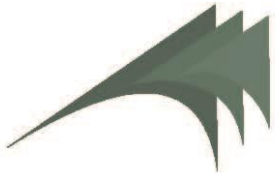


**RADIO CATSKILL**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

RADIO CATSKILL  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Radio Catskill  
Jeffersonville, NY

We have audited the accompanying financial statements of Radio Catskill (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and 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 principals 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.

INDEPENDENT AUDITOR'S REPORT  
(CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Radio Catskill as of December 31, 2019, and its changes in net assets and its cash flows for the year then ended in accordance with accounting principals generally accepted in the United States of America.

*Sickler, Torchia, Allen & Churchill, CPA's PC*

Sickler, Torchia, Allen & Churchill, CPA's, PC

Lake Katrine, New York

August 14, 2020

RADIO CATSKILL  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019

ASSETS

Current Assets

Cash	\$ 144,067
Accounts receivable, net	33,902
Investments	153,903
Prepaid assets	<u>4,425</u>
Total Current Assets	<u>336,297</u>

Fixed Assets

Building	318,410
Land	49,209
Equipment	528,430
Less: Accumulated depreciation	<u>(541,088)</u>
Total Fixed Assets	<u>354,961</u>
Total Assets	<u>\$ 691,258</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 5,674
Accrued liabilities	<u>-</u>
Total Current Liabilities	<u>5,674</u>

Net Assets

Without donor restriction	679,829
With donor restriction	<u>5,755</u>
Total Net Assets	<u>685,584</u>
Total Liabilities and Net Assets	<u>\$ 691,258</u>

See independent auditor's report and notes to the financial statements.

RADIO CATSKILL  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenues and Other Support			
Contributions	\$ 246,519	-	\$ 246,519
Fund Raising Income	38,391	-	38,391
Program Revenue	26,286	-	26,286
Net Realized/Unrealized Gain	15,125	-	15,125
Grants	-	100,672	100,672
Interest and dividends	3,403	-	3,403
Total Cash Support	329,724	100,672	430,396
 <u>Net Assets Released from Restrictions</u>			
Satisfaction of restrictions	100,672	(100,672)	-
Total Support and Revenue	430,396	-	430,396
 <u>Operating Expenditures</u>			
Program services	179,778	-	179,778
Management and general expenses	207,425	-	207,425
Fund-raising expenses	11,039	-	11,039
Total Operating Expenditures	398,242	-	398,242
Changes in net assets	32,154	-	32,154
Net assets at beginning of year	647,675	5,755	653,430
Net Assets at End of Year	\$ 679,829	\$ 5,755	\$ 685,584

See independent auditor's report and notes to the financial statements.

RADIO CATSKILL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fund Raising	Total
Salaries & Wages	\$ 40,144	93,668	-	\$ 133,812
Payroll Tax Expenses	4,916	11,472	-	16,388
Programing & Dues	60,470	-	-	60,470
Professional Fees	12,750	13,925	-	26,675
Station Promotion	-	5,871	-	5,871
Internet	6,518	-	-	6,518
Postage & Shipping	-	5,055	-	5,055
Rent	14,749	-	-	14,749
Office Expense	-	18,116	-	18,116
Bank & Credit Card Fees	-	4,466	-	4,466
Education	-	1,127	-	1,127
Travel Expense	-	991	-	991
Bookkeeping	-	3,733	-	3,733
Insurance	-	28,290	-	28,290
Repairs & Maintenance	-	10,484	-	10,484
Telephone	-	10,227	-	10,227
Utilities	21,176	-	-	21,176
Fundraising Expenses	-	-	11,039	11,039
Depreciation	15,991	-	-	15,991
Miscellaneous	943	-	-	943
Taxes	2,121	-	-	2,121
Total Expenses	<u>\$ 179,778</u>	<u>207,425</u>	<u>11,039</u>	<u>\$ 398,242</u>

See independent auditor's report and notes to the financial statements.

