



Financial Statements
December 31, 2019 and 2018

Listeners Community Radio of Utah

Listeners Community Radio of Utah

Table of Contents

December 31, 2019 and 2018

Independent Auditor’s Report	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



Independent Auditor's Report

To the Board of Directors of
Listeners Community Radio of Utah
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Listeners Community Radio of Utah, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Listeners Community Radio of Utah as of December 31, 2019 and 2018, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, Listeners Community Radio of Utah has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Accordingly, the December 31, 2018, statement of cash flows has been restated to adopt this standard. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah
June 30, 2020

Listeners Community Radio of Utah
 Statements of Financial Position
 December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 312,056	\$ 244,172
Underwriting receivables	40,295	52,747
Unconditional promises to give, net	208,283	138,064
Other receivables	1,960	744
Inventories	2,525	10,231
Prepaid expenses and deposits	27,157	16,364
Total current assets	592,276	462,322
Property and Equipment, Net	521,205	550,053
Total assets	\$ 1,113,481	\$ 1,012,375
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 23,607	\$ 17,813
Accrued liabilities	10,911	66,399
Total current liabilities	34,518	84,212
Net Assets		
Net assets without donor restrictions	809,124	752,160
Net assets with donor restrictions	269,839	176,003
Total net assets	1,078,963	928,163
Total liabilities and net assets	\$ 1,113,481	\$ 1,012,375

Listeners Community Radio of Utah

Statements of Activities

Years Ended December 31, 2019 and 2018

	2019	2018
Net Assets without Donor Restrictions		
Public support and revenue		
Grants and contributions, net	\$ 615,095	\$ 571,488
Underwriting revenue	199,851	179,776
In-kind contributions	223,940	145,882
Events and other income	36,498	37,484
Net assets released from restrictions	258,873	202,784
Total public support and revenue	1,334,257	1,137,414
Expenses		
Program services		
Programming and production	495,363	468,904
Engineering and broadcasting	163,220	166,381
Total program services	658,583	635,285
Supporting services		
Management and general	164,844	136,254
Underwriting and grant solicitation	64,114	61,208
Fundraising	389,752	282,300
Total expenses	1,277,293	1,115,047
Change in Net Assets without Donor Restrictions	56,964	22,367
Net Assets with Donor Restrictions		
Grants and contributions	374,749	242,860
Return of contributions to donors	(22,040)	(25,748)
Net assets released from restrictions	(258,873)	(202,784)
Change in Net Assets with Donor Restrictions	93,836	14,328
Change in Net Assets	150,800	36,695
Net Assets, Beginning of Year	928,163	891,468
Net Assets, End of Year	\$ 1,078,963	\$ 928,163

Listeners Community Radio of Utah

Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services			Supporting Services			
	Programming and Production	Engineering and Broadcasting	Total	Management and General	Underwriting and Grant Solicitation	Fundraising	Total
Payroll and payroll taxes	\$ 342,962	\$ 56,820	\$ 399,782	\$ 49,835	\$ 52,672	\$ 41,557	\$ 543,846
Employee benefits	40,951	1,208	42,159	3,528	62	7,183	52,932
Professional fees	-	-	-	31,358	-	-	31,358
Advertising and promotion	-	-	-	-	-	128,485	128,485
Office expense	10,946	914	11,860	23,711	-	20,864	56,435
Information technology	37,752	-	37,752	1,616	3,864	7,425	50,657
Occupancy	4,265	10,553	14,818	42,130	-	-	56,948
Insurance	5,390	-	5,390	9,375	-	-	14,765
Promotional events	-	-	-	-	-	145,996	145,996
Transmitter expenses	-	87,176	87,176	-	-	-	87,176
Depreciation	23,253	6,549	29,802	3,291	-	3,291	36,384
Listener research	12,330	-	12,330	-	-	-	12,330
Travel	3,494	-	3,494	-	-	2,058	5,552
Programming dues	14,020	-	14,020	-	-	-	14,020
Bad debt expense	-	-	-	-	7,516	32,893	40,409
Total functional expenses	\$ 495,363	\$ 163,220	\$ 658,583	\$ 164,844	\$ 64,114	\$ 389,752	\$ 1,277,293

