

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP – FM

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 13

Independent Auditor's Report

May 20, 2020

To the Board of Directors
Cook County Community Radio
D/B/A WTIP-FM
Grand Marais, Minnesota

We have audited the accompanying financial statements of Cook County Community Radio D/B/A WTIP-FM (a tax-exempt organization), 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 Cook County Community Radio D/B/A WTIP-FM 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.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 123,963	\$ 141,123
Total Current Assets	<u>123,963</u>	<u>141,123</u>
 <u>Property And Equipment:</u>		
Building	537,388	537,388
Transmitter tower/equipment	<u>531,014</u>	<u>500,054</u>
	1,068,402	1,037,442
Less: accumulated depreciation	<u>(428,290)</u>	<u>(394,578)</u>
Property And Equipment, Net	<u>640,112</u>	<u>642,864</u>
 Total Assets	<u><u>\$ 764,075</u></u>	<u><u>\$ 783,987</u></u>
 <u>Liabilities And Net Assets</u>		
<u>Current Liabilities:</u>		
Accounts payable/accruals	<u>\$ 4,888</u>	<u>\$ 3,692</u>
Total Current Liabilities	<u>4,888</u>	<u>3,692</u>
 <u>Net Assets:</u>		
Without donor restrictions	752,305	778,719
With donor restrictions	<u>6,882</u>	<u>1,576</u>
Total Net Assets	<u>759,187</u>	<u>780,295</u>
 Total Liabilities And Net Assets	<u><u>\$ 764,075</u></u>	<u><u>\$ 783,987</u></u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		
	Without Donor	With Donor	
	Restructions	Restrictions	Total
<u>Public Support And Revenues:</u>			
<u>Public Support:</u>			
Grant-Corporation for Public Broadcasting	\$ 104,308	\$ 26,607	\$ 130,915
Grant-State of Minnesota - Heritage	110,516	-	110,516
Grant-Ampers	16,177	6,882	23,059
Grants and donations-other	37,754	-	37,754
In-kind contributions	26,208	-	26,208
Net assets released from restrictions	28,183	(28,183)	-
Total Public Support	<u>323,146</u>	<u>5,306</u>	<u>328,452</u>
<u>Revenues:</u>			
Memberships	164,248	-	164,248
Business underwriting	112,511	-	112,511
Interest income	131	-	131
Miscellaneous activities	20,372	-	20,372
Total Revenues	<u>297,262</u>	<u>-</u>	<u>297,262</u>
Total Public Support/Revenue	<u>620,408</u>	<u>5,306</u>	<u>625,714</u>
<u>Operating Expenses:</u>			
Program services	433,845	-	433,845
Fundraising	126,597	-	126,597
Management and general	86,380	-	86,380
Total Operating Expenses	<u>646,822</u>	<u>-</u>	<u>646,822</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (26,414)	\$ 5,306	\$ (21,108)
<u>Net Assets:</u>			
Beginning of year	<u>778,719</u>	<u>1,576</u>	<u>780,295</u>
End of year	<u>\$ 752,305</u>	<u>\$ 6,882</u>	<u>\$ 759,187</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2018		
	Without Donor Restructions	With Donor Restrictions	Total
<u>Public Support And Revenues:</u>			
<u>Public Support:</u>			
Grant-Corporation for Public Broadcasting	\$ 99,184	\$ 27,154	\$ 126,338
Grant-State of Minnesota - Heritage	97,902	-	97,902
Grant-Ampers	29,941	-	29,941
Grants and donations-other	19,676	-	19,676
In-kind contributions	30,605	-	30,605
Net assets released from restrictions	65,578	(65,578)	-
Total Public Support	<u>342,886</u>	<u>(38,424)</u>	<u>304,462</u>
<u>Revenues:</u>			
Memberships	149,715	-	149,715
Business underwriting	113,339	-	113,339
