

WICN PUBLIC RADIO, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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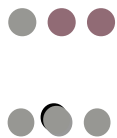
INDEPENDENT AUDITORS' REPORT

WICN PUBLIC RADIO, INC.

JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

	Pa
INDEPENDENT AUDITORS' REPORT	1
 FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-12



Independent Auditors' Report

Board of Directors
WICN Public Radio, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of WICN Public Radio, Inc. (the Station), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility on 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.

Auditors' 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 of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WICN Public Radio, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Worcester, Massachusetts
October 26, 2021

WICN PUBLIC RADIO, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021			2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 328,828	\$ 5,794	\$ 334,622	\$ 159,181	\$ 5,040	\$ 164,221
Investments	26,044		26,044			
Accounts receivable	16,520		16,520	2,080		2,080
Grants and pledges receivable, net	4,980		4,980	5,712		5,712
Prepaid expenses	1,668		1,668	2,565		2,565
Total current assets	378,040	5,794	383,834	169,538	5,040	174,578
PROPERTY, PLANT, AND EQUIPMENT						
Leasehold improvements	507,528		507,528	507,528		507,528
Tower signal expansion	82,880		82,880	82,880		82,880
Equipment	245,843		245,843	233,564		233,564
Less: Accumulated depreciation and amortization	(670,941)		(670,941)	(628,304)		(628,304)
Net property, plant, and equipment	165,310		165,310	195,668		195,668
Total assets	\$ 543,350	\$ 5,794	\$ 549,144	\$ 365,206	\$ 5,040	\$ 370,246
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	\$ 14,249		\$ 14,249	\$ 17,131		\$ 17,131
Loan payable				53,400		53,400
Deferred revenue	38,500		38,500	11,800		11,800
Total current liabilities	52,749		52,749	82,331		82,331
NET ASSETS	490,601	5,794	496,395	282,875	5,040	287,915
Total liabilities and net assets	\$ 543,350	\$ 5,794	\$ 549,144	\$ 365,206	\$ 5,040	\$ 370,246

See independent auditors' report and notes to financial statements.

WICN PUBLIC RADIO, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE						
Donated goods and services	\$ 93,932	\$	\$ 93,932	\$ 157,429	\$	\$ 157,429
Corporation for Public Broadcasting grant	254,082		254,082	184,449		184,449
Underwriting	90,017		90,017	71,640		71,640
Other grants	33,225	23,000	56,225	32,817	5,500	38,317
Special events	22,342		22,342	55,168		55,168
Other income	74,921		74,921	88,124		88,124
	568,519	23,000	591,519	589,627	5,500	595,127
Contributions						
Individuals	261,669		261,669	222,715		222,715
Total contributions	261,669		261,669	222,715		222,715
Net assets released from restrictions	22,246	(22,246)		13,957	(13,957)	
Total support and revenue	852,434	754	853,188	826,299	(8,457)	817,842
EXPENSES						
Programming	321,102		321,102	337,520		337,520
Management and general	189,533		189,533	178,101		178,101
Fundraising	134,073		134,073	210,768		210,768
Total expenses	644,708		644,708	726,389		726,389
Changes in net assets	207,726	754	208,480	99,910	(8,457)	91,453
NET ASSETS, beginning of year	282,875	5,040	287,915	182,965	13,497	196,462
NET ASSETS, end of year	\$ 490,601	\$ 5,794	\$ 496,395	\$ 282,875	\$ 5,040	\$ 287,915

See independent auditors' report and notes to financial statements.

