



Financial Statements  
December 31, 2020 and 2019

# Listeners Community Radio of Utah

# Listeners Community Radio of Utah

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December 31, 2020 and 2019

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## 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, 2020 and 2019, 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, 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 of America.

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

Salt Lake City, Utah

July 7, 2021

Listeners Community Radio of Utah  
Statements of Financial Position  
December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 477,439	\$ 312,056
Underwriting receivables	26,358	40,295
Unconditional promises to give, net	230,781	208,283
Other receivables	-	1,960
Inventories	3,028	2,525
Prepaid expenses and deposits	29,352	27,157
Total current assets	766,958	592,276
Property and Equipment, Net	489,270	521,205
Total assets	\$ 1,256,228	\$ 1,113,481
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 12,035	\$ 23,607
Accrued liabilities	51,341	10,911
Total current liabilities	63,376	34,518
Net Assets		
Net assets without donor restrictions	928,846	809,124
Net assets with donor restrictions	264,006	269,839
Total net assets	1,192,852	1,078,963
Total liabilities and net assets	\$ 1,256,228	\$ 1,113,481

Listeners Community Radio of Utah  
Statements of Activities  
Years Ended December 31, 2020 and 2019

	2020	2019
Net Assets without Donor Restrictions		
Public support and revenue		
Grants and contributions, net	\$ 632,447	\$ 615,095
Underwriting revenue	122,572	199,851
In-kind contributions	73,819	223,940
Events and other income	121,467	36,498
Net assets released from restrictions	244,839	258,873
Total public support and revenue	1,195,144	1,334,257
Expenses		
Program services		
Programming and production	531,565	495,363
Engineering and broadcasting	164,057	163,220
Total program services	695,622	658,583
Supporting services		
Management and general	131,664	164,844
Underwriting and grant solicitation	67,697	64,114
Fundraising	180,694	389,752
Total expenses	1,075,677	1,277,293
Change in Net Assets without Donor Restrictions	119,467	56,964
Net Assets with Donor Restrictions		
Grants and contributions	239,261	374,749
Return of contributions to donors	-	(22,040)
Net assets released from restrictions	(244,839)	(258,873)
Change in Net Assets with Donor Restrictions	(5,578)	93,836
Change in Net Assets	113,889	150,800
Net Assets, Beginning of Year	1,078,963	928,163
Net Assets, End of Year	\$ 1,192,852	\$ 1,078,963

Listeners Community Radio of Utah

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services			Supporting Services			
	Programming and Production	Engineering and Broadcasting	Total	Management and General	Underwriting and Grant Solicitation	Fundraising	Total
Payroll and payroll taxes	\$ 357,911	\$ 49,770	\$ 407,681	\$ 44,600	\$ 50,766	\$ 47,008	\$ 550,055
Employee benefits	56,013	1,191	57,204	6,099	2,164	12,261	77,728
Professional fees	1,750	958	2,708	30,322	-	-	33,030
Advertising and promotion	-	-	-	-	-	33,040	33,040
Office expense	126	786	912	27,723	-	1,290	29,925
Information technology	56,960	-	56,960	1,811	3,510	15,202	77,483
Occupancy	-	10,925	10,925	8,749	-	-	19,674
Insurance	5,634	-	5,634	9,343	-	-	14,977
Promotional events	-	-	-	-	-	68,876	68,876
Transmitter expenses	-	92,776	92,776	-	-	-	92,776
Depreciation	22,113	7,651	29,764	3,017	-	3,017	35,798
Listener research	2,521	-	2,521	-	-	-	2,521
Travel	408	-	408	-	-	-	408
Programming dues	28,129	-	28,129	-	-	-	28,129
Bad debt expense	-	-	-	-	11,257	-	11,257
<b>Total functional expenses</b>	<b>\$ 531,565</b>	<b>\$ 164,057</b>	<b>\$ 695,622</b>	<b>\$ 131,664</b>	<b>\$ 67,697</b>	<b>\$ 180,694</b>	<b>\$ 1,075,677</b>

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
<b>Total functional expenses</b>	<b>\$ 495,363</b>	<b>\$ 163,220</b>	<b>\$ 658,583</b>	<b>\$ 164,844</b>	<b>\$ 64,114</b>	<b>\$ 389,752</b>	<b>\$ 1,277,293</b>