Interest income	177	-	177
Miscellaneous activities	22,855	-	22,855
Total Revenues	<u>286,086</u>	<u>-</u>	<u>286,086</u>
Total Public Support/Revenue	<u>628,972</u>	<u>(38,424)</u>	<u>590,548</u>
<u>Operating Expenses:</u>			
Program services	416,077	-	416,077
Fundraising	125,222	-	125,222
Management and general	80,781	-	80,781
Total Operating Expenses	<u>622,080</u>	<u>-</u>	<u>622,080</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 6,892	\$ (38,424)	\$ (31,532)
<u>Net Assets:</u>			
Beginning of year	<u>771,827</u>	<u>40,000</u>	<u>811,827</u>
End of year	<u>\$ 778,719</u>	<u>\$ 1,576</u>	<u>\$ 780,295</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			
	Program Services	Fundraising	Management And General	Total
Salaries	\$ 191,972	\$ 68,245	\$ 50,925	\$ 311,143
Payroll taxes	14,819	5,268	3,931	24,019
Employee benefits	20,573	7,314	5,457	33,344
Total Compensation	227,365	80,827	60,314	368,506
Administrative expense	-	-	19,066	19,066
Advertising/marketing	30,323	-	-	30,323
Advertising/marketing-in kind	-	26,208	-	26,208
Building expenses	15,816	-	4,737	20,553
Depreciation	33,713	-	-	33,713
Dues/conferences	14,010	-	-	14,010
Equipment	1,957	-	-	1,957
Fundraising	-	19,562	-	19,562
Professional fees	-	-	2,263	2,263
Radio programming	62,616	-	-	62,616
Technical services	17,314	-	-	17,314
Telephone	4,787	-	-	4,787
Translator/transmitter	5,103	-	-	5,103
Transmitter expense	18,685	-	-	18,685
Volunteer	2,156	-	-	2,156
	<u>\$ 433,845</u>	<u>\$ 126,597</u>	<u>\$ 86,380</u>	<u>\$ 646,822</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2018			
	Program Services	Fundraising	Management And General	Total
Salaries	\$ 189,653	\$ 67,421	\$ 50,310	\$ 307,384
Payroll taxes	16,571	5,891	4,396	26,857
Employee benefits	19,535	6,945	5,182	31,662
Total Compensation	225,759	80,256	59,888	365,903
Administrative expense	-	-	16,877	16,877
Advertising/marketing	35,209	-	-	35,209
Advertising/marketing-in kind	-	29,855	-	29,855
Building expenses	12,874	-	3,856	16,730
Depreciation	33,037	-	-	33,037
Dues/conferences	11,625	-	-	11,625
Equipment	1,623	-	-	1,623
Fundraising	-	15,111	-	15,111
Professional fees	-	-	160	160
Radio programming	46,963	-	-	48,963
Technical services	18,736	-	-	18,736
Telephone	4,687	-	-	4,687
Translator/transmitter	5,186	-	-	5,186
Transmitter expense	17,595	-	-	17,595
Volunteer	2,783	-	-	2,783
	<u>\$ 416,077</u>	<u>\$125,222</u>	<u>\$ 80,781</u>	<u>\$ 621,080</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Cash Flows From Operating Activities:</u>		
Increase (decrease) in net assets	\$ (21,108)	\$ (31,532)
<u>Adjustments to reconcile to net cash flows</u>		
<u>from operating activities:</u>		
Depreciation	33,713	33,037
<u>Increase (decrease) in:</u>		
Payables and accruals	<u>1,196</u>	<u>1,295</u>
Net Cash Flows From Operating Activities	<u>13,801</u>	<u>2,800</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of building and equipment	<u>(30,961)</u>	<u>(6,107)</u>
Net Cash Flows From Investing Activities	<u>(30,961)</u>	<u>(6,107)</u>
NET INCREASE (DECREASE) IN CASH	(17,160)	(3,307)
<u>Cash And Cash Equivalents:</u>		
Beginning of year	<u>141,123</u>	<u>144,430</u>
End of year	<u><u>\$ 123,963</u></u>	<u><u>\$ 141,123</u></u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Organization

