

STU-COMM, Inc.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

STU-COMM, Inc.
Financial Statements
Year Ended June 30, 2020

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Independent Auditors' Report

**To the Board of Directors
STU-COMM, Inc.
Charlottesville, Virginia**

We have audited the accompanying financial statements of STU-COMM, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of STU-COMM, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited STU-COMM, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

January 8, 2021

- Financial Statements -

STU-COMM, INC.

Statement of Financial Position
At June 30, 2020
(With Comparative Totals for 2019)

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 529,487	\$ 83,020
Investments	160,000	214,025
Accounts receivable	155,187	105,530
Prepaid expenses	5,420	15,773
Total current assets	<u>\$ 850,094</u>	<u>\$ 418,348</u>
PROPERTY AND EQUIPMENT		
Land	\$ 476,620	\$ 476,620
Broadcast license	500,663	500,663
Building	1,347,314	1,347,314
Equipment	379,461	361,825
Total property and equipment	<u>\$ 2,704,058</u>	<u>\$ 2,686,422</u>
Less: accumulated depreciation	<u>(684,995)</u>	<u>(631,813)</u>
Net property and equipment	<u>\$ 2,019,063</u>	<u>\$ 2,054,609</u>
Total assets	<u><u>\$ 2,869,157</u></u>	<u><u>\$ 2,472,957</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 36,539	\$ 12,079
Deferred revenue	-	2,924
Security deposits	1,425	1,425
Mortgage payable, current portion	66,011	63,744
Term loan payable, current portion	25,000	23,940
Total current liabilities	<u>\$ 128,975</u>	<u>\$ 104,112</u>
NONCURRENT LIABILITIES		
Mortgage payable, less current portion	\$ 596,661	\$ 655,969
Term loan payable, less current portion	360,216	384,991
Total noncurrent liabilities	<u>\$ 956,877</u>	<u>\$ 1,040,960</u>
Total liabilities	<u>\$ 1,085,852</u>	<u>\$ 1,145,072</u>
NET ASSETS		
Without donor restrictions	\$ 1,761,908	\$ 1,312,843
With donor restrictions	21,397	15,042
Total net assets	<u>\$ 1,783,305</u>	<u>\$ 1,327,885</u>
Total liabilities and net assets	<u><u>\$ 2,869,157</u></u>	<u><u>\$ 2,472,957</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STU-COMM, INC.

Statement of Activities
Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND OTHER SUPPORT				
Member contributions	\$ 558,633	\$ -	\$ 558,633	\$ 499,987
Underwriting	948,343	-	948,343	947,945
Grants	326,372	30,523	356,895	131,515
Investment income	3,791	-	3,791	2,105
Rental income	95,289	-	95,289	94,605
Festival income	136,113	-	136,113	125,461
Other income	1,192	-	1,192	1,440
Net assets released from restrictions	24,168	(24,168)	-	-
Total revenues and other support	\$ 2,093,901	\$ 6,355	\$ 2,100,256	\$ 1,803,058
EXPENSES				
Program services				
Programming and production	\$ 417,984	\$ -	\$ 417,984	\$ 501,393
Broadcasting	357,879	-	357,879	306,986
Program information and promotion	199,157	-	199,157	302,730
Supporting services				
Management and general	140,990	-	140,990	119,229
Membership development	344,485	-	344,485	261,487
Underwriting and grant solicitation	184,341	-	184,341	83,702
Total expenses	\$ 1,644,836	\$ -	\$ 1,644,836	\$ 1,575,527
Increase (decrease) in net assets	\$ 449,065	\$ 6,355	\$ 455,420	\$ 227,531
Net assets, beginning of year	1,312,843	15,042	1,327,885	1,100,354
Net assets, end of year	\$ 1,761,908	\$ 21,397	\$ 1,783,305	\$ 1,327,885

The accompanying notes to the financial statements are an integral part of this statement.

STU-COMM, INC.

