

KWMR
(A California Nonprofit Corporation)

FINANCIAL STATEMENTS

For the Years Ended
September 30, 2020 and 2019

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 16

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
KWMR
Pt. Reyes Station, California

Report on the Financial Statements

We have audited the accompanying financial statements of KWMR (a California nonprofit corporation) which comprise the statements of financial position as of September 30, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KWMR as of September 30, 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.

Emphasis of Matter

As discussed in Note 12, Coronavirus Pandemic, the World Health Organization had declared COVID-19 as a public health emergency of international concern. Because of this, and local operational restrictions, the Station has not been able to conduct normal program activities. Given the uncertainty of the situation, the duration of any business disruption and the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.



February 18, 2021

KWMR
(A California Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION
September 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 287,559	\$ 118,815
Prepaid expenses and deposits	7,594	5,490
Grants receivable (Note 1)	1,500	-
Investments (Note 3)	<u>1,486</u>	<u>1,508</u>
Total current assets	298,139	125,813
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$161,853 at 2020 and \$158,660 at 2019 (Notes 1 and 4)	<u>13,159</u>	<u>16,352</u>
Total assets	<u>\$ 311,298</u>	<u>\$ 142,165</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 21,126	\$ 13,155
Current portion of PPP conditional grant/loan (Note 5)	<u>27,011</u>	<u>-</u>
Total current liabilities	48,137	13,155
PPP conditional grant/loan, net of current portion (Note 5)	<u>21,609</u>	<u>-</u>
Total liabilities	<u>69,746</u>	<u>13,155</u>
Net assets (Note 6):		
Without donor restrictions:		
Board-designated reserve	-	37,274
Undesignated	<u>214,133</u>	<u>77,550</u>
Total without donor restrictions	214,133	114,824
With donor restrictions	<u>27,419</u>	<u>14,186</u>
Total net assets	<u>241,552</u>	<u>129,010</u>
Total liabilities and net assets	<u>\$ 311,298</u>	<u>\$ 142,165</u>

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

KWMR
(A California Nonprofit Corporation)

STATEMENTS OF ACTIVITIES
For the year ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND TRANSFERS			
Support:			
Memberships and donations	\$ 234,931	\$ -	\$ 234,931
Grants	229,404	13,233	242,637
Underwriting	13,255	-	13,255
In-kind goods and services (Note 7)	<u>36,931</u>	<u>-</u>	<u>36,931</u>
Total support	<u>514,521</u>	<u>13,233</u>	<u>527,754</u>
Revenue:			
Special events, net of expenses of \$2,311 (Note 8)	9,118	-	9,118
Sales, net of cost of goods sold, and other income	631	-	631
Investment income (Note 3)	<u>160</u>	<u>-</u>	<u>160</u>
Total revenue	<u>9,909</u>	<u>-</u>	<u>9,909</u>
Net assets with donor restrictions released from restrictions, fulfillment of purpose and/or time restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total support, revenue, and transfers	<u>524,430</u>	<u>13,233</u>	<u>537,663</u>
EXPENSES AND LOSSES			
Program services (see Note 7)	295,492	-	295,492
Management and general	46,581	-	46,581
Fundraising	<u>83,048</u>	<u>-</u>	<u>83,048</u>
Total expenses and losses	<u>425,121</u>	<u>-</u>	<u>425,121</u>
Change in net assets	99,309	13,233	112,542
Net assets, beginning of year	<u>114,824</u>	<u>14,186</u>	<u>129,010</u>
Net assets, end of year	<u>\$ 214,133</u>	<u>\$ 27,419</u>	<u>\$ 241,552</u>

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

KWMR
(A California Nonprofit Corporation)

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND TRANSFERS			
Support:			
Memberships and donations	\$ 226,271	\$ -	\$ 226,271
Grants	116,506	8,186	124,692
Underwriting	35,653	-	35,653
In-kind goods and services (Note 7)	<u>69,169</u>	<u>-</u>	<u>69,169</u>
Total support	<u>447,599</u>	<u>8,186</u>	<u>455,785</u>
Revenue:			
Special events, net of expenses of \$9,466 (Note 8)	20,607	-	20,607
Sales, net of cost of goods sold, and other income	902	-	902
Investment income (Note 3)	<u>38</u>	<u>-</u>	<u>38</u>
Total revenue	<u>21,547</u>	<u>-</u>	<u>21,547</u>
Net assets with donor restrictions released from restrictions, fulfillment of purpose and/or time restrictions	<u>4,650</u>	<u>(4,650)</u>	<u>-</u>
Total support, revenue, and transfers	<u>473,796</u>	<u>3,536</u>	<u>477,332</u>
EXPENSES AND LOSSES			
Program services (see Note 7)	250,279	-	250,279
Management and general	70,882	-	70,882
Fundraising	<u>121,001</u>	<u>-</u>	<u>121,001</u>
Total expenses and losses	<u>442,162</u>	<u>-</u>	<u>442,162</u>
Change in net assets	31,634	3,536	35,170
Net assets, beginning of year	<u>83,190</u>	<u>10,650</u>	<u>93,840</u>
Net assets, end of year	<u>\$ 114,824</u>	<u>\$ 14,186</u>	<u>\$ 129,010</u>