WICN PUBLIC RADIO, INC..
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	PROGRAMMING	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	PROGRAMMING	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
PERSONNEL AND RELATED EXPENSES								
Salaries and wages	\$ 140,945	\$ 87,417	\$ 85,768	\$ 314,130	\$ 140,291	\$ 58,396	\$ 100,340	\$ 299,027
Employee benefits and payroll taxes	8,699	29,235		37,934	5,647	37,450		43,097
Total personnel and related expenses	149,644	116,652	85,768	352,064	145,938	95,846	100,340	342,124
OPERATING EXPENSES								
Professional services	32,447	17,538		49,985	17,090	29,292		46,382
Rent	19,974	15,666	13,826	49,466	25,417	11,965	19,046	56,428
Licenses and fees	38,329	1,357	2,388	42,074	42,097	2,151	5,610	49,858
Special event expenses	23,933	627	704	25,264	59,796	750	1,510	62,056
Advertising	22,840	1,500		24,340	16,975		1,195	18,170
Office expense	2,362	1,320	9,701	13,383	1,238	2,294	10,239	13,771
Insurance	4,945	4,254	4,095	13,294	5,267	2,039	4,478	11,784
Utilities and telephone	4,727	4,067	3,914	12,708	3,726	1,442	3,167	8,335
Supplies	214	2,117	7,998	10,329	1,343	2,747	60,389	64,479
Bank fees and interest		975	5,679	6,654		2,877	4,696	7,573
Uncollectible accounts	2,500			2,500				
Other		IO		10		3,923	98	4,021
Total operating expenses	152,271	49,431	48,305	250,007	172,949	59,480	110,428	342,857
Total expenses before depreciation and amortization	301,915	166,083	134,073	602,071	318,887	155,326	210,768	684,981
DEPRECIATION AND AMORTIZATION	19,187	23,450		42,637	18,633	22,775		41,408
Total expenses	\$ 321,102	\$ 189,533	\$ 134,073	\$ 644,708	\$ 337,520	\$ 178,101	\$ 210,768	\$ 726,389

See independent auditors' report and notes to financial statements.

WICN PUBLIC RADIO, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 208,480	\$ 91,453
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	42,637	41,408
Appreciation of endowment investments, net	(26,044)	
(Increase) decrease in operating assets		
Accounts receivable	(14,440)	13,714
Grants and pledges receivable, net	732	8,001
Prepaid expenses	897	(88)
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	(2,882)	6,119
Deferred revenue	26,700	(13,268)
Net cash provided by (used in) operating activities	236,080	147,339
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant, and equipment	(12,279)	(6,870)
Net cash provided by (used in) investing activities	(12,279)	(6,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable		53,400
Forgiveness of loan payable	(53,400)	
Reduction of advances payable		(78,893)
Net cash provided by (used in) financing activities	(53,400)	(25,493)
NET INCREASE IN CASH AND CASH EQUIVALENTS	170,401	114,976
CASH AND CASH EQUIVALENTS, beginning of year	164,221	49,245
CASH AND CASH EQUIVALENTS, end of year	\$ 334,622	\$ 164,221

See independent auditors' report and notes to financial statements.

WICN PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

WICN Public Radio, Inc. (the Station) is a Worcester, Massachusetts nonprofit corporation incorporated in 1975. The Station operates as a noncommercial, educational FM broadcast public radio station for purposes of providing a cultural, educational, literary, scientific, artistic, and musical outlet for the area community. The Station's authorized broadcast range covers Central Massachusetts, the western suburbs of Boston, plus portions of Rhode Island, Connecticut, and New Hampshire. It also streams worldwide on the internet. The Station's current mission is to present high-quality jazz and other forms of American music.

Approximately 64% of the Station's revenue is derived from membership dues, special events, grants from local foundations, donations and other public support. Approximately 10% of revenue is derived from underwriting, and 26% from grants from the Corporation for Public Broadcasting.

SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Station have been prepared on the accrual basis of accounting.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions - Represent resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Station, the environment in which it operates, the purposes specified in its corporate documents and its application for tax exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of operations.

Net assets with donor restrictions - Represent resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Station must continue to use the resources in accordance with the donor's restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less - commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Station, unless the donor provides more specific directions about the period of its use.

WICN PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(Continued)

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents consists of checking and money market accounts.

