

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP – FM

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Independent Auditor's Report

May 9, 2022

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cook County Community Radio d/b/a WTIP-FM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cook County Community Radio d/b/a WTIP-FM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cook County Community Radio d/b/a WTIP-FM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cook County Community Radio d/b/a WTIP-FM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lucan, Lansen & Co. CPAs

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 430,450	\$ 327,978
Total Current Assets	<u>430,450</u>	<u>327,978</u>
 <u>Property And Equipment:</u>		
Building	537,388	537,388
Transmitter tower/equipment	<u>531,014</u>	<u>531,014</u>
	1,068,402	1,068,402
Less: accumulated depreciation	<u>(500,771)</u>	<u>(465,398)</u>
Property And Equipment, Net	<u>567,631</u>	<u>603,004</u>
 Total Assets	<u><u>\$ 998,081</u></u>	<u><u>\$ 930,982</u></u>
 <u>Liabilities And Net Assets</u>		
<u>Current Liabilities:</u>		
Accounts payable/accruals	\$ 3,611	\$ 1,428
Total Current Liabilities	<u>3,611</u>	<u>1,428</u>
 <u>Net Assets:</u>		
Without donor restrictions	982,504	926,285
With donor restrictions	<u>11,966</u>	<u>3,269</u>
Total Net Assets	<u>994,470</u>	<u>929,554</u>
 Total Liabilities And Net Assets	<u><u>\$ 998,081</u></u>	<u><u>\$ 930,982</u></u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Public Support And Revenues:</u>			
<u>Public Support:</u>			
Grant-Corporation for Public Broadcasting	\$ 103,961	\$ 29,622	\$ 133,583
Grant-CPB - Emergency Fund	112,136	-	112,136
PPP loan forgiveness	71,392	-	71,392
Grant-State of Minnesota - Heritage	46,194	-	46,194
Grant-Ampers	10,953	3,269	14,222
Grants and donations-other	89,785	-	89,785
In-kind contributions	21,838	-	21,838
Net assets released from restrictions	36,504	(36,504)	-
Total Public Support	<u>492,763</u>	<u>(3,613)</u>	<u>489,150</u>
<u>Revenues:</u>			
Memberships	186,577	-	186,577
Business underwriting	96,544	-	96,544
Interest income	493	-	493
Miscellaneous activities	5,205	-	5,205
Total Revenues	<u>288,819</u>	<u>-</u>	<u>288,819</u>
Total Public Support/Revenue	<u>781,582</u>	<u>(3,613)</u>	<u>777,969</u>
<u>Operating Expenses:</u>			
Program services	409,439	-	409,439
Fundraising	115,880	-	115,880
Management and general	82,283	-	82,283
Total Operating Expenses	<u>607,602</u>	<u>-</u>	<u>607,602</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 173,980	\$ (3,613)	\$ 170,367
<u>Net Assets:</u>			
Beginning of year	<u>752,305</u>	<u>6,882</u>	<u>759,187</u>
End of year	<u>\$ 926,285</u>	<u>\$ 3,269</u>	<u>\$ 929,554</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2020			
	Program Services	Fundraising	Management And General	Total
Salaries	\$ 179,195	\$ 63,703	\$ 47,536	\$ 290,434
Payroll taxes	14,070	5,002	3,733	22,805
Employee benefits	21,274	7,563	5,643	34,480
Total Compensation	214,539	76,268	56,912	347,719
Administrative expense	-	-	22,134	22,134
Advertising/marketing	10,131	-	-	10,131
Advertising/marketing-in kind	-	21,838	-	21,838
Building expenses	8,519	-	2,552	11,071
Depreciation	37,107	-	-	37,107
Dues/conferences	10,375	-	-	10,375
Equipment	4,477	-	-	4,477
Fundraising	-	17,774	-	17,774
Grants	18,504	-	-	18,504
Professional fees	-	-	685	685
Radio programming	60,769	-	-	60,769
Technical services	11,611	-	-	11,611
Telephone	5,053	-	-	5,053
Translator/transmitter	6,271	-	-	6,271
Transmitter expense	20,254	-	-	20,254
Volunteer	1,829	-	-	1,829
	<u>\$ 409,439</u>	<u>\$ 115,880</u>	<u>\$ 82,283</u>	<u>\$ 607,602</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities:</u>		
Increase in net assets	\$ 64,916	\$ 170,367
<u>Adjustments to reconcile to net cash flows</u>		
<u>from operating activities:</u>		
Depreciation	35,374	37,107
<u>Increase (decrease) in:</u>		
Payables and accruals	<u>2,182</u>	<u>(3,459)</u>
Net Cash Flows From Operating Activities	<u>102,472</u>	<u>204,015</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of building and equipment	<u>-</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>-</u>	<u>-</u>
NET INCREASE IN CASH	102,472	204,015
<u>Cash And Cash Equivalents:</u>		
Beginning of year	<u>327,978</u>	<u>123,963</u>
End of year	<u><u>\$ 430,450</u></u>	<u><u>\$ 327,978</u></u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

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, 2021, 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, 2021 AND 2020

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.

Subsequent Events

Management has evaluated subsequent events through May 9, 2022, 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, 2021 AND 2020

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>2021</u>	<u>2020</u>
Petty cash	\$ 195	\$ 195
Checking accounts	26,107	41,880
Savings accounts	<u>404,148</u>	<u>285,903</u>
Financial assets available within one year to meet cash needs for expenditures	<u>\$ 430,450</u>	<u>\$ 327,978</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 \$41,149 on December 31, 2021 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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
MN - Equipment Grant	\$ 11,966	\$ 3,269
	<u>\$ 11,966</u>	<u>\$ 3,269</u>

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP-FM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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>2021</u>	<u>2020</u>
Cook County	\$ -	\$ 1,615
COVID Community Support	39,937	33,188
Duluth-Superior Area Community Fund	-	27,732
JERF	-	5,000
Joyful Women Fund	-	14,000
Lenfest Facebook Grant	-	5,000
North House	-	3,250
	<u>\$ 39,937</u>	<u>\$ 89,785</u>

NOTE G – 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 2022 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, 2021 AND 2020

NOTE H – REVENUE RECOGNITION

The Organization has analyzed the provisions of the new accounting standard, ASC Topic 606, *Revenue from Contracts with Customers*, ASU 2014-09 and have concluded that no changes in revenue recognition are necessary to transition to the new standard. ASU 2014-09 applies to exchange transactions with customers that are bound by contract or similar arrangements and establishes a performance obligation approach to revenue recognition. Significant revenue streams consist of grants and other public support, memberships and underwriting for radio programs.

Memberships are generally purchased annually and provide the member with general communication of events happening at the station. Performance obligations are considered met when the membership is purchased. Underwriting of programs are considered to have met the performance obligation once the underwriting is complete which generally occurs at the time of payment.

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.

NOTE I – TAX STATUS

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability if there has been an uncertain position taken 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, 2021 and 2020, 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.