were available to be issued at January 26, 2022 that would require additional disclosure or adjustment.