

**BASCOMB MEMORIAL BROADCASTING
FOUNDATION, INC. D/B/A WDNA
COMMUNITY RADIO
(A NONPROFIT ORGANIZATION)**

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bascomb Memorial Broadcasting Foundation, Inc.
d/b/a WDNA Community Radio (a nonprofit organization)
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Bascomb Memorial Broadcasting Foundation, Inc. d/b/a WDNA Community Radio (a nonprofit organization) (“the Organization”), 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 audit. We conducted our audit 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 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 Bascomb Memorial Broadcasting Foundation, Inc. d/b/a WDNA Community Radio 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 9, 2021

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 181,517	\$ 11,856
Grants and other receivables	316,914	303,516
Land, building and equipment, net	1,925,945	1,957,906
Prepaid and other assets	<u>9,464</u>	<u>12,430</u>
TOTAL ASSETS	<u>\$ 2,433,840</u>	<u>\$ 2,285,708</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 88,453	\$ 138,803
Accrued expenses and other liabilities	9,902	31,628
Debt:		
Line of credit	-	47,852
Payroll Protection Program ("PPP") loan	72,742	-
Small Business Administration ("SBA") loan	149,900	-
Mortgage payable, net of debt issuance costs	<u>819,903</u>	<u>876,334</u>
Total debt, net of debt issuance costs	1,042,545	924,186
TOTAL LIABILITIES	<u>1,140,900</u>	<u>1,094,617</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	<u>1,292,940</u>	<u>1,191,091</u>
TOTAL NET ASSETS	<u>1,292,940</u>	<u>1,191,091</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,433,840</u>	<u>\$ 2,285,708</u>

The accompanying notes are an integral part of these financial statements.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants	\$ 584,408	\$ -	\$ 584,408
Underwriting	141,199	-	141,199
Contributions from listeners	172,550	-	172,550
Special events	2,224	-	2,224
In-kind contributions	30,000	-	30,000
Other	16,308	-	16,308
TOTAL REVENUE AND SUPPORT	946,689	-	946,689
EXPENSES			
Program services:	480,712	-	480,712
Total program services	<u>480,712</u>	<u>-</u>	<u>480,712</u>
Supporting activities:			
Management and general	315,597	-	315,597
Fundraising	48,531	-	48,531
Total supporting activities	<u>364,128</u>	<u>-</u>	<u>364,128</u>
TOTAL EXPENSES	844,840	-	844,840
CHANGE IN NET ASSETS	101,849	-	101,849
NET ASSETS, beginning of year	<u>1,191,091</u>	<u>-</u>	<u>1,191,091</u>
NET ASSETS, end of year	<u><u>\$ 1,292,940</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,292,940</u></u>

The accompanying notes are an integral part of these financial statements.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants	\$ 403,582	\$ -	\$ 403,582
Underwriting	208,437	-	208,437
Contributions from listeners	147,220	-	147,220
Special events	63,207	-	63,207
In-kind contributions	15,450	-	15,450
Other	14,391	-	14,391
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	18,935	(18,935)	-
TOTAL REVENUE AND SUPPORT	871,222	(18,935)	852,287
EXPENSES			
Program services:	555,655	-	555,655
Total program services	555,655	-	555,655
Supporting activities:			
Management and general	312,690	-	312,690
Fundraising	49,482	-	49,482
Total supporting activities	362,172	-	362,172
TOTAL EXPENSES	917,827	-	917,827
CHANGE IN NET ASSETS	(46,605)	(18,935)	(65,540)
NET ASSETS, beginning of year	1,237,696	18,935	1,256,631
NET ASSETS, end of year	<u>\$ 1,191,091</u>	<u>\$ -</u>	<u>\$ 1,191,091</u>