Cook County Community Radio D/B/A WTIP-FM is a tax-exempt Minnesota corporation operating a public broadcasting radio station in Grand Marais, Minnesota. The Organization is a charitable organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Revenues are derived from public support and membership support. The Organization provides local programming.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. The financial statements have been prepared in conformity with the standards set forth for not-for-profit organizations.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. 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 restrictions.

Net Assets with Donor Restrictions – Net asset subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Property and Equipment

Property and equipment over \$1,000 are stated at cost less accumulated depreciation. Depreciation is determined on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 40 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Transmitter tower and equipment are recorded at cost, if purchased and at fair market value at date of gift, if donated to WTIP.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the organization 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 amounts could differ from those estimates.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

In-Kind Contributions and Donated Personal Services of Volunteers

In-kind contributions are recorded as revenues in the Statements of Activities. In-kind contributions consist of local support for marketing.

The value of personal services of volunteer has not been reflected in the financial statements as no objective basis is available for valuation.

Accrued Vacation

Accrued compensated absences have not been reflected in the financial statements as they cannot be reasonably estimated.

Cash Flows

Cash and cash equivalents are defined as checking and short-term investments with maturities of less than one year for purposes of the Statement of Cash Flows.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents at financial institutions and any grants receivable.

Advertising Costs

Advertising costs are expensed as incurred.

Change in Accounting Principle

The FASB has issued an Accounting Standards Update (ASU 2016-14) – *Presentation of Financials Statements of Not-for-Profit Entities*. The update addresses the complexity of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented this standard in 2018 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

Management has evaluated subsequent events through May 20, 2020, the date on which the financial statements were available to be issued.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures for programming and general expenditures without restriction. The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Organization invests excess available cash in bank savings.

Financial assets available for general expenditures without donor restriction, within one year of the date of the statement of financial position, comprise the following:

	<u>2019</u>
Petty cash	\$ 120
Checking accounts	17,919
Savings accounts	<u>105,924</u>
Financial assets available within one year to meet cash needs for expenditures	<u>\$ 123,963</u>

NOTE C – ENDOWMENT FUND

WTIP has endowment funds as part of the Duluth Superior Area Community Foundation. Income generated from investments is available for general operations. The money is maintained under a custodial agreement with the Duluth-Superior Community Foundation and all investing and accounting is performed by them. The asset value is not reflected in these financial statements. Total Fund value is \$58,867 on December 31, 2019 of which \$29,562 represents permanent contributions.

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

Grants and donations that are originally restricted when received and have not been expended for that restricted purpose on December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Duluth-Superior Area Community Fund	\$ -	\$ 1,576
MN - Equipment Grant	6,882	-
	<u>\$ 6,882</u>	<u>\$ 1,576</u>

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP-FM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE E – FUNCTIONAL EXPENSES

Operating expenses are allocated between program, fundraising and management and general. Program expenses provide a public broadcasting radio station to provide local programming and service. Expenses are allocated based on their direct relationship to providing the program activities described above.

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 Organization maintains accountability for each line item expense and allocates each expense to the various programs accordingly.

NOTE F – OTHER GRANTS

The detail of Grants and Donations – Other is as follows:

	<u>2019</u>	<u>2018</u>
Community Counts	\$ 7,000	
DNR	3,704	-
Duluth-Superior Area Community Fund	2,000	1,576
EDA	550	
IRRRB	10,000	-
Lloyd K. Johnson Foundation	7,500	-
NEMOJT	-	1,500
New Initiative JWF Fund	-	10,000
North House	6,500	5,600
Schaap Foundation	-	1,000
Third Coast Conference	500	
	<u>\$ 37,754</u>	<u>\$ 19,676</u>

NOTE G – SUBSEQUENT EVENT - COVID-19 IMPACT

In March of 2020, the State of Minnesota implemented a shut down of non-essential businesses in the state in response to the COVID-19 virus. As of the date of issuance of these financial statements, the Organization had not yet suffered a material adverse impact from COVID-19. The future impact of COVID-19 on the Organization cannot be reasonably estimated at this time. Future operations for the Organization will address any reductions in revenues as they arise during 2020 and will result in an analysis of all costs for potential savings such as programming costs, administrative costs, and compensation costs.

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP-FM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE H – REVENUE RECOGNITION

We have analyzed the provisions of the new accounting standard, ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes in revenue recognition are necessary to transition to the new standard. Significant revenue streams consist of grants and other public support, memberships and underwriting for radio programs.

Significant support is received from the Corporation for Public Broadcasting and the State of Minnesota. Membership and underwriting revenues are received from approximately 200 individuals and businesses.