

**CENTER FOR COMMUNICATION
AND DEVELOPMENT**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

PREPARED BY:

BWK ROGERS PC

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Independent Auditor's Report..... 1-2

FINANCIAL STATEMENTS

Statements of Financial Position..... 3

Statement of Activities..... 4

Statement of Functional Expenses 5

Statements of Cash Flows..... 6

Notes to the Financial Statements..... 7-14



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Center for Communication and Development/KMOJ Radio

Opinion

We have audited the accompanying financial statements of Center for Communication and Development (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Center for Communication and Development as of December 31, 2021, and the changes in net assets and its cash flows for the year 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 Center for Communication and Development 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 Center for Communication and Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 Center for Communication and Development'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 Center for Communication and Development'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.

Report on Summarized Comparative Information

We have previously audited Center for Communication and Development's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



July 15, 2022

CENTER FOR COMMUNICATION AND DEVELOPMENT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 806,729	\$ 398,991
Accounts receivable, net of allowance	77,357	26,746
Grants receivable	51,682	48,095
Due from employee	-	1,615
Prepaid expenses	<u>5,664</u>	<u>10,014</u>
Total Current Assets	941,432	485,461
Damage Deposit	4,995	4,995
Fixed Assets, net of accumulated depreciation of \$577,263 and \$575,716 in 2021 and 2020, respectively	<u>35,142</u>	<u>2,230</u>
Total Assets	<u>\$ 981,569</u>	<u>\$ 492,686</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 24,879	\$ 13,060
Payroll liabilities	7,118	5,859
Deferred revenue	<u>7,042</u>	<u>17,417</u>
Total Current Liabilities	39,039	36,336
Net Assets		
Without donor restrictions	822,316	340,469
With donor restrictions	<u>120,214</u>	<u>115,881</u>
Total Net Assets	<u>942,530</u>	<u>456,350</u>
Total Liabilities and Net Assets	<u>\$ 981,569</u>	<u>\$ 492,686</u>

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

CENTER FOR COMMUNICATION AND DEVELOPMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total <u>2021</u>	Total <u>2020</u>
Support and Revenues				
Non-government grants	\$ 1,400	\$ -	\$ 1,400	\$ 13,945
Individual contributions	29,632	-	29,632	19,727
Government grants	554,077	120,214	674,291	523,197
Underwriting income	845,905	-	845,905	676,814
Gross special event income	-	-	-	-
Less cost of direct benefits to donors	-	-	-	(2,000)
Net special event income	-	-	-	(2,000)
Miscellaneous income	4,106	-	4,106	4,664
Net assets released from restrictions	<u>115,881</u>	<u>(115,881)</u>	<u>-</u>	<u>-</u>
 Total support and revenue	 1,551,001	 4,333	 1,555,334	 1,236,347
Expenses				
Program services	843,123	-	843,123	807,728
Management and general	<u>226,031</u>	<u>-</u>	<u>226,031</u>	<u>236,712</u>
 Total expenses	 <u>1,069,154</u>	 <u>-</u>	 <u>1,069,154</u>	 <u>1,044,440</u>
 Change in net assets	 481,847	 4,333	 486,180	 191,907
Beginning net assets	<u>340,469</u>	<u>115,881</u>	<u>456,350</u>	<u>264,443</u>
Ending net assets	<u>\$ 822,316</u>	<u>\$ 120,214</u>	<u>\$ 942,530</u>	<u>\$ 456,350</u>

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

CENTER FOR COMMUNICATION AND DEVELOPMENT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR 2020

	Program	Management & General	2021	2020
Salaries	\$ 306,488	\$ 103,804	\$ 410,292	\$ 478,621
Payroll taxes	31,124	10,541	41,665	47,527
Insurance	22,917	10,344	33,261	24,751
Professional fees	13,677	11,636	25,313	15,458
Accounting and auditing	-	32,805	32,805	18,937
Bank fees and interest	-	8,329	8,329	8,238
Commission/contract fees	247,725	-	247,725	150,793
Equipment rental and servicing	-	-	-	162
Advertising	-	3,139	3,139	300
Telephone and internet	20,304	6,877	27,181	28,892
Supplies	9,140	5,154	14,294	13,250
Licenses and copyright fees	5,001	-	5,001	4,587
Dues and subscriptions	20,400	1,913	22,313	23,244
Meetings and conferences	-	-	-	102
Travel	-	1,241	1,241	45
Occupancy	165,791	29,257	195,048	195,040
Cost of direct benefits to donors	-	-	-	2,000
Bad debt	-	-	-	8,240
Depreciation	556	991	1,547	26,253
Total Expenses by Function	843,123	226,031	1,069,154	1,046,440
Less Expenses Included with Revenues on the Statement of Activities				
Cost of direct benefits to donors	-	-	-	(2,000)
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 843,123</u>	<u>\$ 226,031</u>	<u>\$ 1,069,154</u>	<u>\$ 1,044,440</u>

