

Radio Milwaukee, Inc.

Consolidated Financial Statements

Years Ended December 31, 2021 and 2020



Radio Milwaukee, Inc.

Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

Board of Directors
Radio Milwaukee, Inc.
Milwaukee, Wisconsin

Opinion

We have audited the consolidated financial statements (the "financial statements") of Radio Milwaukee, Inc., a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 Radio Milwaukee, Inc. as of December 31, 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 ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Radio Milwaukee, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 GAAP, 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 Radio Milwaukee, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 Radio Milwaukee, 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 Radio Milwaukee, 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.



Wipfli LLP
Milwaukee, Wisconsin

August 1, 2022

Radio Milwaukee, Inc.

Consolidated Statements of Financial Position

December 31, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash and cash equivalents	\$ 2,001,519	\$ 1,476,175
Investments	709,413	709,558
Accounts receivable, net	238,798	113,339
Current portion of promises to give, net	277,040	355,103
Prepaid expenses	52,628	29,908
Total current assets	3,279,398	2,684,083
Other assets:		
Promises to give, less current portion, net	51,156	181,368
Unemployment reserve	22,085	22,083
Total other assets	73,241	203,451
Property and equipment, net	2,460,402	2,501,238
TOTAL ASSETS	\$ 5,813,041	\$ 5,388,772
Liabilities and Net Assets	2021	2020
Current liabilities:		
Accounts payable	\$ -	\$ 36,875
Accrued payroll	77,315	65,431
Accrued expenses	208	92,295
Refundable advances	310,000	-
Deferred revenue	16,808	5,324
Total current liabilities	404,331	199,925
Net assets:		
Without donor restrictions	4,965,667	4,511,166
With donor restrictions	443,043	677,681
Total net assets	5,408,710	5,188,847
TOTAL LIABILITIES AND NET ASSETS	\$ 5,813,041	\$ 5,388,772

See accompanying notes to consolidated financial statements.

Radio Milwaukee, Inc.
Consolidated Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Individual gifts and memberships	\$ 1,059,640	\$ 24,598	\$ 1,084,238	\$ 648,381	\$ 209,564	\$ 857,945
Grants	5,287	259,299	264,586	552,498	447,867	1,000,365
Underwriting	839,091	35,375	874,466	564,524	10,000	574,524
Trade and barter	642,751	-	642,751	349,017	-	349,017
Public funding	211,792	132,000	343,792	294,377	-	294,377
Paycheck Protection Program	388,800	-	388,800	388,800	-	388,800
In-kind donations	-	-	-	38,730	6,750	45,480
Event revenue	-	-	-	86,701	-	86,701
Interest income	1,511	-	1,511	4,972	-	4,972
Other income	46,056	1,225	47,281	58,900	-	58,900
Net assets released from restrictions	687,135	(687,135)	-	818,727	(818,727)	-
Total support and revenue	3,882,063	(234,638)	3,647,425	3,805,627	(144,546)	3,661,081
Expenses:						
Program	2,348,664	-	2,348,664	2,437,347	-	2,437,347
Management and general	475,970	-	475,970	453,518	-	453,518
Fundraising	602,928	-	602,928	734,806	-	734,806
Total expenses	3,427,562	-	3,427,562	3,625,671	-	3,625,671
Changes in net assets	454,501	(234,638)	219,863	179,956	(144,546)	35,410
Net assets at beginning of year	4,511,166	677,681	5,188,847	4,331,210	822,227	5,153,437
Net assets at end of year	\$ 4,965,667	\$ 443,043	\$ 5,408,710	\$ 4,511,166	\$ 677,681	\$ 5,188,847

See accompanying notes to consolidated financial statements.