RADIO CATSKILL  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019

Cash Flows from Operating Activities

Cash received from grants	\$ 100,672
Cash received for program service fees	26,421
Cash received from contributions & fund raising	239,275
Cash paid to employees and suppliers	(394,703)
Interest income	<u>3,403</u>
Net Cash Provided (Used) by Operating Activities	<u>(24,932)</u>

Cash Flows from Investing Activities

Purchase of land, buildings, and equipment	(17,299)
Purchase of investments	(3,403)
Proceeds from the Sale of Assets	<u>10,210</u>
Net Cash Used by Investing Activities	<u>(10,492)</u>

Net increase (decrease) in cash and cash equivalents (35,424)

Cash and cash equivalents at beginning of year 179,492

Cash and cash equivalents at end of year \$ 144,068

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities

Change in net assets \$ 32,154

Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities

Depreciation	15,991
(Gain) loss earned on investments	(8,947)
Donated Services	(45,635)
Decrease (Increase) in accounts receivable	135
Decrease (Increase) in prepaid assets	(3,089)
(Decrease) Increase in accounts payable	<u>(15,541)</u>
Total Adjustments	<u>(57,086)</u>
Net Cash Provided by Operating Activities	<u><u>\$ (24,932)</u></u>

See independent auditor's report and notes to the financial statements.



RADIO CATSKILL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Radio Catskill (the "Organization"), is a New York State non-profit entity established to acquire and maintain a Federal Communication Commission (FCC) license to operate an educational, non-commercial radio station located in Jeffersonville, New York. The Organization rents a second location in Honesdale, Pennsylvania which provides programming and is transmitted through to the Jeffersonville station. Radio Catskill uses the call letters WJFF and has a geographical listening area that covers Sullivan and portions of Ulster, Delaware and Orange counties in New York and Pike and Wayne counties in Pennsylvania.

The Organization is supported by membership fees, fundraising events, government grants, public and private foundations, local business and individual contributions. They have licensing agreements with 3<sup>rd</sup> party providers for music and informational content which are paid quarterly.

Basis of Accounting

These financial statements have been prepared in conformity with accounting principals generally accepted in the United States of America.

Financial Statement Presentation

Radio Catskill reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions net assets and with donor restrictions net assets depending on donor imposed restrictions, if any.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)3 of the Internal Revenue Code and comparable state law as a charitable organization, whereby only unrelated business income, as defined by Section 509(a)(1) of the code, is subject to federal income tax. The Organization currently has no unrelated business income.

Generally, the Organization's tax returns remain open for three years for federal and state tax examination. Management of the Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. There were no interest or penalties recorded or included in the financial statements.

Cash and Cash Equivalents

Cash primarily consists of bank demand deposit accounts. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. Cash balances may at times exceed federally insured limits. The Organization has not experienced any losses in their accounts and Management believes it is not exposed to any significant risk with respect to cash.

See independent auditor's report and notes to the financial statements.

RADIO CATSKILL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts Receivable are carried at the original invoice amount, less an estimate for doubtful accounts of \$0 as of December 31, 2019.

Outstanding balances are reviewed individually for collectability. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses. Bad debt expense is included in Management & General Expenses. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Management determines when receivables are past due or delinquent based on how recently payments have been received. The Organization does not assess interest on overdue account balances.

Investments

Investments are reported at fair value as determined by quoted market prices for which all significant inputs are observable, directly or indirectly within the statement of net position. The net realized and unrealized gains on investments are reported directly in the accompanying statement of activities.

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

Property and Equipment

Purchased property and equipment over the Organization's capitalization policy of \$250 is stated at cost, and depreciated on a straight-line basis over the estimated useful lives of the assets which range from 5 to 40 years. Additions, renewals, and improvements are capitalized.

Revenue Recognition

The Organization follows FASB ASC 958-210, Accounting for Contributions Received and Contributions Made. Under this statement, the Organization records revenue as without donor restriction and with donor restriction based upon the existence and nature of donor-imposed restrictions. When the conditions relating to the restriction are met, the with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restriction. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as without donor restriction.

Membership support, which is comprised of unrestricted contributions is recognized as operating revenues in the period received.

Community Service Grants (CSGs) awarded for operating purposes (primarily through the Corporation for Public Broadcasting (CPB)) are recognized as support when grants are awarded since no direct value or specific performance is required in exchange. Pursuant to the Communications Act, CSG funds distributed by the CPB are to be used at the discretion of the recipient for purposes related primarily to the production or acquisition of programming. CSGs awarded for specific performance and/or use such as the grants received from the CPB for national public broadcasting expenditures are recognized when the expenditures have been incurred for a specific period.

See independent auditor's report and notes to the financial statements.

RADIO CATSKILL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donations of Property and Equipment

Donations of property and equipment are recorded at their estimated fair market values on the date of the donation.

Advertising Costs

Advertising costs, if any, are expensed as incurred.