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

KWMR
(A California Nonprofit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended September 30, 2020

	Program Services	Management and General	Fundraising	Total
Personnel	\$ 187,796	\$ 26,828	\$ 53,656	\$ 268,280
Insurance	4,936	706	1,410	7,052
Programming expenses	23,841	-	-	23,841
Disaster council	833	-	-	833
Fundraising and membership	-	-	14,661	14,661
Office expenses	8,972	1,282	2,564	12,818
Rent and utilities	14,356	2,051	4,102	20,509
Telephone	6,106	872	1,745	8,723
Professional services	-	14,542	-	14,542
Outside services	487	300	-	787
Produced programs	16,144	-	-	16,144
Special events	-	-	2,311	2,311
Cost of goods sold	1,308	436	-	1,744
In-kind expenses	<u>32,021</u>	<u>-</u>	<u>4,910</u>	<u>36,931</u>
Total expenses	296,800	47,017	85,359	429,176
Less expenses included with revenues on the Statement of Activities:				
Cost of goods sold	1,308	436	-	1,744
Cost of special event direct benefits to donors	<u>-</u>	<u>-</u>	<u>2,311</u>	<u>2,311</u>
Total expenses included on the expenses section on the Statement of Activities	<u>\$ 295,492</u>	<u>\$ 46,581</u>	<u>\$ 83,048</u>	<u>\$ 425,121</u>

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

KWMR
(A California Nonprofit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)
For the year ended September 30, 2019

	Program Services	Management and General	Fundraising	Total
Personnel	\$ 145,911	\$ 47,736	\$ 62,626	\$ 256,273
Insurance	2,874	370	1,218	4,462
Programming expenses	16,536	-	-	16,536
Disaster council	2,459	-	-	2,459
Fundraising and membership	-	-	17,312	17,312
Office expenses	9,757	2,481	4,134	16,372
Rent and utilities	14,047	3,572	5,952	23,571
Telephone	3,951	1,005	1,674	6,630
Professional services	-	13,730	-	13,730
Outside services	-	1,988	-	1,988
Special events	-	-	9,466	9,466
Cost of goods sold	-	-	1,922	1,922
Produced programs	14,660	-	-	14,660
In-kind expenses	<u>40,084</u>	<u>-</u>	<u>28,085</u>	<u>68,169</u>
 Total expenses	 250,279	 70,882	 132,389	 453,550
 Less expenses included with revenues on the Statement of Activities:				
Cost of goods sold	-	-	1,922	1,922
Cost of special event direct benefits to donors	<u>-</u>	<u>-</u>	<u>9,466</u>	<u>9,466</u>
 Total expenses included on the expenses section on the Statement of Activities	 <u>\$ 250,279</u>	 <u>\$ 70,882</u>	 <u>\$ 121,001</u>	 <u>\$ 442,162</u>

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

KWMR
(A California Nonprofit Corporation)

STATEMENTS OF CASH FLOWS
For the years ended September 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 112,542	\$ 35,170
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,193	3,720
Unrealized loss (gain) on investments	22	(38)
Changes in assets and liabilities:		
Grants receivable	(1,500)	-
Prepaid expenses and deposits	(2,104)	(1,689)
Accounts payable and accrued expenses	7,971	(4,161)
Total adjustments	<u>7,582</u>	<u>(2,168)</u>
Net cash provided by operating activities	<u>120,124</u>	<u>33,002</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of PPP conditional grant/loan	<u>48,620</u>	-
Net cash provided by financing activities	<u>48,620</u>	-
Net increase in cash and cash equivalents	168,744	33,002
Cash and cash equivalents, beginning of year	<u>118,815</u>	<u>85,813</u>
Cash and cash equivalents, end of year	<u>\$ 287,559</u>	<u>\$ 118,815</u>

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

KWMR
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - KWMR is a California nonprofit corporation which operates an FM community radio station based in Pt. Reyes Station and broadcasts to nearby West Marin communities. KWMR provides 24 hours of programming each day to approximately 14,000 homes, with most of the dawn-to-midnight programming produced by volunteer radio hosts (see Note 7). The Station's primary sources of revenue are from contributions from the general public and grants.