Radio Milwaukee, Inc.
Consolidated Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021				2020			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 903,178	\$ 293,127	\$ 405,818	\$1,602,123	\$1,039,601	\$ 303,110	\$ 424,457	\$1,767,168
Employee benefits	115,240	37,402	51,780	204,422	115,806	33,765	47,283	196,854
Payroll taxes	23,962	7,777	10,766	42,505	150,330	23,045	32,270	205,645
Professional fees	3,750	45,014	-	48,764	-	39,014	-	39,014
Station programming and related	194,041	-	6,333	200,374	434,168	3,240	-	437,408
Community outreach	361,851	-	4,791	366,642	315,733	-	49,973	365,706
Fundraising and member events	421,727	-	26,409	448,136	63,825	-	42,628	106,453
Costs of direct benefits to donors	-	-	39,785	39,785	8,523	-	29,867	38,390
Postage and shipping	-	2,937	8,812	11,749	-	2,518	7,553	10,071
Office supplies	4,540	15,512	455	20,507	2,908	11,216	451	14,575
Telephone and internet	24,949	8,098	11,211	44,258	17,643	5,144	7,203	29,990
Equipment	14,065	904	904	15,873	7,669	577	577	8,823
Occupancy	80,916	4,495	4,495	89,906	60,848	3,380	3,380	67,608
Travel, conferences, and meetings	2,626	50,234	3,083	55,943	5,176	13,043	1,871	20,090
Other operating	9,358	-	17,816	27,174	1,102	3,576	38,718	43,396
Bad debt expense	-	-	-	-	-	-	36,685	36,685
Depreciation	188,461	10,470	10,470	209,401	214,015	11,890	11,890	237,795
Total expenses	\$ 2,348,664	\$ 475,970	\$ 602,928	\$ 3,427,562	\$ 2,437,347	\$ 453,518	\$ 734,806	\$ 3,625,671

See accompanying notes to consolidated financial statements.

Radio Milwaukee, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 219,863	\$ 35,410
Adjustment to reconcile change in net assets to net cash, cash equivalents, and restricted cash provided by operating activities:		
Support and revenue restricted for capital expenditures	(35,375)	-
Bad debt expense	-	36,685
Loss on disposal of property and equipment	1,160	-
Depreciation	209,401	237,795
Changes in operating assets and liabilities:		
Accounts receivable	(125,459)	53,358
Promises to give	208,275	171,354
Prepaid expenses	(22,720)	(13,641)
Accounts payable	(36,875)	(4,744)
Accrued payroll	11,884	12,673
Accrued expenses	(92,087)	52,809
Refundable advances	310,000	-
Deferred revenue	17,584	(16,571)
Net cash provided by operating activities	665,651	565,128
Cash flows from investing activities:		
Purchases of investments	(1,923,022)	(1,311,731)
Proceeds from the sale of investments	1,923,167	1,308,394
Purchases of property and equipment	(175,825)	(38,371)
Net cash used in investing activities	(175,680)	(41,708)
Cash flows from financing activities - Support and revenue restricted for capital expenditures	35,375	-
Increase in cash, cash equivalents, and restricted cash	525,346	523,420
Cash, cash equivalents, and restricted cash at beginning of year	1,498,258	974,838
Cash, cash equivalents, and restricted cash at end of year	\$ 2,023,604	\$ 1,498,258
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 2,001,519	\$ 1,476,175
Unemployment reserve	22,085	22,083
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	\$ 2,023,604	\$ 1,498,258
Noncash investing activities - Property and equipment additions included in accrued expenses	\$ -	\$ 6,100

See accompanying notes to consolidated financial statements.

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Radio Milwaukee, Inc. ("Radio Milwaukee") is organized as a non-profit corporation in Milwaukee, Wisconsin. Through music and stories created for a culturally open-minded community, Radio Milwaukee is a catalyst for creating a better, more inclusive and engaged Milwaukee. Radio Milwaukee reaches a new generation of radio listeners with Milwaukee's most entertaining and adventurous selection of music and public affairs programming. It champions Milwaukee - our music, arts and culture, neighborhoods, and community organizations - by celebrating diversity and encouraging community engagement while promoting a positive global identity for Milwaukee.