The accompanying notes are an integral part of these financial statements.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services		Supporting Activities			Total
	Programming, Broadcasting and Promotion	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
EXPENSES						
Salaries	\$ 81,688	\$ 81,688	\$ 120,619	\$ 43,450	\$ 164,069	\$ 245,757
Occupancy and utilities	174,691	174,691	-	-	-	174,691
Special projects	31,051	31,051	-	-	-	31,051
Depreciation	66,644	66,644	-	-	-	66,644
Interest expense	6,381	6,381	33,501	-	33,501	39,882
Insurance expense	-	-	39,302	-	39,302	39,302
Fundraising promotions/marketing	-	-	-	5,081	5,081	5,081
Engineering and artist fees	23,806	23,806	-	-	-	23,806
Programming	24,888	24,888	-	-	-	24,888
Other	71,563	71,563	122,175	-	122,175	193,738
TOTAL EXPENSES	\$ 480,712	\$ 480,712	\$ 315,597	\$ 48,531	\$ 364,128	\$ 844,840

The accompanying notes are an integral part of these financial statements.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services		Supporting Activities			Total
	Programming, Broadcasting and Promotion	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
EXPENSES						
Salaries	\$ 112,218	\$ 112,218	\$ 108,982	\$ 43,453	\$ 152,435	\$ 264,653
Occupancy and utilities	163,634	163,634	1,116	-	1,116	164,750
Special projects	82,721	82,721	-	-	-	82,721
Depreciation	64,675	64,675	-	-	-	64,675
Interest expense	8,908	8,908	50,306	-	50,306	59,214
Insurance expense	-	-	42,891	-	42,891	42,891
Fundraising promotions/marketing	-	-	-	6,029	6,029	6,029
Engineering and artist fees	38,751	38,751	-	-	-	38,751
Programming	21,620	21,620	-	-	-	21,620
Other	63,128	63,128	109,395	-	109,395	172,523
TOTAL EXPENSES	<u>\$ 555,655</u>	<u>\$ 555,655</u>	<u>\$ 312,690</u>	<u>\$ 49,482</u>	<u>\$ 362,172</u>	<u>\$ 917,827</u>

The accompanying notes are an integral part of these financial statements.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 101,849	\$ (65,540)
Adjustments to reconcile change in net assets and net cash provided by operating activities:		
Depreciation	66,644	64,675
Amortization of debt issuance costs	1,708	1,931
Loss on disposal	-	16,870
(Increase) decrease in assets:		
Grants and other receivables	(13,398)	(4,690)
Prepaid and other assets	2,966	(525)
Increase (decrease) in liabilities:		
Accounts payable	(50,350)	19,129
Accrued expenses and other liabilities	(21,726)	7,151
TOTAL ADJUSTMENTS	<u>(14,156)</u>	<u>104,541</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>87,693</u>	<u>39,001</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment and building improvements	<u>(34,683)</u>	<u>(1,516)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(34,683)</u>	<u>(1,516)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on line of credit	222,642	16,709
Repayment of mortgages	<u>(105,991)</u>	<u>(54,691)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>116,651</u>	<u>(37,982)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	169,661	(497)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>11,856</u>	<u>12,353</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 181,517</u>	<u>\$ 11,856</u>

The accompanying notes are an integral part of these financial statements.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Bascomb Memorial Broadcasting Foundation, Inc. d/b/a/ WDNA Community Radio (WDNA) (a nonprofit organization) (the “Organization”) was established on October 5, 1971. The purpose of the Organization is to operate a noncommercial educational public radio station under a Broadcast Station License issued by the Federal Communications Commission, which expires February 1, 2028, and to provide training to individuals interested in radio broadcasting as an art form with a focus on multinational programming.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (“FASB”) issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. The Organization does not anticipate the update having a material effect on its results of operations or cash flows, though such an effect is possible. The Organization is currently evaluating the effect the update will have on its financial statements. The effective dates have been tentatively extended to fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022.