Method of Accounting - The financial statements of the Station are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

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-) imposed restrictions. The governing board had designated, from net assets without donor restrictions, net assets in the David Bunnett Reserve Fund (see Note 6); the designation was released by the board during the year ended September 30, 2020.

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. Contributions restricted by donors are reported 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 statement of activities as net assets released from restrictions.

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Furniture, Equipment and Leasehold Improvements - The Station records furniture, equipment and leasehold improvements at cost of acquisition, or, if donated, the fair market value at the date of donation. Depreciation is recognized using the straight-line method over the estimated useful life of each asset, which is five or seven years. The Station capitalizes all furniture, equipment and leasehold improvements with a cost in excess of the capitalization threshold of \$5,000.

KWMR
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - Investments primarily include mutual funds. Purchased investments in equity and debt securities with readily determinable fair values are reported at fair value based on quoted market prices. Other investment instruments are measured on the net equity basis, as reported on the K-1 or other year-end report. Investments received by donation are recorded at the fair value at the date of donation.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Fair Value Measurements - Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an 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. The Station determines the fair values of its assets and liabilities based on the fair value hierarchy, which includes three levels of inputs that may be used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Station has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are significant other observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 3 inputs are unobservable inputs for the assets or liabilities. Unobservable inputs reflect the Station's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, and may include the Station's own data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Station's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Revenue and Revenue Recognition - The Station 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 right of return - are not recognized until the conditions on which they depend have been met.

Revenue, other than unconditional contributions, bequests, and grants, is recognized in the period in which service is provided.

Functional Expenses - 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, depreciation and amortization, as well as salaries and wages, benefits, payroll taxes, interest, insurance, and other, which are allocated based on time studies and natural classification.

KWMR
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates - The preparation of financial statements in accordance 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 changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Income Taxes - The Station is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code, and is considered by the IRS to be an organization other than a private foundation. In the opinion of management, there is no unrelated business income.

Grants and Pledges Receivable - It is the practice of the Station to expense uncollectibles only after exhausting all efforts to collect the amounts due. There is no allowance for doubtful accounts and management believes all amounts will be collected in full.

ASC 740-10, Accounting for Uncertainty in Income Taxes - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Station to report information regarding its exposure to various tax positions taken by the Station. The Station has determined whether any tax positions have met the recognition threshold and has measured the Station's exposure to those tax positions. Management believes that the Station has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed (four years for California). Any interest or penalties assessed to the Station would be recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Accounting Standards Update, ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash - In response to divergence in the way restricted cash is classified and presented in financial statements, FASB issued an amendment requiring that a statement of cash flows explain the change during a reporting period of the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. The amendment was effective for fiscal years beginning after December 31, 2018. The new standard did not have an impact on the Station's statement of cash flows.

Accounting Standards Update, ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made - In June 2018, the FASB issued clarified guidance regarding the way nonprofit organizations record contracts and grants being received and issued. For each arrangement, the organization will have to determine key elements of the agreement including (a) whether or not there is an exchange transaction (i.e., direct commensurate value to funder), (b) whether there are donor-imposed conditions for non-exchange transactions (e.g., measurable performance barriers, etc.) before commitment may be recognized as income, and (c) whether there are donor-imposed restrictions on non-exchange, unconditional funds (i.e., limited purpose or timing restrictions). The new standard was effective for resource recipients for fiscal years beginning after December 15, 2018, and for resource providers for fiscal years beginning after December 15, 2019, and did not have a material impact on the Station's statement of financial position, results of operations, and cash flows.

Accounting Standards, ASU 2016-02, Leases - In February 2016, the FASB issued amendments to the way lessees record lease transactions. Upon implementation, lessees will be required to recognize at commencement the right-of-use asset and a lease liability representing the lessee's obligation to make lease payments arising from the lease, as discounted, for all leases except short-term leases. This Standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2021, and early adoption is permitted. Management is currently evaluating the impact the amendments to this ASU will have on the financial statements of the Station.

KWMR
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications - Certain balances at, and for the year ended September 30, 2019, were reclassified to conform with September 30, 2020, balances.

Subsequent Events - Subsequent events have been evaluated through February 18, 2021, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

Nonprofit KWMR, Inc. has \$289,045 in financial assets. \$27,419 cannot be included since they are donor restricted funds. Therefore \$261,626 is available for general expenditures within one year of the statement of financial position date. This amount consists of \$255,439 in cash and \$6,187 in cash and liquid investments in Vanguard. These assets are not subject to donor restrictions, internal designation, or any contractual obligations. This is approximately 255 days of operational funding for the Station.

