

# Radio Milwaukee, Inc.

Consolidated Financial Statements

Years Ended December 31, 2020 and 2019



**WIPFLI**

# Radio Milwaukee, Inc.

Years Ended December 31, 2020 and 2019

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## Independent Auditor's Report

Board of Directors  
Radio Milwaukee, Inc.  
Milwaukee, Wisconsin

We have audited the accompanying consolidated financial statements of Radio Milwaukee, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Radio Milwaukee, Inc. as of December 31, 2020 and 2019, 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.

*Wipfli LLP*

Wipfli LLP  
Milwaukee, Wisconsin

May 26, 2021

# Radio Milwaukee, Inc.

## Consolidated Statements of Financial Position

December 31, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 2,185,733	\$ 1,664,791
Accounts receivable, net	113,339	170,632
Current portion of promises to give, net	355,103	623,375
Prepaid expenses	29,908	16,267
Total current assets	2,684,083	2,475,065
Promises to give, less current portion, net	181,368	117,200
Unemployment reserve	22,083	16,268
Property and equipment, net	2,501,238	2,694,562
<b>TOTAL ASSETS</b>	<b>\$ 5,388,772</b>	<b>\$ 5,303,095</b>
Liabilities and Net Assets	2020	2019
Current liabilities:		
Accounts payable	\$ 36,875	\$ 41,619
Accrued payroll	65,431	52,758
Accrued expenses	92,295	33,386
Deferred revenue	5,324	21,895
Total current liabilities	199,925	149,658
Net assets:		
Without donor restrictions	4,511,166	4,331,210
With donor restrictions	677,681	822,227
Total net assets	5,188,847	5,153,437
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,388,772</b>	<b>\$ 5,303,095</b>

See accompanying notes to consolidated financial statements.

**Radio Milwaukee, Inc.**  
**Consolidated Statements of Activities**  
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Individual gifts and membership	\$ 648,381	\$ 209,564	\$ 857,945	\$ 521,298	\$ 576,140	\$ 1,097,438
Foundations and grants	552,498	447,867	1,000,365	204,646	61,954	266,600
Underwriting	564,524	10,000	574,524	1,208,671	42,000	1,250,671
Trade and barter	349,017	-	349,017	1,173,046	-	1,173,046
Public funding	294,377	-	294,377	194,395	-	194,395
Paycheck Protection Program	388,800	-	388,800	-	-	-
In-kind donations	38,730	6,750	45,480	34,185	-	34,185
Event revenue	86,701	-	86,701	106,466	14,684	121,150
Interest income	4,972	-	4,972	8,983	190	9,173
Other income	58,900	-	58,900	47,915	-	47,915
Net assets released from restrictions	818,727	(818,727)	-	1,007,068	(1,007,068)	-
<b>Total support and revenue</b>	<b>3,805,627</b>	<b>(144,546)</b>	<b>3,661,081</b>	<b>4,506,673</b>	<b>(312,100)</b>	<b>4,194,573</b>
Expenses:						
Program	2,437,347	-	2,437,347	3,338,875	-	3,338,875
Management and general	453,518	-	453,518	475,753	-	475,753
Fundraising	734,806	-	734,806	807,491	-	807,491
<b>Total expenses</b>	<b>3,625,671</b>	<b>-</b>	<b>3,625,671</b>	<b>4,622,119</b>	<b>-</b>	<b>4,622,119</b>
Changes in net assets	179,956	(144,546)	35,410	(115,446)	(312,100)	(427,546)
Net assets at beginning of year	4,331,210	822,227	5,153,437	4,446,656	1,134,327	5,580,983
<b>Net assets at end of year</b>	<b>\$ 4,511,166</b>	<b>\$ 677,681</b>	<b>\$ 5,188,847</b>	<b>\$ 4,331,210</b>	<b>\$ 822,227</b>	<b>\$ 5,153,437</b>

See accompanying notes to consolidated financial statements.