Radio Milwaukee broadcasts on 88.9 FM, WYMS. The station is licensed by the Federal Communications Commission to the Milwaukee Board of School Directors. Radio Milwaukee provides programming for the station, which also broadcasts school board meetings and other promotions of Milwaukee Public Schools.

Sound Foundation, LLC, ("Sound Foundation"), a Wisconsin limited liability corporation, was created in February 2013 for the purpose of purchasing property for studios and other functions of Radio Milwaukee. Radio Milwaukee is the sole member of Sound Foundation.

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of Radio Milwaukee and Sound Foundation (collectively the "Organization"). All material intercompany balances and transactions have been eliminated in the consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP").

Net Assets

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

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

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates in Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect certain reported amounts of disclosures. Accordingly, actual results may differ from these estimates.

Recent Accounting Pronouncements

Contributed Nonfinancial Assets

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is intended to improve transparency in reporting contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclose:

- a. A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.
- b. For each category of contributed nonfinancial assets recognized:
 - i. Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a not-for-profit entity will disclose a description of the programs or other activities in which those nonfinancial assets were used.
 - ii. The not-for-profit entity's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
 - iii. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
 - iv. A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition.
 - v. The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

ASU No. 2020-07 is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. ASU No. 2020-07 must be applied retrospectively. The Organization is evaluating the impact of the provisions of ASU No. 2020-07.

Leases

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02, including various amendments, updates, and clarifications, will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU No. 2016-02 must be applied on a modified retrospective basis. The Organization is evaluating the impact of the provisions of ASU No. 2016-02.

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Investments

Investments consist of certificates of deposit that are carried at cost which approximates fair value. The certificates of deposit value is based on amortized cost or original cost plus accrued interest.

Accounts Receivable

Accounts receivable are generally uncollateralized underwriting contract obligations due upon performance. Payments of accounts receivable are allocated to the specific invoices identified on the client's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of accounts receivable were reduced by allowances of \$0 and \$23,335 that reflect management's estimate of uncollectible amounts at December 31, 2021 and 2020, respectively.

Promises to Give

Promises to give are recorded as receivables in the year the promise was made. Promises to give whose eventual uses are restricted by the donor are recorded as increases in net assets with donor restrictions. Promises without donor restrictions to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received.

Promises to give are reported in the consolidated statements of financial position net of unamortized discounts and an allowance for uncollectible promises. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate that approximates the rate of government securities. Amortization of the discount is recorded as an increase in contribution revenue. The effective discount rates applied were 3.0% for promises received in 2021 and 2020. Management individually reviews all promises to give and estimates the portion, if any, of the balance that will not be collected.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, improvements, and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gains or losses are included in income.

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment are depreciated using the straight-line method over their estimated useful lives (see Note 5).

Contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Unemployment Reserve

The Organization has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Unemployment claims are paid to the State of Wisconsin as incurred. The Organization has an unemployment reserve established with an area financial institution of \$22,085 and \$22,083 at December 31, 2021 and 2020, respectively, to meet state funding requirements.

Revenue Recognition

Individual Gifts, Memberships, and Grants

Individual gifts, memberships, and grants are considered to be contributions as the donor does not receive a reciprocal benefit. Contributions, including promises to give, are evaluated to determine if they contain conditions prior to recognizing revenue. A contribution contains a donor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized as revenue when the barriers to entitlement are overcome. Assets received for which the condition has not been satisfied are recorded as refundable advance liability.

Unconditional contributions are recognized as revenue when cash or other assets are received. Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Individual Gifts, Memberships, and Grants (Continued)

The Organization has a sustainer pledge program whereby individuals pledge a monthly contribution on an ongoing basis. The revenue is recognized when the cash is received since members have no obligation to renew and can cancel their sustaining pledge at any time.

