

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

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2020 AND 2019**

WHITE ASH BROADCASTING, INC.  
CLOVIS, CALIFORNIA

SEPTEMBER 30, 2020 AND 2019

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, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

570 N. Magnolia Avenue, Suite 100  
Clovis, CA 93611

tel 559.299.9540  
fax 559.299.2344

## 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 2 to the financial statements, White Ash Broadcasting, Inc. adopted Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958) — *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

*Price Pange & Company*

Clovis, California  
February 9, 2021

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

**STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2020 AND 2019**

	2020	2019
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 1,601,920	\$ 860,806
Pledges receivable, net	249,844	252,788
Bequest receivable	22,150	293,780
Prepaid expenses	38,959	43,648
Total current assets	1,912,873	1,451,022
Long-term assets:		
Pledges receivable, net	9,258	9,258
Investments	761,002	639,459
Property and equipment, net	3,479,461	3,672,052
Total long-term assets	4,249,721	4,320,769
Total assets	\$ 6,162,594	\$ 5,771,791
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Accounts payable	\$ 10,371	\$ 12,144
Vacation payable	61,080	45,696
Other accrued expenses	16,453	16,650
Unearned revenue	226,403	9,600
Note payable, current portion	39,361	37,681
Total current liabilities	353,668	121,771
Long-term liabilities:		
Note payable, long-term portion	927,286	1,061,487
SBA PPP loan	176,486	-
Total long-term liabilities	1,103,772	1,061,487
Total liabilities	1,457,440	1,183,258
Net assets:		
With donor restrictions	737,881	1,154,741
Total with donor restrictions	737,881	1,154,741
Without donor restrictions		
Designated by the Board for endowment	87,744	35,575
Undesignated	3,879,529	3,398,217
Total without donor restrictions	3,967,273	3,433,792
Total net assets	4,705,154	4,588,533
Total liabilities and net assets	\$ 6,162,594	\$ 5,771,791

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	1,977,248	111,337	2,088,585
Net assets released from restrictions	528,197	(528,197)	-
Total revenues and support after reclassification of net assets released from restrictions	2,505,445	(416,860)	2,088,585
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	1,573,782	-	1,573,782
Supporting services:			
General administration	232,746	-	232,746
Fundraising and membership development	155,336	-	155,336
Total supporting expenses	388,082	-	388,082
Other expenses:			
Bad debt expense	10,100	-	10,100
Total other expenses	10,100	-	10,100
Total expenses	1,971,964	-	1,971,964
Changes in net assets	533,481	(416,860)	116,621
Net assets, beginning of year	3,433,792	1,154,741	4,588,533
Net assets, end of year	\$ 3,967,273	\$ 737,881	\$ 4,705,154

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, 2019**

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions	\$ 1,239,101	\$ 376,621	\$ 1,615,722
Grants	128,503	425,240	553,743
Special events, net of direct expenses of \$67,904	97,707	-	97,707
Investment income (loss), net	1,366	24,805	26,171
Interest and dividend income	3,851	-	3,851
Other income	16,538	-	16,538
Total revenues and support before net assets released from restrictions	1,487,066	826,666	2,313,732
Net assets released from restrictions	635,875	(635,875)	-
Total revenues and support after reclassification of net assets released from restrictions	2,122,941	190,791	2,313,732
Expenses:			
Program services:			
Programming and production	840,713	-	840,713
Broadcasting and technical	717,742	-	717,742
Public information	183,975	-	183,975
Total program expenses	1,742,430	-	1,742,430
Supporting services:			
General administration	180,711	-	180,711
Fundraising and membership development	164,727	-	164,727
Total supporting expenses	345,438	-	345,438
Other expenses:			
Bad debt expense	5,598	-	5,598
Total other expenses	5,598	-	5,598
Total expenses	2,093,466	-	2,093,466
Changes in net assets	29,475	190,791	220,266
Net assets, beginning of year	3,404,317	963,950	4,368,267
Net assets, end of year	\$ 3,433,792	\$ 1,154,741	\$ 4,588,533

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

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

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

	Program			Supporting Services		Total
	Programming & Production	Broadcasting & Technical	Public Information	General Administration	Fundraising & Membership Development	
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>

