

STU-COMM, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

STU-COMM, Inc.
Financial Statements
Year Ended June 30, 2021

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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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
January 7, 2022

- Financial Statements -

STU-COMM, Inc.

Statement of Financial Position
At June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 907,004	\$ 529,487
Investments	-	160,000
Accounts receivable	140,621	155,187
Prepaid expenses	16,196	5,420
Total current assets	<u>\$ 1,063,821</u>	<u>\$ 850,094</u>
PROPERTY AND EQUIPMENT		
Land	\$ 591,186	\$ 476,620
Broadcast licenses	725,317	500,663
Construction in progress	166,983	-
Building	1,430,247	1,347,314
Equipment	435,207	379,461
Total property and equipment	<u>\$ 3,348,940</u>	<u>\$ 2,704,058</u>
Less: accumulated depreciation	<u>(741,341)</u>	<u>(684,995)</u>
Net property and equipment	<u>\$ 2,607,599</u>	<u>\$ 2,019,063</u>
Total assets	<u>\$ 3,671,420</u>	<u>\$ 2,869,157</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 32,981	\$ 36,539
Security deposits	1,425	1,425
Mortgage payable, current portion	68,359	66,011
Term loans payable, current portion	73,686	25,000
Total current liabilities	<u>\$ 176,451</u>	<u>\$ 128,975</u>
NONCURRENT LIABILITIES		
Mortgage payable, less current portion	\$ 533,745	\$ 596,661
Term loans payable, less current portion	509,765	360,216
Total noncurrent liabilities	<u>\$ 1,043,510</u>	<u>\$ 956,877</u>
Total liabilities	<u>\$ 1,219,961</u>	<u>\$ 1,085,852</u>
NET ASSETS		
Without donor restrictions	\$ 2,437,015	\$ 1,761,908
With donor restrictions	14,444	21,397
Total net assets	<u>\$ 2,451,459</u>	<u>\$ 1,783,305</u>
Total liabilities and net assets	<u>\$ 3,671,420</u>	<u>\$ 2,869,157</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, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND OTHER SUPPORT				
Member contributions	\$ 1,065,622	\$ -	\$ 1,065,622	\$ 558,633
Underwriting	912,127	-	912,127	948,343
Grants	235,065	30,318	265,383	356,895
Investment income	1,370	-	1,370	3,791
Rental income	98,381	-	98,381	95,289
Festival income	6,104	-	6,104	136,113
Other income	1,017	-	1,017	1,192
Net assets released from restrictions	37,271	(37,271)	-	-
Total revenues and other support	\$ 2,356,957	\$ (6,953)	\$ 2,350,004	\$ 2,100,256
EXPENSES				
Program services				
Programming and production	\$ 349,074	\$ -	\$ 349,074	\$ 417,984
Broadcasting	387,095	-	387,095	357,879
Program information and promotion	176,330	-	176,330	199,157
Supporting services				
Management and general	236,198	-	236,198	140,990
Membership development	281,113	-	281,113	344,485
Underwriting and grant solicitation	252,040	-	252,040	184,341
Total expenses	\$ 1,681,850	\$ -	\$ 1,681,850	\$ 1,644,836
Increase (decrease) in net assets	\$ 675,107	\$ (6,953)	\$ 668,154	\$ 455,420
Net assets, beginning of year	1,761,908	21,397	1,783,305	1,327,885
Net assets, end of year	\$ 2,437,015	\$ 14,444	\$ 2,451,459	\$ 1,783,305

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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021										2020										
	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	Total		Programming and Production	Broadcasting	Information and Promotion	Total Program Services	Management and General	Membership Development	Underwriting and Grant Solicitation	Total Supporting Services	Total		
Salaries and wages	\$ 142,434	\$ 88,808	\$ 81,018	\$ 312,260	\$ 103,842	\$ 100,136	\$ 146,856	\$ 350,834	\$ 663,094	\$ 483,556											
Benefits	25,775	15,036	12,888	53,699	18,258	15,036	20,406	53,700	107,399	104,571											
Payroll taxes	14,207	8,288	7,104	29,599	10,063	8,288	11,247	29,598	59,197	51,329											
Depreciation expense	18,147	18,921	3,615	40,683	4,734	5,763	5,166	15,663	56,346	53,182											
Professional fees	7,665	39,271	3,910	50,846	26,911	4,443	6,425	37,779	88,625	61,771											
Dues and fees	13,677	8,019	6,978	28,674	9,635	7,929	11,465	29,029	57,703	41,365											
Supplies	6,210	3,641	3,168	13,019	4,424	3,600	5,205	13,229	26,248	25,503											
Postage and shipping	5,755	3,374	2,936	12,065	4,100	3,337	4,824	12,261	24,326	17,518											
Rent	4,109	91,161	2,096	97,366	2,927	2,382	3,444	8,753	106,119	103,514											
Utilities	9,015	5,374	4,598	18,987	6,414	5,265	7,537	19,216	38,203	33,734											
Occupancy	4,407	4,883	2,224	11,514	2,913	3,546	3,178	9,637	21,151	37,100											
Equipment	13,349	13,349	-	26,698	-	-	-	-	26,698	19,858											
Travel and meals	6,553	3,842	3,343	13,738	4,668	3,799	5,493	13,960	27,698	42,163											
Bad debt	-	-	-	-	-	-	8,146	8,146	8,146	3,734											
Insurance	5,781	3,782	2,945	12,508	4,080	3,521	4,758	12,359	24,867	26,955											
Interest expense	7,719	29,134	3,895	40,748	5,101	6,210	5,566	16,877	57,625	57,370											
Promotional activities/goods	-	-	26,562	26,562	-	106,249	-	106,249	132,811	144,305											
Special events expenses	866	508	442	1,816	617	502	726	1,845	3,661	100,556											
Miscellaneous	14,230	18,343	973	33,546	1,359	1,107	1,598	4,064	37,610	53,662											
Total expenses - WNRR	\$ 299,899	\$ 355,734	\$ 168,695	\$ 824,328	\$ 210,046	\$ 281,113	\$ 252,040	\$ 743,199	\$ 1,567,527	\$ 1,461,746											
Unrestricted - CPB	30,540	12,725	7,635	50,900	26,152	-	-	26,152	77,052	158,922											
Restricted - CPB	18,635	18,636	-	37,271	-	-	-	-	37,271	24,168											
Total expenses	\$ 349,074	\$ 387,095	\$ 176,330	\$ 912,499	\$ 236,198	\$ 281,113	\$ 252,040	\$ 769,351	\$ 1,681,850	\$ 1,644,836											