Basis of Accounting and Presentation

Resources are classified for accounting and reporting purposes into three classes of net assets, according to externally imposed restrictions:

- Net assets without donor restrictions: The portion of the net assets of the Organization that can be used subject only to the broad limits resulting from the nature of the Organization, the environment in it operates, the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the course of its business. The Organization has the greatest ability to choose when using these resources. Net assets without donor restrictions are generally contributions that are not subject to donor-imposed restrictions and income from investing excess operating cash, reduced by expenses incurred in providing services, raising contributions, and performing administrative functions.
- Net assets with donor restrictions: The portion of the net assets of the Organization that is subject to either donor imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization’s choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor’s instructions. Net assets with donor restrictions generally result from purpose or time restrictions on grants awarded to the Organization.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional allocation of expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of functional expenses. The financial statements report certain categories of expenses that are attributable to the program or supporting function of the Organization, including certain administrative costs, depreciation, interest, and insurance. Allocation of such expenses is based upon the Organization's personnel time and effort. Such estimates are determined by management.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

All highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

Allowance for doubtful accounts

Management monitors the collection status of its accounts receivables balance on an ongoing basis. The Organization uses the allowance method of accounting. Management believes that all receivables are collectible at December 31, 2020 and 2019. The allowance for doubtful accounts was \$0 at December 31, 2020 and 2019. For the year ended December 31, 2020, the Organization wrote-off bad debts of approximately \$29,000. There were no write-offs of bad debt during the fiscal year ended December 31, 2019.

Land, building and equipment, net

Land, building, and equipment are stated at cost, or, if donated to the Organization, at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation of building and equipment is computed on a straight-line basis over the estimated useful lives of the assets.

Estimated useful lives of building and equipment are as follows:

<u>Assets</u>	<u>Life</u>
Building and improvements	39 years
Equipment	10 years

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-lived assets

The Organization reviews its long-lived assets, such as building and equipment, for possible impairment at least annually, and more frequently if circumstances warrant. Impairment is determined to exist when estimated amounts recoverable through future cash flows from operations on an undiscounted basis are less than the long-lived asset carrying values. If a long-lived asset is determined to be impaired, it is written down to its estimated fair value in the extent that the carrying amount exceeds the fair value of the long-lived asset. No write-downs for impairment of long-lived assets were recorded in 2020 and 2019.

Debt Issuance Costs

The Organization amortizes loan origination fees and refinancing costs on the straight-line method over the life of the loan, which is ten years. Amortization on the loan fees for the years ended December 31, 2020 and 2019 was \$,1708 and \$1,931, respectively, and is included within interest expense on the accompanying statement of functional expenses.

Donated services, goods, and facilities

Donated services, goods, and facilities are recorded at their fair value at date of receipt and reflected in the accompanying financial statements. During the years ended December 31, 2020 and 2019, the Organization recognized \$30,000 and \$15,450, respectively, of in-kind contributions related to donated services.

Grants, contributions and corporate sponsorships

WDNA recognizes grants and contributions in accordance with ASC 958, *Not-For-Profit Entities*, and corporate sponsorship revenue in accordance with ASC 605, *Revenue Recognition*. Contribution revenue is recognized when assets or commitments of unconditional promises to give are received for which there is sufficient evidence in the form of verifiable documentation that a promise was made and received. Grant revenue is recorded as expenses are incurred. Contributions of assets other than cash are recorded at fair value at the date of donation.

Contributions are considered to be available for the general programs of WDNA unless specifically restricted by the donor. WDNA records gifts of cash and other assets as restricted support if they are recorded with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, WDNA reports the support as unrestricted.

Conditional promises to give cash or other assets (such as securities or property and equipment) are recognized as contribution revenue and receivables when the conditions on which they depend are substantially met or explicitly waived by the donor; that is, when the conditional promise becomes unconditional. Corporate sponsorships are considered exchange transactions and are recognized as revenue when credits are aired.