**Radio Milwaukee, Inc.**  
**Consolidated Statements of Functional Expenses**  
Years Ended December 31, 2020 and 2019

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	\$1,039,601	\$ 303,110	\$ 424,457	\$1,767,168	\$ 958,058	\$ 316,895	\$ 423,160	\$1,698,113
Employee benefits	115,806	33,765	47,283	196,854	103,367	34,190	45,655	183,212
Payroll taxes	150,330	23,045	32,270	205,645	83,804	25,027	33,419	142,250
Professional fees	-	39,014	-	39,014	-	22,799	-	22,799
Station programming and related	434,168	3,240	-	437,408	615,664	3,960	8,429	628,053
Community outreach	315,733	-	49,973	365,706	433,214	-	95,785	528,999
Fundraising and member events	63,825	-	42,628	106,453	768,067	-	57,350	825,417
Costs of direct benefits to donors	8,523	-	29,867	38,390	-	-	15,438	15,438
Postage and shipping	-	2,518	7,553	10,071	-	4,756	14,268	19,024
Office supplies	2,908	11,216	451	14,575	1,328	13,778	1,913	17,019
Telephone and internet	17,643	5,144	7,203	29,990	15,708	5,196	6,938	27,842
Equipment	7,669	577	577	8,823	6,573	1,041	822	8,436
Occupancy	60,848	3,380	3,380	67,608	73,632	4,091	4,091	81,814
Travel, conferences, and meetings	5,176	13,043	1,871	20,090	45,598	24,355	7,423	77,376
Other operating	1,102	3,576	38,718	43,396	7,357	7,081	51,266	65,704
Bad debt expense	-	-	36,685	36,685	-	-	28,950	28,950
Depreciation	214,015	11,890	11,890	237,795	226,505	12,584	12,584	251,673
<b>Total expenses</b>	<b>\$ 2,437,347</b>	<b>\$ 453,518</b>	<b>\$ 734,806</b>	<b>\$ 3,625,671</b>	<b>\$ 3,338,875</b>	<b>\$ 475,753</b>	<b>\$ 807,491</b>	<b>\$ 4,622,119</b>

See accompanying notes to consolidated financial statements.

# Radio Milwaukee, Inc.

## Consolidated Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 35,410	\$ (427,546)
Adjustment to reconcile change in net assets to net cash, cash equivalents, and restricted cash provided by operating activities:		
Bad debt expense	36,685	28,950
Depreciation	237,795	251,673
Changes in operating assets and liabilities:		
Accounts receivable	53,358	24,842
Promises to give	171,354	157,589
Prepaid expenses	(13,641)	1,459
Accounts payable	(4,744)	(12,003)
Accrued payroll	12,673	(34,736)
Accrued expenses	52,809	20,761
Deferred revenue	(16,571)	(10,310)
<b>Net cash provided by operating activities</b>	<b>565,128</b>	<b>679</b>
Cash flows from investing activities - Capital expenditures	(38,371)	(94,156)
Cash flows from financing activities - Collections of capital campaign pledges and gifts	-	35,100
Increase (decrease) in cash, cash equivalents, and restricted cash	526,757	(58,377)
Cash, cash equivalents, and restricted cash at beginning of year	1,681,059	1,739,436
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$ 2,207,816</b>	<b>\$ 1,681,059</b>
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 2,185,733	\$ 1,664,791
Unemployment reserve	22,083	16,268
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	\$ 2,207,816	\$ 1,681,059
Noncash investing activities - Property and equipment additions included in accrued expenses	\$ 6,100	\$ -

See accompanying notes to consolidated financial statements.

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Activities

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

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

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

#### Consolidated Financial Statements

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

#### Basis of Presentation

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

The Organization maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

#### Change in Accounting Policy

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue From Contracts with Customers* (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of January 1, 2020 and applied Topic 606 on a modified retrospective basis and elected the practical expedients in paragraph FASB Accounting Standards Codification (ASC) 606-10-65-1(f)(1), under which an entity need not restate contracts that begin and are completed within the same annual reporting period. There was no change to reported revenue, net assets, or the change in net assets for either period presented.