NOTE 3 INVESTMENTS

The following are the major categories of investments measured at fair value on a recurring basis using the market method during the years ended September 30, 2020 and 2019:

<u>Description</u>	<u>Fair Value Measurements Using</u>			<u>Total</u>
	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
<u>September 30, 2020:</u>				
Mutual funds	\$ 1,486	\$ -	\$ -	\$ 1,486
<u>September 30, 2019:</u>				
Stocks	\$ 1,108	\$ -	\$ -	\$ 1,108
Other	400	-	-	400
	<u>\$ 1,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,508</u>

The following summarizes the investment income, including amounts earned on interest-bearing cash accounts, for the years ended September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividend income, including interest earned on interest-bearing accounts	\$ 182	\$ -
Unrealized gain on investments	(22)	38
	<u>\$ 160</u>	<u>\$ 38</u>

KWMR
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2020 and 2019

NOTE 4 FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Following are the details of furniture, equipment and leasehold improvements:

<u>Furniture, Equipment and Leasehold Improvements, at Cost</u>	<u>Furniture and Fixtures</u>	<u>Equipment and Vehicles</u>	<u>Leasehold Improve- ments</u>	<u>Total</u>
Balance, September 30, 2018	\$ 2,227	\$ 167,307	\$ 5,478	\$ 175,012
Additions	-	-	-	-
Balance, September 30, 2019	2,227	167,307	5,478	175,012
Additions	-	-	-	-
Balance, September 30, 2020	<u>2,227</u>	<u>167,307</u>	<u>5,478</u>	<u>175,012</u>
<u>Accumulated Depreciation</u>				
Balance, September 30, 2018	2,227	147,235	5,478	154,940
Depreciation expense	-	3,720	-	3,720
Balance, September 30, 2019	2,227	150,955	5,478	158,660
Depreciation expense	-	3,193	-	3,193
Balance, September 30, 2020	<u>2,227</u>	<u>154,148</u>	<u>5,478</u>	<u>161,853</u>
Furniture, equipment and leasehold improvements, net	<u>\$ -</u>	<u>\$ 13,159</u>	<u>\$ -</u>	<u>\$ 13,159</u>

NOTE 5 PPP CONDITIONAL GRANT/LOAN

On May 3, 2020, the Station entered into an unsecured note payable to Wells Fargo Bank, N.A., as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act's "Paycheck Protection Program" which is guaranteed by the U.S. Small Business Administration. The loan is for \$48,620, matures on May 3, 2022, and bears interest at the fixed rate of 1% per annum. Payments of principal and interest are deferred for six months, then shall be made in eighteen equal payments until maturity. Under the terms of the program, some or all of the loan may be forgiven if funds are used during the covered period for costs identified in the CARES Act: payroll costs, covered rent obligations, and covered utility payments.

The future minimum principal payments under this loan, if the full amount is not forgiven, are as follows:

<u>Year ending September 30,</u>	
2021	\$ 27,011
2022	<u>21,609</u>
	<u>\$ 48,620</u>

KWMR
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2020 and 2019

NOTE 6 NET ASSETS

Net Assets Without Donor Restrictions:

	2020	2019
Undesignated	\$ 214,133	\$ 77,550
Designated by the Board for the David Bunnett Reserve Fund, to ensure the stability of the mission, programs, employment, and ongoing operations of the organization	-	37,274
	\$ 214,133	\$ 114,824

Net Assets With Donor Restrictions:

Studio B Upgrade (West Marin Fund)	\$ 1,000	\$ 1,000
Youth DJ (County of Marin)	3,500	3,500
Remote Kits (County of Marin)	1,500	1,500
Computers (County of Marin)	4,500	-
Transmitter (County of Marin)	5,000	5,000
Community Archives (West Marin Fund)	2,686	2,686
Diversity, Equity, Inclusion (WMCS)	1,435	-
Communications (West Marin Fund)	7,298	-
Equipment (LBC)	500	500
	\$ 27,419	\$ 14,186

NOTE 7 IN-KIND GOODS AND SERVICES

The Corporation received the benefit of in-kind professional services and goods during the years ended September 30, 2020 and 2019, which were recorded at fair value based on the market approach on a non-recurring basis as follows:

<u>Description</u>	Fair Value Measurements Using			<u>Total</u>
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>2020:</u>				
Bartered goods and services	\$ -	\$ 32,951	\$ -	\$ 32,951
Professional services	-	3,980	-	3,980
	\$ -	\$ 36,931	\$ -	\$ 36,931