Receivables

Receivables are presented at their net realizable amount. In determining this amount, objective evidence that a receivable is uncollectible, as well as a historical pattern of collections of receivables that indicate that some or all of the amount of a receivable may not be collectible is considered when determining this net realizable amount. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation account allowance and to a credit to accounts receivable.

Property, plant, and equipment

Property, plant, and equipment are carried at cost when purchased or at fair market value at date of gift if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The Station reviews the carrying values of certain long-lived assets whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Where indicated, the carrying value of such assets is reduced through a charge to expenses. The adjusted carrying values represent management's estimate of the amount expected to be recovered from these assets in the future.

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in changes in net assets for the period.

Contributions

Contributions are recorded as with or without donor restricted support, depending on the existence and/or nature of any donor restrictions. Contributions may include actual gifts or promises to give. Contributions of assets other than cash are recorded at their estimated fair value on the date of the gift. Restricted promises to give are required to be reported as support and revenue with donor restrictions in the period received and are then reclassified to net assets without donor restrictions upon satisfaction of the donor restriction. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

WICN PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(Continued)

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional expenses

The costs of providing the Station's programs and other activities has been summarized on a functional basis in the statements of activities and changes in net assets and the statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. Each year the bases on which costs are allocated are evaluated.

- Salaries and wages, benefits, and payroll taxes are allocated based on specific time spent carrying out each function.
- Professional services are allocated based on the function for which the services were incurred.
- Other expenses that cannot be directly identified are allocated on a reasonable basis to each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Station.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Nonprofit status

The Station is exempt from federal income taxes as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Station within Internal Revenue Code guidelines and requirements.

If the Station had any unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of income tax expense and include accrued interest and penalties with the related tax liability in the statements of financial position. In general, the Station's federal and state tax filings for the past three years remain subject to examination by federal and state taxing authorities.

Estimates

The preparation of financial statements in accordance with the accrual basis of accounting requires management of the Station to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

WICN PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(Continued)

(2) SUBSEQUENT EVENTS

The Station has evaluated the financial statement impact of subsequent events occurring through October 26, 2021, the date that the financial statements were available to be issued.

(3) INVESTMENTS

On June 1, 2021, the Station entered into an agency fund agreement with the Greater Worcester Community Foundation (GWCF). Original amounts transferred to the GWCF at that time was \$26,000.

(4) DEFERRED REVENUE

Deferred revenue represents amounts billed to and/or received from donors and supporters to help underwrite the costs of programming events which relate to ensuing fiscal years after June 30, 2021.

(5) ADVANCES PAYABLE

During 1996, The WGBH Educational Foundation, Inc. provided cash advances to the Station in the amount of \$100,000. Repayments, if any, against that advance were to be made based upon certain financial status and conditions of the Station. Under that agreement, certain payments were made by the Station whereby the amount was reduced to \$78,893. For over a decade that amount remained unchanged and the creditor, WGBH, never communicated with the Station as to the status or repayment of that remaining balance.

During 2020, WGBH was contacted by the Station and it was represented by way of a formal confirmation to the Station that it was no longer obligated to repay any of the remainder of the balance.

Accordingly, the indebtedness in the amount of \$78,893 has been removed from the statement of financial position as of June 30, 2020 and is reflected in the statement of activities and change in net assets under other income.

(6) LINE OF CREDIT

The Station has a \$50,000 line of credit available with a bank. Interest is payable monthly at 5.25% as of June 30, 2021 and 2020, respectively. The note is payable on demand and is secured by all assets of the Station. There was no balance on the line of credit as of June 30, 2021 and 2020, respectively.

(7) LOAN PAYABLE, SBA

The Station applied for and received an amount of \$53,400 under the Paycheck Protection Program (PPP) as administered through the U.S. Small Business Administration and a local bank. While the PPP program was initiated as a loan program, the Station submitted a loan forgiveness application which upon meeting certain criteria and stipulations resulted in the \$53,400 being forgiven as a loan and thereby not required to be repaid. Such amount is reflected as other income in the statements of activities and changes in net assets.