Statement of Functional Expenses
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020										2019																						
	Program Services					Supporting Services					Program Services					Supporting Services																	
	Programming and Production	Broadcasting	Information and Promotion	Total Program Services	Management and General	Membership Development	Underwriting and Grant Solicitation	Total Supporting Services	Salaries and wages	Benefits	Payroll taxes	Depreciation expense	Professional fees	Dues and fees	Supplies	Postage and shipping	Rent	Utilities	Occupancy	Equipment	Travel and meals	Bad debt	Insurance	Interest expense	Promotional activities/goods	Special events expenses	Miscellaneous	Total expenses - WNRN	Unrestricted - CPB	Restricted - CPB	Total expenses		
	\$ 124,896	\$ 54,122	\$ 54,122	\$ 233,140	\$ 47,610	\$ 101,403	\$ 101,403	\$ 250,416	\$ 483,556	\$ 124,896	\$ 31,372	\$ 15,398	\$ 17,440	\$ 11,282	\$ 12,228	\$ 8,236	\$ 5,256	\$ 4,109	\$ 10,096	\$ 8,580	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984	
	\$ 31,372	\$ 13,594	\$ 13,594	\$ 58,560	\$ 12,549	\$ 16,731	\$ 16,731	\$ 46,011	\$ 104,571	\$ 15,398	\$ 17,440	\$ 11,282	\$ 12,228	\$ 8,236	\$ 5,256	\$ 4,109	\$ 10,096	\$ 8,580	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984			
	\$ 15,398	\$ 6,673	\$ 6,673	\$ 28,744	\$ 6,159	\$ 8,213	\$ 8,213	\$ 22,585	\$ 51,329	\$ 17,440	\$ 11,282	\$ 12,228	\$ 8,236	\$ 5,256	\$ 4,109	\$ 10,096	\$ 8,580	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984				
	\$ 17,440	\$ 17,044	\$ 3,969	\$ 38,453	\$ 2,388	\$ 8,074	\$ 4,267	\$ 14,729	\$ 53,182	\$ 11,282	\$ 12,228	\$ 8,236	\$ 5,256	\$ 4,109	\$ 10,096	\$ 8,580	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984					
	\$ 11,282	\$ 27,253	\$ 4,889	\$ 43,424	\$ 6,313	\$ 6,017	\$ 6,017	\$ 18,347	\$ 61,771	\$ 12,228	\$ 8,236	\$ 5,256	\$ 4,109	\$ 10,096	\$ 8,580	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984						
	\$ 12,228	\$ 5,411	\$ 5,411	\$ 23,050	\$ 4,995	\$ 6,660	\$ 6,660	\$ 18,315	\$ 41,365	\$ 8,236	\$ 5,256	\$ 4,109	\$ 10,096	\$ 8,580	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984							
	\$ 8,236	\$ 3,569	\$ 3,569	\$ 15,374	\$ 1,343	\$ 4,393	\$ 4,393	\$ 10,129	\$ 25,503	\$ 5,256	\$ 4,109	\$ 10,096	\$ 8,580	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984								
	\$ 5,256	\$ 2,277	\$ 2,277	\$ 9,810	\$ 2,102	\$ 2,803	\$ 2,803	\$ 7,708	\$ 17,518	\$ 4,109	\$ 10,096	\$ 8,580	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984									
	\$ 4,109	\$ 91,596	\$ 1,781	\$ 97,486	\$ 1,644	\$ 2,192	\$ 2,192	\$ 6,028	\$ 103,514	\$ 10,096	\$ 8,580	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984										
	\$ 10,096	\$ 4,417	\$ 4,381	\$ 18,894	\$ 4,030	\$ 5,425	\$ 5,385	\$ 14,840	\$ 33,734	\$ 8,580	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984											
	\$ 8,580	\$ 8,149	\$ 4,324	\$ 21,053	\$ 2,602	\$ 8,796	\$ 4,649	\$ 16,047	\$ 37,100	\$ 9,929	\$ 12,649	\$ -	\$ 7,843	\$ 9,383	\$ -	\$ 30,167	\$ 21,543	\$ 340,407	\$ 65,493	\$ 12,084	\$ 417,984												
	\$ 9,929	\$ 9,929	\$ -	\$ 19,858	\$ -	\$ -	\$ -	\$ -	\$ 19,858	\$ 12,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
	\$ 12,649	\$ 5,481	\$ 5,481	\$ 23,611	\$ 5,060	\$ 6,746	\$ 6,746	\$ 18,552	\$ 46,939	\$ 12,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	\$ 7,843	\$ 3,822	\$ 3,456	\$ 15,121	\$ 3,058	\$ 4,586	\$ 4,190	\$ 11,834	\$ 26,955	\$ 9,383	\$ 12,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	\$ 9,383	\$ 25,712	\$ 4,728	\$ 39,823	\$ 2,845	\$ 9,619	\$ 5,083	\$ 17,547	\$ 57,370	\$ 12,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ 28,861	\$ 28,861	\$ -	\$ 115,444	\$ -	\$ 115,444	\$ 144,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ 30,167	\$ 13,072	\$ 21,844	\$ 65,083	\$ -	\$ 35,473	\$ -	\$ 35,473	\$ 100,556	\$ 12,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ 21,543	\$ 25,406	\$ 1,529	\$ 48,478	\$ 1,399	\$ 1,910	\$ 1,875	\$ 5,184	\$ 53,662	\$ 21,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 340,407	\$ 317,527	\$ 170,889	\$ 828,823	\$ 104,097	\$ 344,485	\$ 184,341	\$ 632,923	\$ 1,461,746	\$ 340,407	\$ 65,493	\$ 12,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 65,493	\$ 28,268	\$ 28,268	\$ 122,029	\$ 36,893	\$ -	\$ -	\$ 36,893	\$ 158,922	\$ 12,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 12,084	\$ 12,084	\$ -	\$ 24,168	\$ -	\$ -	\$ -	\$ -	\$ 24,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 417,984	\$ 357,879	\$ 199,157	\$ 975,020	\$ 140,990	\$ 344,485	\$ 184,341	\$ 669,816	\$ 1,644,836	\$ 417,984	\$ 65,493	\$ 12,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes to the financial statements are an integral part of this statement.