Debt

Debt, which includes the Organization's line of credit SBA loan, and PPP loan, is initially recognized at the fair value of proceeds received, net of transaction costs (including debt issuance costs) incurred, and subsequently carried at amortized costs.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code of 1954 (as amended); accordingly, the financial statements reflect no provision for income taxes. The Organization evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2020 and 2019, the Organization does not believe it has taken any tax position that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization's federal tax returns are currently open for examination by the Internal Revenue Service. Statutes of limitation generally range from three to five years.

Fair value measurements

The Organization adopted Codification Topic 820 (formerly Statement of Financial Accounting Standard No. 157, "Fair Value Measurement"- "SFAS 157"), which provides a framework for measuring fair value under GAAP. SFAS 157 defines fair value as the exchange price which would be received for an asset or paid to transfer a liability (and exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. SFAS 157 also establishes a fair value hierarchy, which prioritizes the valuable inputs into three broad levels.

The three-level hierarchy fair value measurements are defined as follows:

Level 1: inputs to the valuation methodology are quoted market prices (unadjusted) for similar assets and liabilities in active markets.

Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active; and,

Level 3: inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying amounts of cash and receivables approximate fair value.

Subsequent Events

The Organization has evaluated subsequent events through August 9, 2021, which is the date the financial statements were available to be issued.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 - GRANTS AND OTHER RECEIVABLES

The breakdown of total grants balance at December 31, collectible within one year were as follows:

	<u>2020</u>	<u>2019</u>
Corporation for Public Broadcasting	\$ 44,737	\$ 41,363
Florida Department of Education	76,500	50,000
Florida Department of State	23,173	-
Miami-Dade County Department of Cultural Affairs	123,270	138,534
National Endowment for the Arts	10,000	10,000
	<u>\$ 277,680</u>	<u>\$ 239,897</u>

Other receivables of \$39,234 and \$63,619 are included within grants and other receivables in the accompanying statement of financial position as of December 31, 2020 and 2019, respectively.

NOTE 4 - LAND, BUILDING AND EQUIPMENT, NET

Land, building and equipment, net, consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 661,757	\$ 661,757
Building and improvements	1,769,823	1,769,823
Equipment	569,858	542,139
	<u>3,001,438</u>	<u>2,973,719</u>
Less: accumulated depreciation	<u>1,075,493</u>	<u>1,015,813</u>
	<u>\$ 1,925,945</u>	<u>\$ 1,957,906</u>

Depreciation expense was \$66,644 and \$64,675 for the years ended December 31, 2020 and 2019, respectively.

NOTE 5 –DEBT

Line of Credit

The Organization has a \$50,000 line of credit with a financial institution on which it may draw upon to provide necessary working capital. Interest at a rate of 5.50% accrues on the outstanding balance. At December 31, 2020 and 2019, the Organization had drawn \$0 and \$47,852, respectively on the line that is reported on the accompanying statement of financial position as a liability.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 –DEBT (Continued)

PPP Loan

On April 24, 2020, the Organization received loan proceeds in the amount of \$72,742 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks or at twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week or twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. The Organization intends to use the proceeds for purposes consistent with the PPP. As of June 30, 2020 the Organization has reflected a liability in the amount of \$72,742. Subsequent to year end, the loan was 100% forgiven.

SBA Loan

On October 2, 2020, the Organization received loan proceeds in the amount of \$150,000. The loan accrues interest at a rate of 2.75% per annum. Installments of principal and interest of \$641 begin October 2022, which is twenty-four months from the date of the promissory note. The balance of the principal and interest will be payable thirty years from the date of the promissory note. At December 31, 2020 and 2019, the balance of this loan was \$149,900, which is net of a \$100 fee, and \$0, respectively.