NOTE 2 – CHANGE IN PRESENTATION OF FINANCIAL STATEMENTS

Effective January 1, 2019 the Organization changed its accounting method for revenue recognition as a result of implementing the requirements in the Financial Accounting Standard Board’s Accounting Standards Codification (ASC)958, Revenue from contracts with grantors, as applicable to Non-Profit Entities under Accounting Standards Update 2018-08.

The new revenue recognition guidance requires the recognition of revenue for conditional contributions as the contractual agreement barrier(s) are met there is a right to release transferred assets. Under this standard, recognition is focused on the conditional contribution meeting the barrier(s) identified in the agreement(s) being met and the right to release asset(s). The Organization adopted the requirements of the new revenue recognition guidance as of January 1, 2019, utilizing the full retrospective transition method. The Organization has been recognizing revenues based on meeting conditions identified in contractual agreement(s) for several years. As a result revenue recognition under current ASU does not significantly impact the financial statements.

NOTE 3 - INVESTMENTS

Investments are stated at fair value and consist primarily of securities held at local financial institutions. Investments at December 31, 2019, are as followed:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Readily Marketable Securities	<u>\$ 141,511</u>	<u>\$ 153,903</u>	<u>\$ 12,392</u>

NOTE 4 - CONCENTRATIONS OF CREDIT RISK / MAJOR CONTRIBUTORS

The Organization maintains cash and money market deposit accounts at one financial institution. As part of the Federal Deposit Insurance Corporation both noninterest and interest bearing accounts will be insured up to a combined balance of \$250,000 per bank. At December 31, 2019, the Organization’s bank balances totaled \$150,571 and its uninsured cash balances totaled \$0.

The Organization is economically dependent upon contributions from the general public to finance its activities. For the year ended December 31, 2019, the Organization had many single individual contributors from the general public. Contributions from individuals totaled \$246,519 in 2019.

See independent auditor’s report and notes to the financial statements.

RADIO CATSKILL  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2019:

		<u>Estimated Life</u>
Buildings and improvements	\$ 318,410	40 years
Equipment	528,430	5-10 years
Land	<u>49,209</u>	
	896,049	
Less: accumulated depreciation	<u>(541,088)</u>	
Fixed Assets, Net	<u>\$ 354,961</u>	

During 2019 the Organization received \$40,060 of contributed services from the Sullivan County Career & Technical Education Center for renovation work at the new Liberty building. The costs of these services was valued at prevailing wage rates for laborers and journeymen in Sullivan County as defined by New York State. The work was capitalized as part of buildings and improvements and the services received were included as contributions in the Statement of Net Activities.

NOTE 6 – FAIR VALUE MEASUREMENTS

A) Major categories of assests measured at fair value on a recurring basis comprise the following:

<u>Fair Value Measurements at Reporting Date Using:</u>				
		Quoted Prices in Active Markets for Identical Assets / Liabilities (Level 1)	Signified Other Observable Units (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2019</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>Inputs (Level 3)</u>
Readily Marketable Securities	<u>\$ 153,903</u>	<u>-</u>	<u>153,903</u>	<u>-</u>

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities,

Level 2 – Directly of indirectly observable (market Based) information- This includes quoted prices for similar assets or liabilities in markets that are not active. For loans receivable and deferred grant revenue fair value is estimated as the present value of expected future cash flow,

Level 3 – Unobservable inputs for the asset or liability for which there is no market data or for which asset and liability values are not correlated with market value.

See independent auditor’s report and notes to the financial statements.

RADIO CATSKILL  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

The table below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at the fair value and classified as Level 3 in the fair value hierarchy:

	2019	
Balance at Beginning of Period	\$	-
Unrealized Gains/(Losses)		-
Realized Gains/(Losses)		-
Purchases, Issuance, Sales & Settlements		-
Transfers In and/or Out of Level 3		-
Balance at End of Period	\$	-

Realized and unrealized gains and losses of \$0 are included in changes in net assets are reported in the Statement of Activities as a component of program expense. There were no transfers into Level 3 from Level 2. The Organizations policy is to recognize transfers into and out of Level 3 as of the actual date of the event or the change in circumstances.

B) Other Fair Value Disclosures:

Financial instruments are recorded at carrying value in the financial statements; however, the fair value of these instruments is disclosed below in accordance with current accounting guidance related to financial instruments.