KWMR
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2020 and 2019

NOTE 7 IN-KIND GOODS AND SERVICES (Continued)

	Fair Value Measurements Using			Total
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>2019:</u>				
Bartered goods and services	\$ -	\$ 56,169	\$ -	\$ 56,169
Donated tower use	-	5,760	-	5,760
Professional services	-	6,240	-	6,240
Other	-	1,000	-	1,000
	<u>\$ -</u>	<u>\$ 69,169</u>	<u>\$ -</u>	<u>\$ 69,169</u>

The Station also benefits from the services of volunteers who assist with events and pledge drives, and provide on-air programming. Volunteer hours have dropped significantly due to COVID. About 75% of our volunteer programmers are engaged, and we are not utilizing other volunteers due to lack of events or in-person fundraising drives (68, down from 167 in 2019). However, our current volunteers are putting in additional time since they are all producing and in some cases recording their programs at home. It is estimated that program hosts provided 3,295 and 4,394 hours to KWMR in 2020 and 2019, respectively. The value of these volunteer services is not reflected in these financial statements, as they do not meet the criteria under Generally Accepted Accounting Principles. If the value of on-air programming produced by volunteers were to be recorded at an hourly rate of \$28.21, the program expenses would increase by \$92,952. The same estimated value of on-air programming for 2019 was \$185,119.

NOTE 8 SPECIAL EVENTS

During the years ended September 30, 2020 and 2019, the Station held several special events, as follows:

	Sweethearts of the Radio		Holiday Play 2019	Total
	<u>2020:</u>			
Income	\$ 4,866		\$ 6,563	\$ 11,429
Expenses	(1,246)		(1,065)	(2,311)
	<u>\$ 3,620</u>		<u>\$ 5,498</u>	<u>\$ 9,118</u>
<u>2019:</u>				
Income	\$ 5,766	\$ 12,461	\$ 11,846	\$ 30,073
Expenses	(2,672)	(4,812)	(1,982)	(9,466)
	<u>\$ 3,094</u>	<u>\$ 7,649</u>	<u>\$ 9,864</u>	<u>\$ 20,607</u>

KWMR
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2020 and 2019

NOTE 9 DEFINED CONTRIBUTION RETIREMENT PLAN

The Station contributes to eligible employees' SEP-IRA accounts an amount equal to 2% of their annual salary. For the years ended September 30, 2020 and 2019, the Station contributed \$4,427 and \$4,472, respectively, to this plan.

NOTE 10 LEASE

The Station leases offices in Pt. Reyes Station, California, under operating leases that were month-to-month through September 30, 2020, then were commemorated under new lease terms through September 30, 2023. The extended lease requires base monthly rent totaling \$1,642 beginning October 1, 2020, increasing each anniversary, as applicable under the terms of the lease. For the years ended September 30, 2020 and 2019, the Station paid a total of \$17,204 and \$18,768, respectively, under the lease.

Future minimum lease payments under the long-term lease are as follows:

<u>Year ending September 30,</u>	
2021	\$ 19,704
2022	20,292
2023	<u>20,904</u>
	<u>\$ 60,900</u>

NOTE 11 LICENSE AGREEMENTS

The Station has entered into two license agreements with the Marin Emergency Radio Authority (MERA) that allow KWMR right-of-way permits to use certain real property located in two locations in Marin County, California for the installation of antennae. The license agreements are renewed annually and are non-transferable.

KWMR
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended September 30, 2020 and 2019

NOTE 12 RISKS, UNCERTAINTIES AND CONCENTRATIONS

- Coronavirus Pandemic - In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, had declared a state of emergency and had issued shelter-in-place orders in response to the outbreak. The immediate impact to the Station's operations includes restrictions on employees' and volunteers' ability to work, and reductions or cancellation of program activities. The economic pressures during the shelter-in-place and reduced ability to conduct program activities may result in increased operating expenses and reductions in the Station's ability to fund raise, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.
- The Station relies on a significant amount of funding received in the form of donations and grants from individuals and foundations to support its operations. The current global financial markets and discussions of a U.S. economic downturn may have an impact on the level of funding provided by these funding sources. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce the Station's exposure to impact from these events.
- In 2020, the Station received \$228,637, or 42% (25% in 2019) of total income, from one funder.
- As of September 30, 2020, the Station had exceeded the Federal Depository Insurance Corporation cash limit of \$250,000 on its depository accounts. At June 30, 2020, the Station had approximately \$32,700 on deposit in excess of federally insured limits.