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



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

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Program			Supporting Services		Total
	Programming & Production	Broadcasting & Technical	Public Information	General Administration	Fundraising & Membership Development	
Salaries and related costs:						
Salary and wages	\$ 226,750	\$ 365,661	\$ 73,541	\$ 104,183	\$ 87,840	\$ 857,975
Employer taxes and benefits	35,458	57,179	11,500	16,291	13,736	134,164
Total salaries and related costs	<u>262,208</u>	<u>422,840</u>	<u>85,041</u>	<u>120,474</u>	<u>101,576</u>	<u>992,139</u>
Other expenses:						
Contractual services	8,013	20,833	1,603	-	1,603	32,052
Office expenses	8,184	6,140	18,419	2,047	6,140	40,930
Interest expense	23,240	21,128	5,282	1,584	1,585	52,819
Utilities	19,742	35,535	6,581	1,974	1,973	65,805
Telephone	2,673	3,341	4,678	668	2,005	13,365
Tower rental	-	13,200	-	-	-	13,200
General insurance	11,387	12,810	1,423	1,423	1,424	28,467
Repair and maintenance	12,383	13,381	8,390	9,386	-	43,540
Training and travel	6,496	3,248	9,743	1,083	1,082	21,652
Program fees	349,884	-	-	-	-	349,884
Advertising and promotion	-	-	-	2,530	9,699	12,229
Dues and subscriptions	1,102	1,928	1,377	275	827	5,509
Professional fees	8,334	18,891	21,452	11,810	1,160	61,647
Miscellaneous	2,562	19,962	14,687	12,305	792	50,308
Data processing	-	-	-	9,854	29,563	39,417
Depreciation expense	124,505	124,505	5,299	5,298	5,298	264,905
Total other expenses	<u>578,505</u>	<u>294,902</u>	<u>98,934</u>	<u>60,237</u>	<u>63,151</u>	<u>1,095,729</u>
Total expenses	<u>\$ 840,713</u>	<u>\$ 717,742</u>	<u>\$ 183,975</u>	<u>\$ 180,711</u>	<u>\$ 164,727</u>	<u>\$ 2,087,868</u>

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

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
Cash flows from operating activities:		
Contributions received	\$ 1,821,876	\$ 1,489,178
Grants received	656,833	553,743
Payments to vendors	(714,133)	(775,576)
Payments to employees, including taxes and benefits	(931,087)	(992,139)
Payments on interest	(44,016)	(52,819)
Proceeds from interest and dividends	1,641	3,851
Other cash receipts	17,924	16,538
Net cash provided by operating activities	809,038	242,776
Cash flows from investing activities:		
Purchase of property and equipment	(44,034)	(22,224)
Purchase of investments	(222,070)	(161,938)
Proceeds from sale of investments	154,215	254,570
Net cash provided by (used in) investing activities	(111,889)	70,408
Cash flows from financing activities:		
Principal payments on note payable	(132,521)	(236,334)
SBA PPP Loan	176,486	-
Net cash provided by (used in) financing activities	43,965	(236,334)
Net increase in cash	741,114	76,850
Cash, beginning of year	860,806	783,956
Cash, end of year	\$ 1,601,920	\$ 860,806
Supplemental disclosures of cash flow information:		
Noncash investing activities, donated property and equipment	\$ 28,000	\$ -
Unrelated business income taxes paid	\$ 2,548	\$ 2,511
Reconciliation of changes in net assets to net operating cash flows:		
Changes in net assets	\$ 116,621	\$ 220,266
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	264,625	264,905
Bad debt expense	10,100	5,598
Unrealized gain on investments	(53,689)	(26,171)
In-kind contribution	(28,000)	-
Changes in operating assets and liabilities:		
(Increase) decrease in pledges receivable	(7,155)	63,931
(Increase) decrease in bequest receivable	271,630	(293,780)
(Increase) decrease in prepaid expenses	4,689	(2,951)
Increase (decrease) in accounts payable	(1,773)	4,346
Increase (decrease) in vacation payable	15,384	5,155
Increase (decrease) in unearned revenue	216,803	-
Increase (decrease) in other accrued expenses	(197)	1,477
Net cash provided by operating activities	\$ 809,038	\$ 242,776

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**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

During the year ended September 30, 2020, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08 – Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). This update clarifies and improves the scope and accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization's accounting policies have been updated in the financial statements to reflect the provisions of ASU 2018-08. The adoption of ASU 2018-08 has had no material effect on the change in net assets or net asset balances, by classification, as previously reported.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2020 and 2019, 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	7-39 years
Radio equipment	3-15 years
Office furniture and fixtures	3-15 years
Leasehold improvements	3-15 years

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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Support and Expenses (Continued)

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, 2020 and 2019 were \$2,264 and \$2,530, respectively.

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 \$2,200 and \$2,400 for the years ended September 30, 2020 and 2019, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,601,920	\$ 860,806
Pledges receivable	259,102	262,046
Bequest receivable	22,150	293,780
Investments	<u>761,002</u>	<u>639,459</u>
	2,644,174	2,056,091
Less amounts not available to be used within one year		
Donor-restricted with liquidity horizons greater than one year	<u>(505,782)</u>	<u>(546,514)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,138,392</u>	<u>\$ 1,509,577</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 3 – AVAILABILITY AND LIQUIDITY (Continued)**

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.