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is practicable to estimate that value:

- I. Cash and Cash Equivalents: - The carrying amount approximates fair value because of the short maturity of those instruments.
- II. Property, Plant and Equipment: - The fair value of property, plant and equipment held and used is determined, whenever possible, by reference to quoted market prices and other market information for similar assets. This is then compared to depreciated historical cost values as a measure to determine potential impairment loss. No impairment losses have been recognized through current year end.
- III. Accounts Payable and Accrued Expenses: - The carrying amounts approximate fair value because of the short term to liquidation of the instruments.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

The balance of the net assets with donor restrictions totaled \$5,755 as of December 31, 2019. This balance is intirely made up of a restricted portion of a grant receivable from the Corporation for Public Broadcasting.

See independent auditor’s report and notes to the financial statements.

RADIO CATSKILL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019

NOTE 8 – LIQUIDITY AND AVAILABILITY

The following reflects the Organization’s financial assets as of the date of the statement of financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2019</u>
Financial Assets at Year-End	\$ 329,592
Less those unavailable for general expenses within one year, due to:	
Net Assets With Donnor Restriction	5,755
Prepays	<u>4,425</u>
Total	<u>10,180</u>
Financial Assets available to meet cash needs for general expenses within one year	<u>\$ 319,412</u>

NOTE 9 – FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the Organization’s various programs, supporting services and fundraising has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 10 – RELATED PARTY TRANSACTIONS

The land which the Organization leases in Jeffersonville, NY is owned by a former Board Member. Additionally, the Organization receives its electricity from a company that is owned by the same former Board member. For the year ended December 31, 2019 the expense for this electricity was \$2,199. Another former Board member owns property on which the station building encroaches and is used for parking by the station. No remuneration is paid to this former Board member for this usage.

NOTE 11 – ADVERTISING

Total advertising expense for the year ended December 31, 2019 was \$4,400. This was for ads placed in the local newspapers, radio ads, and mailings.

See independent auditor’s report and notes to the financial statements.

RADIO CATSKILL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019

NOTE 12 – SUBSEQUENT EVENTS

A) Subsequent events have been evaluated through August 14, 2020 the date the financial statements were available to be issued.

B) Coronavirus 2020:

This virus, first detected in China, has since spread worldwide and has been declared a pandemic by the World Health Organization (WHO). The health risks are not to be underestimated, but the economic affect to business, or other organizations, and the general population may be billions of dollars (or more). The Organization is also affected. Some of the possible economic affects follow.

Business Disruption:

- 1) Supply chain disruption: The Organization depends on engineering and broadcasting costs from third party providers. An availability or delay in receiving theses noted items may effect the Organization's ability to provide continuous service to the community it supplies in a timely manner and/or affect costs.
- 2) Employees: The overall effect on the workforce is not know at this time, but with New York State and localities mandating staff reductions over the past few months there is a possibility this may reoccur, the possibility of employees contracting the virus, and employees working remontely, the ability to provide the necessary services may be impaired.

Revenue Loss:

The Organization does not anticipate any significant loss of revenue from the Public Broadcast Company. The situation may affect the timing of and ability to collect other forms of revenues if the economy continues to struggle.

Compliance with Government Restrictions:

The Organization has complied with guidance issued by the Center for Disease Control and will work diligently to continue complying.

The duration of the effects of the virus and its economic impact are known at this time, however, the longer this health issue affects the Organization the costly it may become.

See independent auditor's report and notes to the financial statements.

RADIO CATSKILL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019

NOTE 13 – OPERATING LEASES

The Organization leases property in Jeffersonville, New York on which the administrative offices of the organization are located. The lease is for one year term ending August 31, 2019 and the lease is automatically renewed for an additional year. Either party can elect not to renew the lease by giving at least nine months written notice. The lease is for \$1 and is subject to adjustment for a proportionate share of any taxes, assessments and charges associated with the property.

The Organization also leases property in Honesdale, Pennsylvania. The lease was renewed in August of 2018 and is a five year lease scheduled to end on July 31, 2023. At any time after the twenty fourth month of the lease either party may terminate it upon six months written notice. The lease begins the first year at \$385 per month and then is scheduled to increase by 2% each year there after.

The Organization also leases space on a radio tower on which it has installed its broadcasting equipment. The terms of this lease have not been formally finalized and is currently a month to month agreement at \$800 per month.

The following is a schedule of future minimum payments required under the previously noted operating leases as of December 31;

2020	\$ 4,756
2021	4,852
2022	4,948
2023	<u>2,919</u>
	<u>\$ 17,475</u>