WICN PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(Continued)

(8) DONATED GOODS AND SERVICES

The Station receives donated goods, services, and materials, which are recorded at their fair market value or estimated value, as determined by the donor and management. The Station also receives services for various aspects of its programs. The following is a schedule of in-kind revenue and expenses for such goods and services for the years ended June 30, 2021 and 2020.

	2021			
	<u>Programming</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Volunteer services	\$ 50,081	\$ 4,917	\$ 3,206	\$ 58,204
Fundraising supplies and other			7,786	7,786
Advertising	22,792			22,792
Professional services		5,150	-	
	<u>\$ 72,873</u>	<u>5,150</u>		
		<u>\$ 10,067</u>	<u>\$ 10,992</u>	<u>\$ 93,932</u>
	2020			
	<u>Programming</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Volunteer services	\$ 34,046	\$ 6,237	\$ 10,020	\$ 50,303
Fundraising supplies and other	22,050	3,518	60,233	85,801
Advertising	16,975			16,975
Website support		4,350	-	
	<u>\$ 73,071</u>	<u>4,350</u>		
		<u>\$ 14,105</u>	<u>\$ 70,753</u>	<u>\$ 157,429</u>

(9) LEASE COMMITMENTS

On November 1, 2004, the Station entered into an operating lease for its facilities located at 50 Portland Street, Worcester, with a term of twenty years expiring on October 21, 2024. The Station relocated the administration offices of its space and entered into a new operating lease on April 1, 2019, with a term of ten years expiring on March 31, 2029.

Minimum future rental payments under the non-cancelable operating lease for this facility are as follows:

June 30	
2022	\$ 29,573
2023	29,573
2024	29,573
2025	29,573
2026	29,573
Thereafter	66,539

WICN PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020 ^{\$} 214,404
(Continued)

WICN PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(Continued)

(9) LEASE COMMITMENTS (Continued)

In addition, the Station also has an operating lease agreement for its transmission tower for three years, which commenced on January 1, 2018, at \$850 per month with three options to extend the lease for five years each with an annual 4% escalator in the lease payment amount. Plans to exercise the option to extend the lease are in process.

(10) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Technology	\$ 4,069	\$ 1,750
Youth in Harmony	1,725	1,725
Studio 50		<u>1,565</u>
	<u>\$ 5,794</u>	<u>\$ 5,040</u>

(11) LIQUIDITY AND AVAILABILITY

The Station has \$376,372 of financial assets available within one year of the statements of financial position date to meet the cash needs for general expenditures consisting of cash, investments, accounts receivable, and grants and pledges receivable of \$382,166, less \$5,794 of donor restricted funds. None of the \$376,372 of financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Station has a goal to maintain financial assets, which consist of cash, to meet at least sixty days of normal operating expenses. The Station has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

(12) CORONAVIRUS PANDEMIC

In early January 2020, a human infection originating in a foreign country was traced to a novel strain of coronavirus. This virus has subsequently spread to all parts of the world including the United States, and has caused unprecedented disruptions in the global economy as efforts to contain the spread of the virus continue. In March 2020, this coronavirus outbreak was officially declared a pandemic. Subsequently, the Governor of Massachusetts ordered the closing of all non-essential businesses and entities in the Commonwealth.

The pace of the pandemic has slowed but the spread of this virus is not yet fully contained. The government and health authorities could announce further restrictions which could require adjustments to the operations of the certain entities. Alternatively, some restrictions could be curtailed.

The duration of any disruption and related financial impact cannot be reasonably estimated at this time but could challenge the entity's ability to accomplish its mission. The extent to which the coronavirus pandemic may impact operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted as of the time of this report.

WICN PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(Continued)

(13) RECLASSIFICATIONS

Certain amounts in the 2020 financial statements have been reclassified to conform with the 2021 financial statement presentation. Such reclassifications had no effect on changes in net assets as previously reported.