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Use of Estimates in Preparation of Financial Statements

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

#### Net Assets

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

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

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

#### Cash and Cash Equivalents

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

#### Accounts Receivable

Accounts receivable are generally uncollateralized underwriting contract obligations due upon performance. Payments of accounts receivable are allocated to the specific invoices identified on the client's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of accounts receivable were reduced by allowances of \$23,335 and \$19,400 that reflect management's estimate of uncollectible amounts at December 31, 2020 and 2019, respectively.

#### Promises to Give

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

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Promises to Give (Continued)

Promises to give are reported in the consolidated statements of financial position net of unamortized discounts and an allowance for uncollectible promises. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate that approximates the rate of government securities. Amortization of the discount is recorded as an increase in contribution revenue. The effective discount rates applied were 3.0% and 4.0% for promises received in 2020 and 2019, respectively. Management individually reviews all promises to give and estimates the portion, if any, of the balance that will not be collected.

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

#### Property and Equipment

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

Property and equipment are depreciated using the straight-line method over their estimated useful lives (see Note 3).

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

#### Unemployment Reserve

The Organization has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Unemployment claims are paid to the State of Wisconsin as incurred. The Organization has an unemployment reserve established with an area financial institution of \$22,083 and \$16,268 at December 31, 2020 and 2019, respectively, to meet state funding requirements.

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition

##### *Individual Gifts, Memberships, Foundations, and Grants*

Individual gifts, memberships, foundations, and grants are considered to be contributions as the donor does not receive a reciprocal benefit. Contributions, including promises to give, are evaluated to determine if they contain conditions prior to recognizing revenue. Unconditional contributions are recognized as revenue when cash or other assets are received. Conditional contributions are recognized as revenue when the barriers to entitlement are overcome. Assets received for which the condition has not been satisfied are recorded as refundable advance liability. There were no refundable advance liabilities as of December 31, 2020 and 2019.

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

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

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

##### *In-Kind Donations*

Contributed services are reflected as both contribution revenue and expenses in the accompanying consolidated statements of activities at their estimated fair value at the date of receipt, if they meet the criteria defined in accordance with FASB ASC 958-605-25-16, *Contributed Services*. Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided. Radio Milwaukee recognized \$45,480 and \$34,185 of in-kind services for the years ended December 31, 2020 and 2019, respectively.

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

##### *Underwriting, Trade, and Barter*

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

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition (Continued)

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

The Organization also enters into nonmonetary trade transactions to provide program underwriting in exchange for operating expenses such as advertising and supplies in addition to sponsorships. Revenue and expenses are recognized at fair value of the item or service being received. Revenue or expense and a corresponding asset or liability are reported when announcements are aired or when goods and services are received or provided. The Organization recognized no gains or losses associated with trade and barter transactions for the years ended December 31, 2020 and 2019. Additionally, there were no assets or liabilities associated with trade and barter transactions as of December 31, 2020 and 2019.

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

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

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

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition** (Continued)

##### ***Public Funding***

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

##### ***Event Revenue***

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

##### ***Interest Income***

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

#### **Income Taxes**

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

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

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

#### **Functional Allocation of Expenses**

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

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

#### **Subsequent Events**

Subsequent events have been evaluated through May 26, 2021, which is the date the consolidated financial statements were available to be issued. See Note 14 for disclosure of a significant subsequent event.