In-Kind Donations

Contributed services are reflected as both contribution revenue and expenses in the accompanying consolidated statements of activities at their estimated fair value at the date of receipt, if they meet the criteria defined in accordance with FASB ASC 958-605-25-16, *Contributed Services*. Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided. Radio Milwaukee recognized \$0 and \$45,480 of in-kind services for the years ended December 31, 2021 and 2020, respectively.

In addition, the Organization receives services from volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

Underwriting, Trade, and Barter

The Organization recognizes revenue when or as it satisfies a performance obligation by transferring a promised good or service to a customer. The Organization receives payments from customers based on billing schedules that are established in its contracts, and deferred revenue is recorded when payment is received from a customer before the Organization has satisfied the performance obligation or a non-cancelable contract has been billed in advance in accordance with the Organization's normal billing terms.

The primary source of underwriting revenue is the sale of spots and advertisement on the Organization's broadcast radio station, its mobile application, station website, and local live events. Revenues for spots are recognized at the point in time when the spot is broadcast or streamed, while revenues for online display advertisements are recognized over time based on impressions delivered or time elapsed, depending upon the terms of the contract. Revenues for event sponsorships are recognized over the period of the event. The Organization's contracts with underwriters are typically a year or less in duration and are generally billed monthly upon satisfaction of the performance obligations.

The Organization also enters into nonmonetary trade transactions to provide program underwriting in exchange for operating expenses such as advertising and supplies in addition to sponsorships. Revenue and expenses are recognized at fair value of the item or service being received. Revenue or expense and a corresponding asset or liability are reported when announcements are aired or when goods and services are received or provided. The Organization recognized no gains or losses associated with trade and barter transactions for the years ended December 31, 2021 and 2020. Additionally, there were no assets or liabilities associated with trade and barter transactions as of December 31, 2021 and 2020.

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Underwriting, Trade, and Barter (Continued)

The Organization recognizes revenue in amounts that reflect the consideration it expects to receive in exchange for transferring goods or services to customers, excluding sales taxes and other similar taxes collected on behalf of governmental authorities (the "transaction price"). When this consideration includes a variable amount, the Organization estimates the amount of consideration it expects to receive and only recognizes revenue to the extent that it is probable it will not be reversed in a future reporting period.

In order to appropriately identify the unit of accounting for revenue recognition, the Organization determines which promised goods and services in a contract with an underwriter are distinct and are therefore separate performance obligations. If a promised good or service does not meet the criteria to be considered distinct, it is combined with other promised goods or services until a distinct bundle of goods or services exists. Certain of the Organization's contracts with underwriters include options for the underwriter to acquire additional goods or services for free or at a discount, and management judgment is required to determine whether these options are material rights that are separate performance obligations.

For revenue arrangements that contain multiple distinct goods or services, the Organization allocates the transaction price to these performance obligations in proportion to their relative standalone selling prices or the best estimate of their fair values. The Organization has concluded that the contractual prices for the promised goods and services in its standard contracts generally approximate management's best estimate of standalone selling price as the rates reflect various factors such as the size and characteristics of the target audience, market location and size, and recent market selling prices. However, where the Organization provides underwriters with free or discounted services as part of contract negotiations, management uses judgment to determine how much of the transaction price to allocate to these performance obligations.

Public Funding

The Organization receives grant awards from the Corporation of Public Broadcasting that are classified as contributions. The grant awards are subject to certain conditions and are recognized as revenue when the conditions in the award are satisfied.

Event Revenue

Support and revenue from fundraising events are recognized when the event occurs.

Interest Income

Interest income is reported as revenue without donor restrictions unless the income is restricted by donor or law.

Income Taxes

Radio Milwaukee is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Radio Milwaukee is also exempt from state income taxes on related income.

Sound Foundation is considered a disregarded entity for income tax purposes.

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Organization recognizes the benefits of a tax position only after determining whether it is more likely than not that the taxing authority would sustain the tax position upon examination of the technical merits of the tax position assuming the taxing authority has full knowledge of all information. The Organization has recorded no assets or liabilities related to uncertain tax positions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses have been allocated based upon time spent, utilization, and square footage.

