

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

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT.....	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities.....	4-5
Statements of Functional Expenses.....	6-7
Statements of Cash Flows.....	8
Notes to the Financial Statements.....	9-17



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 Audit of Financial Statements

Opinion

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, 2022 and 2021, 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 the Organization as of December 31, 2022 and 2021, 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.

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 the Organization 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 the 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

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 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 the Organization'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 the Organization'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 of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 9, 2023

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 434,287	\$ 443,867
Grants and other receivables	330,746	282,335
Prepaid and other assets	9,353	5,825
Right-of-use asset	183,315	-
Land, building and equipment, net	<u>1,879,505</u>	<u>1,901,774</u>
TOTAL ASSETS	<u>\$ 2,837,206</u>	<u>\$ 2,633,801</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 17,849	\$ 22,519
Accrued expenses and other liabilities	12,009	8,190
Lease liability	186,197	-
Small Business Administration ("SBA") loan	300,000	300,000
Mortgage payable, net of debt issuance costs	<u>558,722</u>	<u>715,160</u>
Total debt, net of debt issuance costs	858,722	1,015,160
TOTAL LIABILITIES	<u>1,074,777</u>	<u>1,045,869</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	<u>1,762,429</u>	<u>1,587,932</u>
TOTAL NET ASSETS	<u>1,762,429</u>	<u>1,587,932</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,837,206</u>	<u>\$ 2,633,801</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants	\$ 611,874	\$ -	\$ 611,874
Underwriting	295,405	-	295,405
Contributions from listeners	198,580	-	198,580
Special events	9,412	-	9,412
Other	7,955	-	7,955
TOTAL REVENUE AND SUPPORT	1,123,226	-	1,123,226
EXPENSES			
Program services:	566,631	-	566,631
Total program services	566,631	-	566,631
Supporting activities:			
Management and general	279,020	-	279,020
Fundraising	103,078	-	103,078
Total supporting activities	382,098	-	382,098
TOTAL EXPENSES	948,729	-	948,729
CHANGE IN NET ASSETS	174,497	-	174,497
NET ASSETS, beginning of year	1,587,932	-	1,587,932
NET ASSETS, end of year	<u>\$ 1,762,429</u>	<u>\$ -</u>	<u>\$ 1,762,429</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants	\$ 634,985	\$ -	\$ 634,985
Underwriting	157,786	-	157,786
Contributions from listeners	196,212	-	196,212
PPP loan forgiveness	132,052	-	132,052
Other	8,127	-	8,127
TOTAL REVENUE AND SUPPORT	1,129,162	-	1,129,162
EXPENSES			
Program services:	494,836	-	494,836
Total program services	494,836	-	494,836
Supporting activities:			
Management and general	249,872	-	249,872
Fundraising	89,462	-	89,462
Total supporting activities	339,334	-	339,334
TOTAL EXPENSES	834,170	-	834,170
CHANGE IN NET ASSETS	294,992	-	294,992
NET ASSETS, beginning of year	1,292,940	-	1,292,940
NET ASSETS, end of year	<u>\$ 1,587,932</u>	<u>\$ -</u>	<u>\$ 1,587,932</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, 2022

	Program Services		Supporting Activities			Total
	Programming, Broadcasting and Promotion	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
EXPENSES						
Salaries	\$ 144,666	\$ 144,666	\$ 100,529	\$ 91,988	\$ 192,517	\$ 337,183
Occupancy and utilities	169,563	169,563	-	-	-	169,563
Depreciation	63,120	63,120	-	-	-	63,120
Interest expense	-	-	27,659	-	27,659	27,659
Insurance expense	-	-	43,999	-	43,999	43,999
Fundraising promotions/marketing	-	-	-	11,090	11,090	11,090
Engineering and artist fees	25,768	25,768	-	-	-	25,768
Programming	20,185	20,185	-	-	-	20,185
Other	143,329	143,329	106,833	-	106,833	250,162
TOTAL EXPENSES	\$ 566,631	\$ 566,631	\$ 279,020	\$ 103,078	\$ 382,098	\$ 948,729

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, 2021

	Program Services		Supporting Activities			Total
	Programming, Broadcasting and Promotion	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
EXPENSES						
Salaries	\$ 135,700	\$ 135,700	\$ 67,538	\$ 78,725	\$ 146,263	\$ 281,963
Occupancy and utilities	160,712	160,712	-	-	-	160,712
Depreciation	65,728	65,728	-	-	-	65,728
Interest expense	-	-	35,265	-	35,265	35,265
Insurance expense	-	-	45,887	-	45,887	45,887
Fundraising promotions/marketing	-	-	-	10,737	10,737	10,737
Engineering and artist fees	28,578	28,578	-	-	-	28,578
Programming	50,946	50,946	-	-	-	50,946
Other	53,172	53,172	101,182	-	101,182	154,354
TOTAL EXPENSES	\$ 494,836	\$ 494,836	\$ 249,872	\$ 89,462	\$ 339,334	\$ 834,170