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

### Note 2: Promises to Give

Promises to give consist of the following:

<i>As of December 31,</i>	<b>2020</b>	<b>2019</b>
Less than one year	\$ 457,203	\$ 692,725
One to five years	190,000	122,500
<b>Total promises to give</b>	<b>647,203</b>	<b>815,225</b>
Less:		
Allowance for uncollectible promises to give	(102,100)	(69,350)
Unamortized present value discount	(8,632)	(5,300)
<b>Promises to give, net</b>	<b>536,471</b>	<b>740,575</b>
Less - Current portion	(355,103)	(623,375)
<b>Promises to give, less current portion, net</b>	<b>\$ 181,368</b>	<b>\$ 117,200</b>

### Note 3: Property and Equipment

Property and equipment consists of the following:

<i>As of December 31,</i>	<b>Depreciable Lives</b>	<b>2020</b>	<b>2019</b>
Land	Not applicable	\$ 285,000	\$ 285,000
Building and building improvements	5 to 35 years	2,372,449	2,371,354
Furniture, fixtures, and equipment	3 to 10 years	224,828	224,828
Studio equipment	7 to 10 years	639,394	602,883
Software and information technology	3 to 7 years	425,713	408,534
Construction in progress	Not applicable	-	10,313
<b>Total property and equipment</b>		<b>3,947,384</b>	<b>3,902,912</b>
Less: Accumulated depreciation		(1,446,146)	(1,208,350)
<b>Property and equipment, net</b>		<b>\$ 2,501,238</b>	<b>\$ 2,694,562</b>

### Note 4: Line of Credit

Radio Milwaukee has a \$100,000 line of credit with an area bank which is collateralized by a general business security agreement. Interest is payable monthly at the greater of the prime rate plus 1.85% or 4.15% (effective rate of 5.10% at December 31, 2020). There was no balance outstanding on the line of credit at December 31, 2020 and 2019. The line of credit matures in December 2023.

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

### Note 5: Operating Lease

Radio Milwaukee leases an automobile under an operating lease requiring monthly payments of \$343 through May 2022. Vehicle lease expense totaled \$4,116 and \$4,674 for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments are as follows:

<i>Years Ending December 31,</i>			
2021	\$	4,116	
2022		1,372	
Total future minimum lease payments	\$	5,488	

### Note 6: Net Assets With Donor Restrictions

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

<i>As of December 31,</i>		<b>2020</b>		<b>2019</b>
Subject to expenditure for specified purpose:				
Backline program	\$	141,210	\$	81,652
Promises to give, the proceeds from which have been restricted by donors for the Backline program		56,639		191,600
Total subject to expenditure for specified purpose		197,849		273,252
Subject to the passage of time - Promises to give that are not restricted by donors but which are unavailable for expenditure until received		479,832		548,975
Total net assets with donor restrictions	\$	677,681	\$	822,227

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

<i>Years Ended December 31,</i>		<b>2020</b>		<b>2019</b>
Satisfaction of purpose restrictions:				
Capital expenditures	\$	-	\$	43,261
Backline program		334,471		355,158
Expiration of time restrictions		484,256		608,649
Net assets released from restrictions	\$	818,727	\$	1,007,068

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

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### Note 7: Liquidity and Availability

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

<i>As of December 31,</i>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 2,185,733	\$ 1,664,791
Accounts receivable, net	113,339	170,632
Promises to give, net	355,103	740,575
Unemployment reserve	22,083	16,268
<b>Total financial assets</b>	<b>2,676,258</b>	<b>2,592,266</b>
Less:		
Restricted program contributions included in cash and cash equivalents	(141,210)	(81,652)
Cash restricted for reimbursement of claims under the provisions of Wisconsin unemployment compensation laws	(22,083)	(16,268)
Promises to give restricted by donors for purpose	(52,000)	(191,600)
<b>Total financial assets available for general expenditure</b>	<b>\$ 2,460,965</b>	<b>\$ 2,302,746</b>

The Organization seeks to maintain financial assets in liquid form such as cash and cash equivalents for at least six months of operating expenditures. The Organization invests cash in excess of daily requirements in certificates of deposit and money market accounts with maturities of 12 months or less. The Organization also has a line of credit available for cash flow needs up to \$100,000 as further described in Note 4.