Program expenses relate to the development of radio programming, music, and music education.

Reclassifications

Certain amounts as previously reported in the 2020 financial statements have been reclassified to conform to the 2021 presentation. Investments in certificates of deposit totaling \$709,558 as of December 31, 2020, have been reclassified from cash and cash equivalents to investments on the consolidated statements of financial position. Net cash outflows related to purchases and sales of investments totaling \$3,337 have been reclassified from cash flows from operating activities to cash flows from investing activities on the consolidated statements of cash flows. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

Subsequent Events

Subsequent events have been evaluated through August 1, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2: Contract Balances

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time, such as work in process or unbilled receivables. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. As of December 31, 2021 and 2020, and as of January 1, 2020, the Organization did not have any contract assets. Contract liabilities represent the Organization's obligation to transfer goods or services to a customer when consideration has already been received from the customer, such as customer deposits and deferred revenue. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized.

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 2: Contract Balances (Continued)

Opening and closing balances for contract assets, contract liabilities, and accounts receivable arising from contracts with customers consist of the following:

<i>As of</i>	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable	\$ 185,588	\$ 103,319	\$ 159,714
Contract liabilities - Deferred revenue	\$ 16,808	\$ 5,324	\$ 21,895

Note 3: Disaggregation of Revenues from Contracts with Customers

The following is a breakdown of the Organization's revenue by source:

<i>Years Ended December 31,</i>	2021	2020
Revenue from contracts with customers - Recognized over time:		
Underwriting	\$ 874,466	\$ 574,524
Trade and barter	642,751	349,017
Total revenue from contracts with customers	1,517,217	923,541
Other support and revenue	2,130,208	2,737,540
Total support and revenue	\$ 3,647,425	\$ 3,661,081

Note 4: Promises to Give

Promises to give consist of the following:

<i>As of December 31,</i>	2021	2020
Less than one year	\$ 284,540	\$ 457,203
One to five years	55,000	190,000
Total promises to give	339,540	647,203
Less:		
Allowance for uncollectible promises to give	(7,500)	(102,100)
Unamortized present value discount	(3,844)	(8,632)
Promises to give, net	328,196	536,471
Less - Current portion	(277,040)	(355,103)
Promises to give, less current portion, net	\$ 51,156	\$ 181,368

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 5: Property and Equipment

Property and equipment consists of the following:

<i>As of December 31,</i>	Depreciable Lives	2021	2020
Land	Not applicable	\$ 285,000	\$ 285,000
Building and building improvements	5 to 35 years	2,519,245	2,372,449
Furniture, fixtures, and equipment	3 to 10 years	221,170	224,828
Studio equipment	7 to 10 years	610,185	639,394
Software and information technology	3 to 7 years	348,754	425,713
Construction in progress	Not applicable	1,427	-
Total property and equipment		3,985,781	3,947,384
Less - Accumulated depreciation		(1,525,379)	(1,446,146)
Property and equipment, net		\$ 2,460,402	\$ 2,501,238

Note 6: Operating Leases

Radio Milwaukee leases an automobile and office equipment under operating leases requiring monthly payments ranging between \$275 and \$343 expiring through April 2027. Rent expense totaled \$4,279 and \$4,116 for the years ended December 31, 2021 and 2020, respectively. Future minimum lease payments are as follows:

<i>Years Ending December 31,</i>	
2022	\$ 4,667
2023	3,295
2024	3,295
2025	3,295
2026	3,295
Thereafter	824
Total future minimum lease payments	\$ 18,671

Note 7: Line of Credit

Radio Milwaukee has a \$100,000 line of credit with an area bank which is collateralized by a general business security agreement. Interest is payable monthly at the greater of the prime rate plus 1.85% or 4.15% (effective rate of 5.10% at December 31, 2021). There was no balance outstanding on the line of credit at December 31, 2021 and 2020. The line of credit matures in December 2023.