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 174,497	\$ 294,992
Adjustments to reconcile change in net assets and net cash provided by operating activities:		
PPP loan forgiveness	-	(132,052)
Depreciation	63,120	65,728
Amortization of debt issuance costs	1,401	1,191
(Increase) decrease in assets:		
Grants and other receivables	(48,411)	34,579
Prepaid and other assets	(3,528)	3,639
Change in right-of-use asset and lease liabilities	2,882	-
(Decrease) increase in liabilities:		
Accounts payable	(4,670)	(65,934)
Accrued expenses and other liabilities	3,819	(1,712)
TOTAL ADJUSTMENTS	<u>14,613</u>	<u>(94,561)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>189,110</u>	<u>200,431</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment and building improvements	<u>(40,851)</u>	<u>(41,557)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(40,851)</u>	<u>(41,557)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on SBA Loan	-	150,100
Borrowings on PPP loan	-	59,310
Net repayment of mortgages	<u>(157,839)</u>	<u>(105,934)</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(157,839)</u>	<u>103,476</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(9,580)	262,350
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>443,867</u>	<u>181,517</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 434,287</u>	<u>\$ 443,867</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 27,659</u>	<u>\$ 34,074</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 FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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.

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.

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.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022 and 2021. The allowance for doubtful accounts was \$0 at December 31, 2022 and 2021. There were no write-offs of bad debt during the fiscal years ended December 31, 2022 and 2021.

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

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 2022 and 2021.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022 and 2021 was \$1,401 and \$1,191, 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, 2022 and 2021, the Organization did not recognize 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 and SBA 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 FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021, 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.

Leases

See "Adopted Accounting Pronouncement" section for information pertaining to the adoption of Accounting Standards Update ("ASU") 2016-02, Leases ("Topic 842").

In the ordinary course of business, the Organization has entered into an agreement for the lease of its radio tower. The Organization reviews all agreements to determine if a leasing arrangement exists. When a leasing arrangement is identified, a determination is made at inception as to whether the lease is an operating or a finance lease.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

A lease exists when a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In determining whether a lease exists, the Organization considers whether a contract provides both the right to obtain substantially all of the economic benefits from the use of an asset and the right to direct the use of the asset. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of the minimum future lease payments over the expected term of the lease.

Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized on the statement of financial position unless the lease contains a purchase option that is reasonably certain to be exercised, or unless it is reasonably certain that the asset will be leased for greater than twelve months. Lease payments for short-term leases are recognized on a straight-line basis over the lease term. Lease determinations are reassessed in the event of a change in lease terms.

As of December 31, 2022, the Organization's lease has a remaining lease term of approximately 2 years. The Organization elected the practical expedient, which has been applied consistently to all of its leases, to use hindsight in determining the lease term (that is, when considering lessee options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of the Organization's right-of-use assets.

In addition, lease agreements may include periodic adjustments to payment amounts for inflation or other variables, or may require payments for taxes, insurance, maintenance, or other expenses, which are generally referred to as non-lease components. The Organization elected the practical expedient to account for non-lease components together with the related lease components for all classes of leased assets. The Organization's lease agreements do not contain significant residual value guarantees or material restrictive covenants.

Lease term, discount rate, variable lease costs and future minimum lease payment determinations require the use of judgment and are based on the facts and circumstances of each lease. The Organization's lease agreement, which relates to the radio tower, does not explicitly state the discount rate implicit in the lease. As a practical expedient permitted to private companies in ASC 842-20-30-3, the Organization elected the use of a risk-free discount rate for the lease instead of its incremental borrowing rate. The risk-free rate has been selected in accordance with Topic 842 as of the application date, January 1, 2022.

Beginning on January 1, 2022, operating lease right-of-use assets and liabilities are recognized on the statement of financial position, with the related lease expense recognized over the term of the lease on a straight-line basis. Operating lease expense is recorded as rent expense and is included in operating expenses.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adopted Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases (“Topic 842”), which, together with its related clarifying ASUs (collectively, “ASU 2016-02”), provided revised guidance for lease accounting and related disclosure requirements, including a requirement for lessees to recognize right-of-use assets and lease liabilities on the statement of financial position for leases with durations greater than twelve months. Under ASU 2016-02, leases are classified by lessees as either finance or operating leases. Lease expense is recognized based on an effective interest method for finance leases, and on a straight-line basis over the term of the lease for operating leases.