STU-COMM, INC.

Statement of Cash Flows
Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 455,420	\$ 227,531
Adjustments to reconcile change in net assets to net cash provided by (used for) operations:		
Depreciation	53,182	51,673
Investment income	(3,791)	(3,090)
Change in accounts receivable	(49,657)	(34,354)
Change in prepaid expenses	10,353	5,770
Change in accounts payable and accrued liabilities	24,460	(24,177)
Change in deferred revenue	(2,924)	2,924
Net cash provided by (used for) operating activities	<u>\$ 487,043</u>	<u>\$ 226,277</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (17,636)	\$ (11,135)
Purchase of investments	-	(100,000)
Disbursed from investments	<u>57,816</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>\$ 40,180</u>	<u>\$ (111,135)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Retirement of loans payable	<u>\$ (80,756)</u>	<u>\$ (81,722)</u>
Net cash flows from financing activities	<u>\$ (80,756)</u>	<u>\$ (81,722)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 446,467</u>	<u>\$ 33,420</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>83,020</u>	<u>49,600</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 529,487</u></u>	<u><u>\$ 83,020</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u><u>\$ 57,370</u></u>	<u><u>\$ 49,873</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STU-COMM, INC.

Notes to Financial Statements
At June 30, 2020

NOTE 1 - NATURE OF ACTIVITIES:

STU-COMM, Inc. (the “Organization”), which was incorporated in Virginia in 1993, was established with the purpose of building a non-commercial FM radio station for the Charlottesville-Albemarle area. The station came to the airwaves in August 1996 as WNRN. WNRN offers a community service-oriented, curated music discovery to educated, active, and generous listeners from 21 counties in central Virginia and the Shenandoah Valley. The Organization is supported primarily through donations from listeners and by business underwriting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation:

The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Without donor restrictions: Net assets that are not subject to donor-imposed stipulations. At June 30, 2020, the Organization had \$1,761,908 in net assets without donor restrictions.

With donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At June 30, 2020, the Organization had \$21,397 of net assets with donor restrictions. These net assets are all restricted for the purpose of national program production and acquisition.

Contributions:

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. The Organization reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Cash and Cash Equivalents:

Cash and cash equivalents include all cash on hand, cash in banks, and highly liquid investments with original maturities of less than three months.

Investments:

The Organization records investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market values in the statement of financial position. Realized and unrealized gains and losses, interest, and dividends are included in the change in unrestricted net assets unless the income is restricted by donor or law. Interest is accrued when earned. Dividends are recorded when received. For more information on investment balances, see note 6.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Receivables:

Management believes, based on the history of collections, that substantially all receivables will be collected. Therefore, no allowance for uncollectible accounts has been recorded.

Property and Equipment:

The Organization capitalizes all property and equipment acquisitions in excess of \$500. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Estimated useful lives range from 3 to 40 years. Depreciation expense for the year ended June 30, 2020 was \$53,182.

The Organization has capitalized a broadcast license. The costs include the purchase of an existing station with rights to a signal and related legal fees and other expenses necessary to broadcast using that signal. As the Organization will have the right to renew this license in perpetuity, and the license renewal process will require minimal cost and effort, it has determined this asset has an indefinite useful life and should not be amortized.

Contributed Services:

The value of contributed services meeting the requirements for recognition in the financial statements was not material to the financial statements taken as a whole. Accordingly, such amounts have not been recorded.

Non-Cash Underwriting:

While most of the Organization's underwriters pay in cash, the Organization enters into some agreements to receive goods and services instead of cash. The revenue is included as underwriting on the statement of activities, and the goods and services received are allocated to the relevant expense and function on the statement of functional expenses. When the Organization fulfills its side of the agreement before the goods and services are received, it records accounts receivable. During the year ended June 30, 2020, the Organization recognized revenues of \$154,820 and expenses of \$121,865 related to these agreements. At June 30, 2020, the Organization had \$76,288 of accounts receivable which, according to these agreements, would be satisfied with goods and services rather than cash.

Functional Allocation of Expenses:

The costs of providing the services have been summarized on a functional basis in the statement of activities. Certain costs have been allocated between program services, management and general, and fundraising. Some expenses, such as licenses, engineering, tower rent, and promotional activities/goods are allocated to specific programs and supporting services. The rest of the expenses are allocated based on staff time.