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, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 668,154	\$ 455,420
Adjustments to reconcile change in net assets to net cash provided by (used for) operations:		
Depreciation	56,346	53,182
Donation of property and equipment	(434,054)	-
Investment income	(1,370)	(3,791)
Change in accounts receivable	14,566	(49,657)
Change in prepaid expenses	(10,776)	10,353
Change in accounts payable and accrued liabilities	(3,558)	24,460
Change in deferred revenue	-	(2,924)
Net cash provided by (used for) operating activities	<u>\$ 289,308</u>	<u>\$ 487,043</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (210,828)	\$ (17,636)
Disbursed from investments	<u>161,370</u>	<u>57,816</u>
Net cash provided by (used for) investing activities	<u>\$ (49,458)</u>	<u>\$ 40,180</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	\$ 250,000	\$ -
Retirement of loans payable	<u>(112,333)</u>	<u>(80,756)</u>
Net cash provided by (used for) financing activities	<u>\$ 137,667</u>	<u>\$ (80,756)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 377,517</u>	<u>\$ 446,467</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>529,487</u>	<u>83,020</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 907,004</u></u>	<u><u>\$ 529,487</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 57,625</u>	<u>\$ 57,370</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, 2021

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, 2021, the Organization had \$2,437,015 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, 2021, the Organization had \$14,444 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.

STU-COMM, INC.

Notes to Financial Statements
At June 30, 2021 (Continued)

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, 2021 was \$56,346.

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, 2021, the Organization recognized revenues of \$115,055 and expenses of \$112,232 related to these agreements. At June 30, 2021, the Organization had \$82,448 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.

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, 2021, the uninsured balance was \$215,270.

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, 2021 was \$106,119. Minimum future lease payments under these operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amounts</u>
2022	\$ 62,229
2023	45,232
2024	20,640
2025	18,444
2026	15,782
Total	<u>\$ 162,327</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, 2021 (Continued)

NOTE 5 - LONG-TERM OBLIGATIONS:

Changes in Long-term Obligations:

Balance at July 1, 2020	\$	1,047,888
Add: Issuance		250,000
Deduct: Retirements		(112,333)
Balance at June 30, 2021	\$	<u>1,185,555</u>

Details of Long-term Obligations:

The Organization has a mortgage payable incurred for the purchase of 2250 Old Ivy Road and two term loans payable, the first incurred for the purchase of a radio station in Richmond and the second for the construction of a tower 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.	\$	602,104
\$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.		360,439
\$250,000 term loan payable to Truist Bank, payable in monthly installments of \$4,548, which includes principal and 3.45% interest, secured by checking and money market accounts.		<u>223,012</u>
	\$	<u>1,185,555</u>

Annual Maturities of Long-term Obligations:

Year Ending June 30,	Mortgage Payable		Term Loans Payable	
	Principal	Interest	Principal	Interest
2022	\$ 68,359	\$ 19,457	\$ 73,686	\$ 21,400
2023	70,791	17,025	76,459	18,627
2024	73,308	14,508	79,305	15,781
2025	75,916	11,900	331,526	3,681
2026	78,616	9,200	22,475	190
2027	81,412	6,404	-	-
2028	84,308	3,508	-	-
2029	69,394	680	-	-
	<u>\$ 602,104</u>	<u>\$ 82,682</u>	<u>\$ 583,451</u>	<u>\$ 59,679</u>

STU-COMM, INC.

Notes to Financial Statements
At June 30, 2021 (Continued)

NOTE 6 - 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 was 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.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects financial assets available within one year for general expenditures as of June 30, 2021. 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	\$	907,004
Accounts receivable		<u>140,621</u>
Total financial assets	\$	<u>1,047,625</u>
Less financial assets unavailable for general expenditure within one year:		
Subject to donor restrictions	\$	14,444
Non-cash accounts receivable		<u>82,448</u>
Total unavailable financial assets	\$	<u>96,892</u>
Financial assets available for general expenditure within one year	\$	<u><u>950,733</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 8 - SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through January 7, 2022, 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.