### Note 8: Trade and Barter

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

<i>Years Ended December 31,</i>	<b>2020</b>	<b>2019</b>
Fundraising and member events	\$ 20,870	\$ 51,869
Community outreach	8,523	28,782
Advertising and marketing	241,913	289,820
Member benefits	12,363	35,330
Events and sponsorships	63,625	738,203
Meeting expenses	1,723	23,281
Dues	-	5,761
<b>Total trade and barter</b>	<b>\$ 349,017</b>	<b>\$ 1,173,046</b>

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

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### Note 9: Contract Balances

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time, such as work in process or unbilled receivables. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. Contract liabilities represent the Organization's obligation to transfer goods or services to a customer when consideration has already been received from the customer, such as customer deposits and deferred revenue. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized.

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

<i>As of</i>	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable	\$ 103,319	\$ 159,714	\$ 200,164
Contract liabilities - Deferred revenue	\$ 5,324	\$ 21,895	\$ 32,205

### Note 10: Disaggregation of Revenues from Contracts with Customers

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

<i>Years Ended December 31,</i>	2020	2019
Revenue from contracts with customers - Recognized over time:		
Underwriting	\$ 574,524	\$ 1,250,671
Trade and barter	349,017	1,173,046
Total revenue from contracts with customers	923,541	2,423,717
Other support and revenue	2,737,539	1,770,856
Total support and revenue	\$ 3,661,080	\$ 4,194,573

### Note 11: Concentrations

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

For the year ended December 31, 2020, support from one donor constituted 12.3% of total support and revenue. There were no significant concentrations in support for the year ended December 31, 2019.

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

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### Note 11: Concentrations (Continued)

Concentrations of promises to give are as follows:

<i>As of December 31,</i>	<b>2020</b>	<b>2019</b>
Donor A	*	10.1 %
Donor B	55.9 %	*

\* Donor does not constitute a major concentration of promises to give at December 31st.

### Note 12: Advertising and Marketing

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

<i>Years Ended December 31,</i>	<b>2020</b>	<b>2019</b>
Direct advertising and marketing	\$ 69,662	\$ 120,302
Advertising and marketing from trade and barter agreements	241,913	289,820
<b>Total advertising and marketing</b>	<b>\$ 311,575</b>	<b>\$ 410,122</b>

### Note 13: Retirement Plan

Radio Milwaukee sponsors a 401(k) plan covering substantially all employees which provides for employer matching contributions of up to 3% of employee wages plus one half of the next 2% of deferrals. Radio Milwaukee may also extend an annual profit-sharing contribution to all participating employees at its discretion. For the years ended December 31, 2020 and 2019, retirement plan expense was \$43,809 and \$56,903, respectively.

### Note 14: Contingencies

#### Business Conditions

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Crisis including financial markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 impacted various aspects of operations and financial results for the year ended December 31, 2020, including, but not limited to, underwriting, trade, and barter revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact of COVID-19, however; the full impact of COVID-19 is unknown and cannot be reasonably estimated.

# Radio Milwaukee, Inc.

## Notes to Consolidated Financial Statements

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### **Note 14: Contingencies** (Continued)

#### **Paycheck Protection Program**

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small businesses cover their near-term operating expenses and provide an incentive to retain their employees during the COVID-19 pandemic. The Organization applied for and received a PPP loan of \$388,800 under this program. The Organization applied for full loan forgiveness and received a forgiveness notification from the SBA that the loan was fully forgiven on November 10, 2020, and thus the loan proceeds have been recognized as income on the 2020 consolidated financial statements.

On March 22, 2021, the Organization received a second PPP loan of \$388,800 under this program. The loan forgiveness covered period ends on the date selected by the Organization that is eight weeks after the disbursement date of the note through twenty-four weeks after the disbursement date. All or a portion of the loan may be forgiven if the Organization uses the proceeds of the loan for eligible payroll costs and other expenses in accordance with the PPP. The unforgiven portion bears interest at 1.00% and requires monthly payments of interest and principal sufficient to fully amortize the balance beginning ten months after the end of the loan forgiveness covered period.