Listeners Community Radio of Utah
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services			Supporting Services			
	Programming and Production	Engineering and Broadcasting	Total	Management and General	Underwriting and Grant Solicitation	Fundraising	Total
Payroll and payroll taxes	\$ 320,313	\$ 55,516	\$ 375,829	\$ 33,641	\$ 28,513	\$ 48,387	\$ 486,370
Employee benefits	39,393	1,298	40,691	3,499	-	6,938	51,128
Professional fees	-	901	901	33,326	-	-	34,227
Advertising and promotion	-	-	-	-	-	43,680	43,680
Office expense	10,151	1,541	11,692	26,866	-	24,624	63,182
Information technology	44,728	-	44,728	1,553	3,680	48,686	98,647
Occupancy	-	14,223	14,223	24,975	-	-	39,198
Insurance	4,310	-	4,310	8,334	-	-	12,644
Promotional events	-	-	-	-	-	93,322	93,322
Transmitter expenses	-	88,314	88,314	-	-	-	88,314
Depreciation	28,426	4,588	33,014	4,060	-	4,061	41,135
Listener research	11,672	-	11,672	-	-	-	11,672
Travel	1,100	-	1,100	-	-	2,106	3,206
Programming dues	8,811	-	8,811	-	-	-	8,811
Bad debt expense	-	-	-	-	29,015	10,496	39,511
Total functional expenses	\$ 468,904	\$ 166,381	\$ 635,285	\$ 136,254	\$ 61,208	\$ 282,300	\$ 1,115,047

Listeners Community Radio of Utah
 Statements of Cash Flows
 Years Ended December 31, 2019 and 2018

	2019	(Restated) 2018
Operating Activities		
Change in net assets	\$ 150,800	\$ 36,695
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	36,384	41,135
Changes in operating assets and liabilities		
Underwriting receivables	12,452	(8,010)
Unconditional promises to give	(70,219)	(42,097)
Other receivables	(1,216)	617
Inventories	7,706	(4,842)
Prepaid expenses and deposits	(10,793)	(1,170)
Accounts payable	5,794	(15,570)
Accrued liabilities	(55,488)	35,717
Net Cash from Operating Activities	75,420	42,475
Investing Activities		
Purchase of property and equipment	(7,536)	(34,394)
Net Cash used for Investing Activities	(7,536)	(34,394)
Net Change in Cash, Cash Equivalents, and Restricted Cash	67,884	8,081
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	244,172	236,091
Cash and Cash Equivalents, End of Year	\$ 312,056	\$ 244,172

Note 1 - Summary of Significant Accounting Policies**Organization**

Listeners Community Radio of Utah dba KRCL (the Organization) is a listener-supported community radio station whose purpose is to strengthen the community through diverse, independent, and progressive public affairs and music programming. The Organization was organized as a Utah nonprofit corporation in 1975 to provide a unique voice, giving access to perspectives and music that are often excluded from traditional media. The Organization is funded primarily through community fundraising, grants and underwriting revenue.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Underwriting Receivables

Underwriting receivables consist primarily of noninterest-bearing amounts due for underwriting of the Organization's programs. Management determines the allowance for uncollectable underwriting contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Underwriting contributions receivable are written off when deemed uncollectible. No allowances for uncollectible underwriting receivables were recorded at December 31, 2019 and 2018. Underwriting receivables at January 1, 2018, were \$44,737.

Unconditional Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experiences, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2019 and 2018, the allowance for uncollectable promises to give was \$57,970 and \$55,923, respectively.

Inventories

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value and consist of promotional and premium items that are provided to members during membership campaigns and events.

Property and Equipment

The Organization records property and equipment additions over \$1,000 at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2019 and 2018.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. 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.

Revenue and Revenue Recognition

Grants and Contributions

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Membership revenue is all considered contribution revenue.

Underwriting Revenue

The Organization recognizes revenue from underwriting when broadcast. Underwriting support received in advance of broadcast is reported as deferred revenue.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

Advertising Costs

Advertising and promotional costs are expensed as incurred, and totaled \$128,485 and \$43,680 during the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The 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. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and payroll taxes, employee benefits, office expenses, information technology, and insurance, which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

Income Tax Status

The Organization is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifying for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Change in Accounting Policy

As of January 1, 2019, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Retrospective application of the amendment is required. The Organization has adopted this standard as management believes this presentation eliminates a diversity in practice in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows.