Listeners Community Radio of Utah  
 Statements of Cash Flows  
 Years Ended December 31, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ 113,889	\$ 150,800
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	35,798	36,384
Changes in operating assets and liabilities		
Underwriting receivables	13,937	12,452
Unconditional promises to give	(22,498)	(70,219)
Other receivables	1,960	(1,216)
Inventories	(503)	7,706
Prepaid expenses and deposits	(2,195)	(10,793)
Accounts payable	(11,572)	5,794
Accrued liabilities	40,430	(55,488)
Net Cash from Operating Activities	169,246	75,420
Investing Activities		
Purchase of property and equipment	(3,863)	(7,536)
Net Cash used for Investing Activities	(3,863)	(7,536)
Net Change in Cash and Cash Equivalents	165,383	67,884
Cash and Cash Equivalents, Beginning of Year	312,056	244,172
Cash and Cash Equivalents, End of Year	\$ 477,439	\$ 312,056

**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 receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Underwriting receivables are written off when deemed uncollectible. No allowances for uncollectible underwriting receivables were recorded at December 31, 2020 and 2019. Underwriting receivables at January 1, 2019, were \$52,747.

**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, 2020 and 2019, the allowance for uncollectable promises to give was \$46,194 and \$57,970, 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, 2020 and 2019.

## 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*

For performance obligations related to underwriting revenues, revenues are recognized over time.

The Organization uses the output method to recognize revenue over time. The output method consists of the percentage of broadcasting spots aired to date to the total number of contractual ad spots. This method is used because management considers ad spots to be the best available measure of progress on the contracts.

### **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 \$33,040 and \$128,485 during the years ended December 31, 2020 and 2019, 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.

### **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.

### **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.

**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:

	2020	2019
Cash and cash equivalents	\$ 444,214	\$ 250,500
Underwriting receivables	26,358	40,295
Promises to give	198,870	177,665
Other receivables	-	1,960
	\$ 669,442	\$ 470,420

From time to time, as part of a liquidity management plan, excess cash is invested in interest-bearing savings accounts. Occasionally, the Board of Directors 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:

	2020	2019
Member pledges	\$ 245,064	\$ 233,680
Grants	31,911	32,573
Less estimated uncollectable amounts	(46,194)	(57,970)
	\$ 230,781	\$ 208,283

At December 31, 2020 and 2019, 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:

	2020	2019
Computers and equipment	\$ 880,205	\$ 876,342
Furniture and fixtures	45,931	45,931
Buildings and improvements	714,169	714,169
Land	102,500	102,500
	1,742,805	1,738,942
Less accumulated depreciation	(1,253,535)	(1,217,737)
	\$ 489,270	\$ 521,205

**Note 5 - Net Assets with Donor Restrictions**

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

	<u>2020</u>	<u>2019</u>
Promises to give		
Not restricted by donors, but which are unavailable for expenditure until due	\$ 198,870	\$ 177,665
Restricted by donors for national program production, content acquisition, distribution and promotion	<u>31,911</u>	<u>30,618</u>
	230,781	208,283
Donations restricted by donors for national program production, content acquisition, distribution and promotion	23,225	44,056
Donations restricted by donors for other purposes	<u>10,000</u>	<u>17,500</u>
	<u>\$ 264,006</u>	<u>\$ 269,839</u>

**Note 6 - Donated Professional Services and Materials**

The Organization received donated professional services and materials as follows during the year ended December 31, 2020:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotional events	\$ -	\$ -	\$ 46,959	\$ 46,959
Information technology	26,380	-	-	26,380
Occupancy	-	480	-	480
	<u>\$ 26,380</u>	<u>\$ 480</u>	<u>\$ 46,959</u>	<u>\$ 73,819</u>

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

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

**Note 7 - Leases**

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

Future minimum lease payments are as follows:

Years Ending December 31,		
2021	\$	77,558
2022		76,225
2023		77,304
2024		79,623
2025		82,012
Thereafter		84,472
Total minimum lease payments	\$	477,194

Total lease expense for the years ended December 31, 2020 and 2019, was approximately \$75,400 and \$73,400, respectively.

**Note 8 - Subsequent Events**

Effective January 16, 2021, the Organization entered into an agreement for a second draw of a small business loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan totals approximately \$148,000, is uncollateralized and is fully guaranteed by the federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded a note payable in 2021 for this amount and will record the forgiveness upon being legally released from the loan obligation by the SBA.

On February 26, 2021, the Organization sold its building, land, and building improvements to a third party for approximately \$645,000. The Organization entered into a lease agreement with the purchaser to lease the property back from the purchaser through May 31, 2021 with no payments required throughout the lease back period.

Effective May 1, 2021, the Organization entered into separate lease agreements for office space and studio space for a period of three years with no payments required throughout the terms of the leases.

The Organization has evaluated subsequent events through July 7, 2021, the date the financial statements were available to be issued.