Mortgage Payable

Mortgage note payable to a financial institution, dated September 27, 2007, original amount \$1,403,350, payable in monthly installments of \$10,304, including interest at the rate of 7.32% per annum through September 26, 2012 and then at the rate of 2.85% above the index (five year United States Treasury Constant Maturities), through the original maturity date of September 27, 2017. On May 2015, the mortgage note was amended and restated to adjust the interest rate to 4.5% per annum and to extend the maturity date through September 27, 2020. Payments on the note are based on a twenty-five year amortization schedule. On July 2021, the mortgage note was amended and restated to adjust the interest rate to 4.25% per annum and to extend the maturity date through June 27, 2026. The note contains certain restrictive covenants related to maintenance of certain levels of debt service coverage ratio, liabilities to total net worth ratio and other reporting requirements. At December 31, 2020, the Organization was not in compliance with financial covenants. The mortgage note is secured by land and building located in Miami, Florida having an original cost basis of \$2,194,357. The outstanding balances at December 31, 2020 and 2019 were \$819,903 and \$876,334, net of net debt issuance costs \$13,368 and \$15,076, respectively.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 –DEBT (Continued)

Mortgage Payable

Aggregate annual debt maturities over each of the next five years and thereafter are as follows at December 31, 2020:

	<u>Amount</u>
2021	\$ 102,200
2022	128,810
2023	64,217
2024	66,627
2025	69,292
Thereafter	<u>624,767</u>
TOTAL DEBT	<u>\$ 1,055,913</u>
Less: Debt issuance costs	<u>(13,368)</u>
TOTAL DEBT, net	<u><u>\$ 1,042,545</u></u>

NOTE 6 - RESTRICTIVE COVENANTS

The Organization was awarded two grants in prior years by the National Telecommunications and Information Administration (NTIA) for the purchase of the studio equipment. The grant stipulates that the NTIA will retain priority reversionary interest in the equipment for a period of ten years following March 31, 2009 and March 31, 2011, on each of the grants respectively.

The Organization was awarded a grant in the amount of \$500,000 by the Miami-Dade County Department of Cultural Affairs on September 20, 2006 towards the purchase of land and building located in Miami, Florida to be used for its operations. The grant contains restrictive covenants that WDNA must adhere to. Amongst the restrictive covenants are the following:

1. WDNA may not sell the land and building without written approval from the Miami-Dade Board of County Commissioners.
2. If WDNA does not comply with the restrictive covenants, then Miami-Dade County shall be entitled to reimbursement of the grant money plus ten percent simple interest from the date of non-compliance.

The restrictive covenants shall run with the land for a period of twenty-five years. The Grant’s principal amount of \$500,000 shall be reduced by \$25,000 a year beginning in the sixth year until it reaches a zero balance, at which time the restrictive covenants will expire.

NOTE 7 - ECONOMIC DEPENDENCE

The Organization receives a significant portion of its funding from grants. A significant reduction in the level of this funding, if it were to occur, would have an adverse effect on the Organization’s ability to carry out its programs and activities. During the years ended December 31, 2020 and 2019, approximately 94% and 93% of revenue and support from grants were from three grantors, respectively.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 - COMMITMENT AND CONTINGENCIES

The Organization is subject to federal, state and local government audits. These audits could result in the questioning of expenditures relating to certain grants under various technical compliance provisions of the individual grants. Based upon prior experience, management does not believe that such disallowance, if any, would have a material effect on the financial statements.

Litigation

The Organization is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Organization's financial position or results of operations.

NOTE 9 - LEASE COMMITMENTS

On June 1, 2009, the Organization entered into a ten-year lease for outside tower space, which expired in 2019, and was renewed for an additional five-year term. Rent expense for the years ended December 31, 2020 and 2019 was \$119,049 and \$115,027 respectively. Commitments related to this lease are as follows:

2021	\$	123,200
2022		127,500
2023		132,000
2024		55,800
Total	\$	<u>438,500</u>

NOTE 10 – LIQUIDITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 181,517	\$ 11,856
Grants and other receivables	316,914	303,516
	<u>\$ 498,431</u>	<u>\$ 315,372</u>

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
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NOTE 11 – COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its accounts receivable, inventory, and liquidity. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's balance sheet, related statements of activities, and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.