The Organization adopted ASU 2016-02 using the modified retrospective method on January 1, 2022. The most significant effect of the new guidance was the recognition of operating lease right-of-use assets and a liability for operating leases. The Organization elected to utilize the package of practical expedients that allowed entities to: (1) not reassess whether any expired or existing contracts were or contained leases; (2) retain the existing classification of lease contracts as of the date of adoption; (3) not reassess initial direct costs for any existing leases; (4) not separate non-lease components for all classes of leased assets; (5) use hindsight in determining the lease term and in assessing impairment of the Organization’s right-of-use assets; and (6) to use of a risk-free discount rate for all the leases instead of its incremental borrowing rate.

The Organization recognized approximately \$311,000 of lease assets and liabilities for operating leases upon adoption of ASU 2016-02. The adoption of Topic 842 did not have a material effect on the Organization's results of operations or cash flows.

Subsequent Events

The Organization has evaluated subsequent events through August 9, 2023, which is the date the financial statements were available to be issued.

NOTE 3 - GRANTS AND OTHER RECEIVABLES

The breakdown of total grants and other receivables at December 31, collectible within one year, was as follows:

	<u>2022</u>	<u>2021</u>
Corporation for Public Broadcasting	\$ 48,156	\$ 47,302
Florida Department of Education	50,000	50,000
Florida Department of State	68,516	32,043
Miami-Dade County Department of Cultural Affairs	100,000	123,271
	<u>\$ 266,672</u>	<u>\$ 252,616</u>

Other receivables of \$64,074 and \$29,719 are included within grants and other receivables in the accompanying statement of financial position as of December 31, 2022 and 2021, respectively.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 - LAND, BUILDING AND EQUIPMENT, NET

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

	<u>2022</u>	<u>2021</u>
Land	\$ 661,757	\$ 661,757
Building and improvements	1,843,449	1,811,823
Equipment	573,340	564,115
	<u>3,078,546</u>	<u>3,037,695</u>
Less: accumulated depreciation	1,199,041	1,135,921
	<u>\$ 1,879,505</u>	<u>\$ 1,901,774</u>

Depreciation expense was \$63,120 and \$65,728 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the Organization had not drawn any money on line of credit.

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. On September 24, 2021, the loan was amended and the loan amount increased from \$150,000 to \$300,100. As a result, the installments of principal and interest increased from \$641 to \$1,337. Furthermore, the Organization was granted an additional 6-month deferment in 2022, which extended the start date of principal and interest payments from October 2022 to April 2023. The balance of the principal and interest will be payable thirty years from the date of the promissory note. At December 31, 2022 and 2021, the balance of this loan was \$300,000.

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, 2022, the Organization was 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, 2022 and 2021 were \$558,722 and \$715,160, net of net debt issuance costs \$14,383 and \$15,784, respectively.

BASCOMB MEMORIAL BROADCASTING FOUNDATION, INC.
D/B/A WDNA COMMUNITY RADIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022:

	<u>Amount</u>
2023	\$ 56,525
2024	58,935
2025	61,600
2026	<u>381,662</u>
Total Debt	<u>\$ 558,722</u>
Less: Debt issuance costs	<u>(14,383)</u>
Total Debt, net	<u><u>\$ 544,339</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, 2022 and 2021, approximately 85% 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 FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

The Organization leases property under operating leases. For leases with terms greater than 12 months, the Organization records the related asset and obligation at the present value of lease payments over the term. For those leases that include rental escalation clauses, renewal options and/or termination options, the Organization factored these items into its determination of lease payments, when appropriate. The Organization's estimated incremental borrowing rate is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The Organization determined that its incremental borrowing rate is approximately 1%. The Organization's operating lease had a weighted average remaining term of approximately 2 years.

The following represents the undiscounted cash flows for the remaining term of the lease liabilities recorded in the accompanying statements of financial position:

	<u>Amount</u>
2023	\$ 132,352
2024	<u>55,775</u>
Total	<u>188,127</u>
Less: interest	<u>(1,930)</u>
Total lease liability	<u><u>\$ 186,197</u></u>

Rent expense for the years ended December 31, 2022 and 2021 was \$119,998 and \$123,210 respectively.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 434,287	\$ 443,867
Grants and other receivables	<u>330,746</u>	<u>282,335</u>
	<u><u>\$ 765,033</u></u>	<u><u>\$ 726,202</u></u>