

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP – FM

TABLE OF CONTENTS

	<u>Page No.</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 - 12

Independent Auditor's Report

May 4, 2019

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

We have audited the accompanying financial statements of Cook County Community Radio D/B/A WTIP-FM (a tax-exempt organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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 audit 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 Cook County Community Radio D/B/A WTIP-FM as of December 31, 2018 and 2017, 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.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 141,123	\$ 144,430
Total Current Assets	<u>141,123</u>	<u>144,430</u>
 <u>Property And Equipment:</u>		
Building	537,388	538,461
Transmitter tower/equipment	500,054	492,872
	<u>1,037,442</u>	<u>1,031,333</u>
Less: accumulated depreciation	(394,578)	(361,541)
Property And Equipment, Net	<u>642,864</u>	<u>669,792</u>
Total Assets	<u><u>\$ 783,987</u></u>	<u><u>\$ 814,222</u></u>
 <u>Liabilities And Net Assets</u>		
<u>Current Liabilities:</u>		
Accounts payable/accruals	\$ 3,692	\$ 2,395
Total Current Liabilities	<u>3,692</u>	<u>2,395</u>
 <u>Net Assets:</u>		
Without donor restrictions	778,719	771,827
With donor restrictions	1,576	40,000
Total Net Assets	<u>780,295</u>	<u>811,827</u>
Total Liabilities And Net Assets	<u><u>\$ 783,987</u></u>	<u><u>\$ 814,222</u></u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		
	Without Donor	With Donor	Total
	Restructions	Restrictions	Total
<u>Public Support And Revenues:</u>			
<u>Public Support:</u>			
Grant-Corporation for Public Broadcasting	\$ 99,184	\$ 27,154	\$ 126,338
Grant-State of Minnesota - Heritage	97,902	-	97,902
Grant-Ampers	29,941	-	29,941
Grants - local government	-	-	-
Grants and donations-other	19,676	-	19,676
In-kind contributions	30,605	-	30,605
Net assets released from restrictions	65,578	(65,578)	-
Total Public Support	342,886	(38,424)	304,462
<u>Revenues:</u>			
Memberships	149,715	-	149,715
Business underwriting	113,339	-	113,339
Interest income	177	-	177
Miscellaneous activities	22,855	-	22,855
Total Revenues	286,086	-	286,086
Total Public Support/Revenue	628,972	(38,424)	590,548
<u>Operating Expenses:</u>			
Program services	416,077	-	416,077
Fundraising	125,222	-	125,222
Management and general	80,781	-	80,781
Total Operating Expenses	622,080	-	622,080
INCREASE (DECREASE) IN NET ASSETS	\$ 6,892	\$ (38,424)	\$ (31,532)
<u>Net Assets:</u>			
Beginning of year	771,827	40,000	811,827
End of year	\$ 778,719	\$ 1,576	\$ 780,295

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2017		
	<u>Without Donor</u> <u>Restructions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>Public Support And Revenues:</u>			
<u>Public Support:</u>			
Grant-Corporation for Public Broadcasting	\$ 99,748	\$ 27,017	\$ 126,765
Grant-State of Minnesota - Heritage	80,019	-	80,019
Grant-Ampers	29,941	-	29,941
Grants - local government	-	2,700	2,700
Grants and donations-other	28,500	50,500	79,000
In-kind contributions	27,744	-	27,744
Net assets released from restrictions	58,342	(58,342)	-
Total Public Support	<u>324,294</u>	<u>21,875</u>	<u>346,169</u>
<u>Revenues:</u>			
Memberships	146,551	-	146,551
Business underwriting	115,740	-	115,740
Interest income	213	-	213
Miscellaneous activities	20,856	-	20,856
Total Revenues	<u>283,360</u>	<u>-</u>	<u>283,360</u>
Total Public Support/Revenue	<u>607,654</u>	<u>21,875</u>	<u>629,529</u>
<u>Operating Expenses:</u>			
Program services	450,260	-	450,260
Fundraising	128,881	-	128,881
Management and general	91,882	-	91,882
Total Operating Expenses	<u>671,023</u>	<u>-</u>	<u>671,023</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (63,369)	\$ 21,875	\$ (41,494)
<u>Net Assets:</u>			
Beginning of year	<u>835,197</u>	<u>18,125</u>	<u>853,322</u>
End of year	<u>\$ 771,827</u>	<u>\$ 40,000</u>	<u>\$ 811,827</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			Total
	Program Services	Fundraising	Management And General	
Salaries	\$ 189,653	\$ 67,421	\$ 50,310	\$ 307,384
Payroll taxes	16,571	5,891	4,396	26,857
Employee benefits	19,535	6,945	5,182	31,662
Total Compensation	<u>225,759</u>	<u>80,256</u>	<u>59,888</u>	<u>365,903</u>
Administrative expense	-	-	16,877	16,877
Advertising/marketing	35,209	-	-	35,209
Advertising/marketing-in kind	-	29,855	-	29,855
Building expenses	12,874	-	3,856	16,730
Depreciation	33,037	-	-	33,037
Dues/conferences	11,625	-	-	11,625
Equipment	1,623	-	-	1,623
Fundraising	-	15,111	-	15,111
Professional fees	-	-	160	160
Radio programming	46,963	-	-	46,963
Technical services	18,736	-	-	18,736
Telephone	4,687	-	-	4,687
Translator/transmitter	5,186	-	-	5,186
Transmitter expense	17,595	-	-	17,595
Volunteer	2,783	-	-	2,783
	<u>\$ 416,077</u>	<u>\$ 125,222</u>	<u>\$ 80,781</u>	<u>\$ 621,080</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2017			Total
	Program Services	Fundraising	Management And General	
Salaries	\$ 197,214	\$ 71,126	\$ 54,961	\$ 323,301
Payroll taxes	17,256	6,224	4,809	28,289
Employee benefits	25,874	9,332	7,211	42,417
Total Compensation	<u>240,344</u>	<u>86,682</u>	<u>66,981</u>	<u>394,007</u>
Administrative expense	-	-	16,165	16,165
Advertising/marketing	34,954	-	-	34,954
Advertising/marketing-in kind	-	27,744	-	27,744
Building expenses	12,874	-	4,291	17,165
Depreciation	32,880	-	-	32,880
Dues/conferences	12,598	-	-	12,598
Equipment	4,136	-	-	4,136
Fundraising	-	14,455	-	14,455
Professional fees	-	-	4,445	4,445
Radio programming	63,577	-	-	63,577
Technical services	16,827	-	-	16,827
Telephone	5,480	-	-	5,480
Translator/transmitter	3,939	-	-	3,939
Transmitter expense	19,860	-	-	19,860
Volunteer	2,791	-	-	2,791
	<u>\$ 450,260</u>	<u>\$ 128,881</u>	<u>\$ 91,882</u>	<u>\$ 671,023</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows From Operating Activities:</u>		
Increase (decrease) in net assets	\$ (31,532)	\$ (41,494)
<u>Adjustments to reconcile to net cash flows</u>		
<u>from operating activities:</u>		
Depreciation	33,037	32,880
<u>Increase (decrease) in:</u>		
Payables and accruals	<u>1,295</u>	<u>(332)</u>
Net Cash Flows From Operating Activities	<u>2,800</u>	<u>(8,946)</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of building and equipment	<u>(6,107)</u>	<u>(13,864)</u>
Net Cash Flows From Investing Activities	<u>(6,107)</u>	<u>(13,864)</u>
NET INCREASE (DECREASE) IN CASH	(3,307)	(22,810)
<u>Cash And Cash Equivalents:</u>		
Beginning of year	<u>144,430</u>	<u>167,240</u>
End of year	<u><u>\$ 141,123</u></u>	<u><u>\$ 144,430</u></u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP-FM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Organization