Note 2 - Liquidity and Availability

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 250,500	\$ 206,233
Underwriting receivables	40,295	52,747
Promises to give	208,283	138,064
Other receivables	<u>1,960</u>	<u>744</u>
	<u>\$ 501,038</u>	<u>\$ 397,788</u>

As part of a liquidity management plan, from time-to-time excess cash is invested in interest-bearing savings accounts. Occasionally, the Board designates a portion of any operating surplus to its operating reserve.

Note 3 - Unconditional Promises to Give

Unconditional promises to give consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Member pledges	\$ 233,680	\$ 185,083
Grants	32,573	7,498
Other	-	1,406
Less estimated uncollectable amounts	<u>(57,970)</u>	<u>(55,923)</u>
	<u>\$ 208,283</u>	<u>\$ 138,064</u>

At December 31, 2019 and 2018, all unconditional promises to give are expected to be collected within one year.

Note 4 - Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Computers and equipment	\$ 876,342	\$ 849,058
Furniture and fixtures	45,931	45,931
Buildings and improvements	714,169	711,558
Construction in process	-	22,359
Land	102,500	102,500
	<u>1,738,942</u>	<u>1,731,406</u>
Less accumulated depreciation	<u>(1,217,737)</u>	<u>(1,181,353)</u>
	<u>\$ 521,205</u>	<u>\$ 550,053</u>

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Promises to give		
Not restricted by donors, but which are unavailable for expenditure until due	\$ 177,665	\$ 111,375
Restricted by donors for national program production, content acquisition, distribution and promotion	<u>30,618</u>	<u>26,689</u>
	208,283	138,064
Donations restricted by donors for national program production, content acquisition, distribution and promotion	44,056	26,689
Donations restricted by donors for other purposes	<u>17,500</u>	<u>11,250</u>
	<u>\$ 269,839</u>	<u>\$ 176,003</u>

Note 6 - Donated Professional Services and Materials

The Organization received donated professional services and materials as follows during the year ended December 31, 2019:

	Program Services	Management and General	Fundraising	Total
Advertising and promotional events	\$ -	\$ -	\$ 192,410	\$ 192,410
Information technology (related party)	25,092	-	-	25,092
Occupancy	-	6,438	-	6,438
	<u>\$ 25,092</u>	<u>\$ 6,438</u>	<u>\$ 192,410</u>	<u>\$ 223,940</u>

The Organization received donated professional services and materials as follows during the year ended December 31, 2018:

	Program Services	Management and General	Fundraising	Total
Advertising and promotional events	\$ -	\$ -	\$ 119,590	\$ 119,590
Information technology (related party)	25,092	-	-	25,092
Professional fees	-	1,200	-	1,200
	<u>\$ 25,092</u>	<u>\$ 1,200</u>	<u>\$ 119,590</u>	<u>\$ 145,882</u>

Note 7 - Leases

The Company leases equipment under various short and long-term leases. The leases expire at various dates through 2026.

Future minimum lease payments are as follows:

<u>Years Ending December 31,</u>		
2020	\$	75,435
2021		77,558
2022		76,225
2023		77,304
2024		79,623
Thereafter		<u>253,491</u>
Total minimum lease payments	\$	<u><u>639,636</u></u>

Total lease expense for the years ended December 31, 2019 and 2018, was approximately \$73,400 and \$75,300, respectively.

Note 8 - Restatement Resulting from Change in Accounting Principle

As disclosed in Note 1, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash* as of January 1, 2019. Following is a summary of the effects of the change in accounting policy in the Organization's December 31, 2018, statement of cash flows.

	<u>As Previously Reported</u>	<u>Change in Accounting Principle</u>	<u>As Restated</u>
Investing Activities			
Change in cash restricted for capital campaign	\$ 28,250	\$ (28,250)	\$ -
Net Cash used for Investing Activities	(6,144)	(28,250)	(34,394)
Net Change in Cash and Cash Equivalents	36,331	(36,331)	-
Cash and Cash Equivalents, Beginning of Year	207,841	(207,841)	-
Net Change in Cash, Cash Equivalents, and Restricted Cash	-	8,081	8,081
Cash, Cash Equivalents, and Restricted Cash Beginning of Year	-	236,091	236,091

Note 9 - Subsequent Events

Subsequent to year-end, the outbreak of the novel Coronavirus pandemic, or COVID-19, has significantly increased risk and uncertainties in the global economy including the community in which the Organization operates. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position and operations is not known.

The Organization has evaluated subsequent events through June 30, 2020, the date the financial statements were available to be issued.