**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:

	2020	2019
Receivables in less than one year	\$ 257,344	\$ 260,288
Receivables in one to five years	10,035	10,035
Total	267,379	270,323
Less: Discount to net present value	(777)	(777)
Subtotal	266,602	269,546
Less: Allowance for uncollectible pledges	(7,500)	(7,500)
Net pledges receivable	\$ 259,102	\$ 262,046

**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:

	2020	2019
Corporate bond funds	\$ 371,832	\$ 383,963
Equity funds	389,170	255,157
Money markets	-	339
Total	\$ 761,002	\$ 639,459

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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 5 – INVESTMENTS (Continued)**

Investment return consists of the following at September 30:

	<u>2020</u>	<u>2019</u>
Investment earnings	\$ 32,391	\$ 29,679
Unrealized gain/(loss)	<u>21,298</u>	<u>(3,508)</u>
Total	<u>\$ 53,689</u>	<u>\$ 26,171</u>

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, 2020:

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



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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 5 – INVESTMENTS (Continued)**

The table below presents the level within the fair value hierarchy at which investments are measured at September 30, 2019:

Description	Level 1	Level 2	Level 3
Equity funds	\$ 255,157	\$ -	\$ -
Corporate bond funds	383,963	-	-
Money market	339	-	-
	<u>\$ 639,459</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 6 – PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following at September 30:

	2020	2019
Land	\$ 411,650	\$ 411,650
Radio equipment	419,352	413,844
Office furniture and fixtures	77,962	67,436
Leasehold improvements	57,034	57,034
Buildings and Improvements	<u>3,907,341</u>	<u>3,851,341</u>
	4,873,339	4,801,305
Accumulated depreciation	<u>(1,393,878)</u>	<u>(1,129,253)</u>
Property and equipment, net	<u>\$ 3,479,461</u>	<u>\$ 3,672,052</u>

Depreciation expense for the years ended September 30, 2020 and 2019 was \$264,625 and \$264,905, 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 (3.7% at September 30, 2020). Any borrowings under this line are collateralized by the Organization's savings account, deposits, receivables and fixed assets. At September 30, 2020 and 2019, 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, 2020 and 2019. The line expired in October 2020 and was renewed with comparable terms and a maturity of October 2021.

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 8 – LONG-TERM DEBT**

Note Payable

The Organization has a note payable to United Security Bank payable in monthly installment of \$7,429 including interest at 3.95% secured by assets of the Organization. The note has a principal balance of \$966,647 and \$1,099,168 at September 30, 2020 and 2019, respectively.

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

2021	\$	39,361
2022		40,997
2023		42,638
2024		44,252
2025		46,185
Thereafter		<u>753,214</u>
Total	\$	<u>966,647</u>

Total interest expense on the note payable was \$44,016 and \$52,819 for the years ended September 30, 2020 and 2019, respectively.

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% are 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 has been forgiven in full as of November 24, 2020.

**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 six 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 9 – ENDOWMENTS (Continued)**

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.

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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>

The Organization’s endowment funds by composition consist of the following at September 30, 2019:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 630,470	\$ 630,470
Board-designated endowment funds	<u>35,575</u>	<u>-</u>	<u>35,575</u>
Total endowed net assets	<u>\$ 35,575</u>	<u>\$ 630,470</u>	<u>\$ 666,045</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 9 – ENDOWMENTS (Continued)**

Changes in Endowment Net Assets

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

The following schedule shows changes in endowment net assets for the year ended September 30, 2019:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, October 1, 2018	\$ 34,209	\$ 601,409	\$ 635,618
Investment return:			
Investment income	1,366	28,313	29,679
Net appreciation (depreciation)	-	(3,508)	(3,508)
Total investment return	1,366	24,805	26,171
Contributions	-	4,256	4,256
Endowment net assets, September 30, 2019	\$ 35,575	\$ 630,470	\$ 666,045

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, 2020 and 2019.

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 9 – ENDOWMENTS (Continued)**

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, 2020, the Organization had an investment policy of approximately 50% bonds, 50% stocks in order to be conservative in an uncertain market.

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>2020</u>	<u>2019</u>
With donor restrictions:		
Perpetual in nature	\$ 496,524	\$ 482,750
Purpose restricted	206,172	363,676
Time restricted only	<u>35,185</u>	<u>308,315</u>
Total net assets with donor restrictions	737,881	1,154,741
Without donor restrictions:		
Designated by the Board for mortgage payments	87,744	35,575
Undesignated	<u>3,879,529</u>	<u>3,398,217</u>
Total net assets without donor restrictions	3,967,273	3,433,792
 Total net assets	 <u>\$ 4,705,154</u>	 <u>\$ 4,588,533</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**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 – RELATED PARTY TRANSACTIONS**

During September 2019, the Board of Directors approved for the Organization to enter into a five-year fixed-cost power purchase agreement with Zumwalt Construction, Inc. for solar energy. Zumwalt Construction, Inc. is owned primarily by a current board member, whom was not allowed to participate in discussions or decision-making in regards to the matter due to conflict of interest. The agreement contains a purchase option at the end of the term, which management intends to exercise. The Organization received additional proposals for this project's view and upon review of these, determined that Zumwalt Construction, Inc. provided the greatest savings in total project costs. There were no amounts paid to, or due to, Zumwalt Construction, Inc. for the years ended September 30, 2020 and 2019.

**NOTE 13 – UNCERTAINTY**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 outbreak in the United States of America a national emergency. The State of California has issued Stay at Home Orders since in efforts to slow the spread of COVID-19. The orders require certain individuals living in California to stay at home, except as allowed, to maintain continuity of the federal critical infrastructure sectors. Accordingly, some of the Organization's operations have been limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated and concluded that there are no subsequent events that have occurred from September 30, 2020 through the date the financial statements were available to be issued at February 9, 2021 that would require additional disclosure or adjustment.