STU-COMM, INC.

Notes to Financial Statements
At June 30, 2020 (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Income Taxes:

The Organization has received a tax determination letter from the Internal Revenue Service and is exempt from federal and Virginia income taxes under Section 501(c)(3) of the Internal Revenue Code and related sections of the Virginia code.

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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

The Organization maintains cash balances that may exceed federally insured limits. The Organization does not believe that this practice results in any significant credit risk. At June 30, 2020, the uninsured balance was \$18,017.

NOTE 4 - OPERATING LEASES:

The Organization has entered into agreements to lease office space translator sites for a five-year period. Rent expense for the period ended June 30, 2020 was \$103,514. Minimum future lease payments under these operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amounts</u>
2021	\$ 68,025
2022	43,886
2023	26,530
2024	1,568
Total	<u>\$ 140,009</u>

The Organization has one office lease for which it receives space in exchange for underwriting services. This is not reflected in the minimum future lease payments because no payment will be required.

STU-COMM, INC.

Notes to Financial Statements
At June 30, 2020 (Continued)

NOTE 5 - LONG-TERM OBLIGATIONS:

Changes in Long-term Obligations:

Balance at July 1, 2019	\$	1,128,644
Deduct: Retirements		<u>(80,756)</u>
Balance at June 30, 2020	\$	<u><u>1,047,888</u></u>

Details of Long-term Obligations:

The Organization has a mortgage payable incurred for the purchase of 2250 Old Ivy Road and a term loan payable incurred for the purchase of a radio station in Richmond. Details of the loans payable are:

\$1,200,000 mortgage payable to Virginia National Bank, payable in monthly installments of \$7,318, which includes principal and 3.5% interest, secured by a Deed of Trust on property located at 2250 Ivy Road. \$ 662,672

\$450,000 term loan payable to Virginia National Bank, payable in monthly installments of \$3,376, which includes principal and 4.15% interest, secured by a Deed of Trust on property located at 2250 Ivy Road. 385,216

\$ 1,047,888

Annual Maturities of Long-term Obligations:

Year Ending June 30,	Mortgage Payable		Term Loan Payable	
	Principal	Interest	Principal	Interest
2021	\$ 66,011	\$ 21,805	\$ 25,000	\$ 15,515
2022	68,359	19,457	26,059	14,456
2023	70,791	17,025	27,163	13,352
2024	73,308	14,508	28,281	12,234
2025	75,916	11,900	278,713	1,923
2026	78,616	9,200	-	-
2027	81,412	6,404	-	-
2028	84,308	3,508	-	-
2029	63,951	680	-	-
	<u>\$ 662,672</u>	<u>\$ 104,487</u>	<u>\$ 385,216</u>	<u>\$ 57,480</u>

NOTE 6 - FAIR VALUE MEASUREMENTS:

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Organization is providing the following information related to its investments:

	Fair Value Measurements at Reporting Date Using			
	6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income investments	\$ 160,000	\$ 160,000	\$ -	\$ -
Total	\$ 160,000	\$ 160,000	\$ -	\$ -

NOTE 7 - PAYCHECK PROTECTION PROGRAM:

On March 27, 2020 the CARES Act provided funding for small businesses through the Paycheck Protection Program (PPP) to ensure that small businesses would be able to keep workers on payroll and continue operations. PPP offered qualifying businesses a two-year loan, with interest of 1% and all principal to be repaid when the loan is due. According to the provisions of the CARES Act, the PPP loan will be forgiven if the recipient uses the proceeds in accordance PPP loan guidelines.

On April 29, 2020 the Organization received a PPP loan of \$125,200. As it was determined that the requirements for loan forgiveness were substantially met by June 30, 2020, the full amount is considered to be grant revenue in the fiscal year ended June 30, 2020. The Organization applied for loan forgiveness on August 25, 2020 and was notified of full forgiveness on November 13, 2020.

STU-COMM, INC.

Notes to Financial Statements
At June 30, 2020 (Continued)

NOTE 8 – LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects financial assets available within one year for general expenditures as of June 30, 2020. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because they are subject to donor restrictions.

Financial assets:		
Cash and cash equivalents	\$	529,487
Investments		160,000
Accounts receivable		155,187
Total financial assets	\$	<u>844,674</u>
Less financial assets unavailable for general expenditure within one year:		
Subject to donor restrictions	\$	21,397
Non-cash accounts receivable		76,488
Total unavailable financial assets	\$	<u>97,885</u>
Financial assets available for general expenditure within one year	\$	<u><u>746,789</u></u>

The Organization has a policy to maintain its financial assets so that they are available as its general expenditures and other obligations come due.

NOTE 9 - SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through January 8, 2021, the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus disease (“COVID-19”) was first reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of COVID-19’s effect on the Organization’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Organization’s business.