Cook County Community Radio D/B/A WTIP-FM is a tax-exempt Minnesota corporation operating a public broadcasting radio station in Grand Marais, Minnesota. The Organization is a charitable organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Revenues are derived from public support and membership support. The Organization provides local programming.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. The financial statements have been prepared in conformity with the standards set forth for not-for-profit organizations.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net asset subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Property and Equipment

Property and equipment over \$1,000 is stated at cost less accumulated depreciation. Depreciation is determined on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 40 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Transmitter tower and equipment are recorded at cost, if purchased and at fair market value at date of gift, if donated to WTIP.

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP-FM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

In-Kind Contributions and Donated Personal Services of Volunteers

In-kind contributions are recorded as revenues in the Statements of Activities. In-kind contributions consist of local support for marketing.

The value of personal services of volunteer has not been reflected in the financial statements as no objective basis is available for valuation.

Accrued Vacation

Accrued compensated absences have not been reflected in the financial statements as they cannot be reasonably estimated.

Cash Flows

Cash and cash equivalents are defined as checking and short-term investments with maturities of less than one year for purposes of the Statement of Cash Flows.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents at financial institutions and any grants receivable.

Advertising Costs

Advertising costs are expensed as incurred.

Change in Accounting Principle

The FASB has issued an Accounting Standards Update (ASU 2016-14) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented this standard in 2018 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

Management has evaluated subsequent events through May 4, 2019, the date on which the financial statements were available to be issued.

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP-FM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures for programming and general expenditures without restriction. The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Organization invests excess available cash in bank savings.

Financial assets available for general expenditures without donor restriction, within one year of the date of the statement of financial position, comprise the following:

	<u>2018</u>
Petty cash	\$ 20
Checking accounts	40,075
Savings accounts	<u>101,028</u>
Financial assets available within one year to meet cash needs for expenditures	<u>\$ 141,123</u>

NOTE C – ENDOWMENT FUND

WTIP has endowment funds as part of the Duluth Superior Area Community Foundation. Income generated from investments is available for general operations. The money is maintained under a custodial agreement with the Duluth-Superior Community Foundation and all investing and accounting is performed by them. The asset value is not reflected in these financial statements. Total Fund value is \$53,321 at December 31, 2017 of which \$29,562 represents permanent contributions.

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

Grants and donations that are originally restricted when received and have not been expended for that restricted purpose at December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Duluth-Superior Area Community Fund	\$ 1,576	\$ 2,700
Lloyd K. Johnson Foundation	-	40,000
	<u>\$ 1,576</u>	<u>\$ 40,000</u>

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP-FM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE E – FUNCTIONAL EXPENSES

Operating expenses are allocated between program, fundraising and management and general. Program expenses provide a public broadcasting radio station to provide local programming and service. Expenses are allocated based on their direct relationship to providing the program activities described above.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization maintains accountability for each line item expense and allocates each expense to the various programs accordingly.

NOTE F – OTHER GRANTS

The detail of Grants and Donations – Other is as follows:

	<u>2018</u>	<u>2017</u>
Duluth-Superior Area Community Fund	\$ 1,576	\$ -
Ham Lake	-	2,500
Lloyd K. Johnson Foundation	-	40,000
NEMOJT	1,500	4,000
New Initiative JWF Fund	10,000	17,500
North House	5,600	4,000
Schaap Foundation	1,000	11,000
	<u>\$ 19,676</u>	<u>\$ 79,000</u>