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 8: Net Assets With Donor Restrictions

Net assets with donor restrictions include assets set aside in accordance with donor restrictions as to time and use. Net assets with donor restrictions consist of the following:

<i>As of December 31,</i>	2021	2020
Subject to expenditure for specified purpose:		
88Nine Amplifier	\$ 114,847	\$ 141,210
Promises to give, the proceeds from which have been restricted by donors for:		
COVID-19 relief programs	14,379	-
Community Stories	4,679	-
Grace Weber's Music Lab	4,542	-
Urban Alternative	28,124	-
88Nine Amplifier	65,243	56,639
Total subject to expenditure for specified purpose	231,814	197,849
Subject to the passage of time - Promises to give that are not restricted by donors but which are unavailable for expenditure until received	211,229	479,832
Total net assets with donor restrictions	\$ 443,043	\$ 677,681

Reclassifications from net assets with donor restrictions to net assets without donor restrictions occur when Radio Milwaukee fulfills the purpose for which the net assets were restricted by the donor, the donor-imposed restrictions expire with the passage of time, or a restriction is withdrawn. Net assets released from restrictions as reported on the consolidated statements of activities were as follows:

<i>Years Ended December 31,</i>	2021	2020
Satisfaction of purpose restrictions:		
COVID-19 relief programs	\$ 35,621	\$ -
Community Stories	82,034	-
Grace Weber's Music Lab	44,850	-
Urban Alternative	88,876	-
88Nine Amplifier	105,863	334,471
Expiration of time restrictions	329,891	484,256
Net assets released from restrictions	\$ 687,135	\$ 818,727

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 9: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date comprise the following:

<i>As of December 31,</i>	2021	2020
Cash and cash equivalents	\$ 2,001,519	\$ 1,476,175
Investments	709,413	709,558
Accounts receivable, net	238,798	113,339
Current portion of promises to give	277,040	355,103
Total financial assets	3,226,770	2,654,175
Less:		
Cash and cash equivalents restricted by donors for specified purposes	(114,847)	(141,210)
Promises to give restricted by donors for purpose	(65,846)	(52,000)
Total financial assets available for general expenditure	\$ 3,046,077	\$ 2,460,965

The Organization seeks to maintain financial assets in liquid form such as cash and cash equivalents for at least six months of operating expenditures. The Organization invests cash in excess of daily requirements in certificates of deposit and money market accounts with maturities of 12 months or less. The Organization also has a line of credit available for cash flow needs up to \$100,000 as further described in Note 7.

Note 10: Trade and Barter

Trade and barter received by the Organization consists of the following:

<i>Years Ended December 31,</i>	2021	2020
Fundraising and member events	\$ 421,641	\$ 86,218
Community outreach	220,430	254,276
Station programming and related	-	8,523
Travel, conferences, and meetings	680	-
Total trade and barter	\$ 642,751	\$ 349,017

Note 11: Retirement Plan

Radio Milwaukee sponsors a 401(k) plan covering substantially all employees which provides for employer matching contributions of up to 3% of employee wages plus one half of the next 2% of deferrals. Radio Milwaukee may also extend an annual profit-sharing contribution to all participating employees at its discretion. For the years ended December 31, 2021 and 2020, retirement plan expense was \$48,980 and \$43,809, respectively.

Radio Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 12: Concentrations

Radio Milwaukee maintains depository relationships with area financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured.

Concentrations of promises to give are as follows:

<i>As of December 31,</i>	2021	2020
Donor A	21.9 %	- %
Donor B	68.6 %	55.9 %

Note 13: Advertising and Marketing

Advertising and marketing costs are expensed as incurred and are included in community outreach in the consolidated statements of functional expenses. Advertising and marketing costs consist of the following:

<i>Years Ended December 31,</i>	2021	2020
Direct advertising and marketing	\$ 83,704	\$ 69,662
Advertising and marketing from trade and barter agreements	220,430	241,913
Total advertising and marketing	\$ 304,134	\$ 311,575