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

**CENTER FOR COMMUNICATION AND DEVELOPMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 486,180	\$ 191,907
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,547	26,253
Changes in current assets and liabilities:		
(Increase) in receivables	(52,583)	(48,934)
Decrease (increase) in prepaid expenses	4,350	(214)
Increase in accounts payable	11,819	1,811
Increase (decrease) in payroll liabilities	1,259	(554)
(Decrease) in deferred revenue	<u>(10,375)</u>	<u>(6,735)</u>
Net Cash Provided By Operating Activities	442,197	163,534
Cash Flows from Investing Activities		
Purchase of fixed assets	<u>(34,459)</u>	<u>(2,973)</u>
Net Cash (Used) By Investing Activities	<u>(34,459)</u>	<u>(2,973)</u>
Net Increase in Cash and Cash Equivalents	407,738	160,561
Cash and Cash Equivalents, Beginning of Year	<u>398,991</u>	<u>238,430</u>
Cash and Cash Equivalents, End of Year	<u>\$ 806,729</u>	<u>\$ 398,991</u>

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

**CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Center for Communication and Development (KMOJ Radio) is a nonprofit organization that was formed in 1976 to provide broadcast communications training and serve as an information and communications vehicle for the Twin Cities African American community. The Organization works to improve the quality of life and provide positive experiences for community residents, through entertainment, public service announcements, and forums for discussing issues that affect their lives.

Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly, reflect significant receivables, payables, and other liabilities.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and money market accounts to be cash and cash equivalents.

Receivables and Credit Policies

The receivable balances represent the amounts considered collectible at year end. Management estimates an allowance for doubtful accounts based on historical experience applied to an aging of accounts. Receivable balances are written off against the allowance for doubtful accounts when deemed uncollectible. The allowance for doubtful accounts was \$0 and \$16,240 as of December 31, 2021 and 2020, respectively.

**CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give (Grants Receivable)

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumption that market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable are written off when deemed uncollectible. At December 31, 2021 and 2020, there was no allowance for uncollectible grants receivable.

Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation. All major expenditures for furniture and equipment exceeding \$1,000 are capitalized at cost. Contributed furniture and equipment is recorded at fair market value at date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Classification of 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) restrictions.
- *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. The Organization reports contributions restricted by donors 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.

CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

The Organization 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 a right of return, are not recognized until the conditions on which they depend have been met.

Program service fees are recognized when the service is provided.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Donated Services

Volunteers contribute significant amount of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria described by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair value of the services received. No significant contributions of such goods or services were received during the years ended December 31, 2021 and 2020, respectively.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$3,139 and \$300 during the years ended December 31, 2021 and 2020, respectively.

Functional Allocation of Expenses

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses other than salaries and related expenses, which are not directly identifiable by program or support service, are allocated based on the best estimates of management.

CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fundraising Expenses

The primary fundraising expenses are considered immaterial to the financial statements and are included in management and general expenses.

Tax Exempt Status

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense. The Organization is not a private foundation. Management has determined that the Organization is not subject to unrelated business income tax. Management is not aware of any transactions that would impact the Organization's tax-exempt status.

The Organization follows the guidance of the Accounting Standard Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of positions taken or expected to be taken in a tax return. For the years ended December 31, 2021 and 2020, management of the Organization is not aware of any material uncertain tax positions.

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates, and those differences could be material.

**CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from funders supportive of the Organization's mission.

Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were issued, July 15, 2022. There are no subsequent events required to be disclosed in accordance with accounting standards

NOTE 2. LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of restrictions. Amounts not available include net assets with donor restrictions of \$120,214 and \$115,881 at December 31, 2021 and 2020, respectively.

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$806,729	\$398,991
Receivables	<u>129,039</u>	<u>76,456</u>
Total Financial Assets	935,768	475,447
Net Assets With Donor Restrictions	<u>(120,214)</u>	<u>(115,881)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$815,554</u>	<u>\$359,566</u>

The Organization regularly monitors liquidity required to meet its operating needs and other commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3. FIXED ASSETS

Fixed assets consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Equipment	\$280,634	\$246,175
Computers and software	17,463	17,463
Furniture	5,365	5,365
Leasehold improvements	<u>308,943</u>	<u>308,943</u>
Total Property and Equipment	612,405	577,946
Less: Accumulated depreciation	<u>(577,263)</u>	<u>(575,716)</u>
Property and Equipment, Net	<u>\$ 35,142</u>	<u>\$ 2,230</u>

Depreciation expense of \$1,547 and \$26,253 was recorded, respectively, for the years ended December 31, 2021 and 2020.

NOTE 4. OPERATING LEASES

The Organization leases a storage unit on a monthly basis. The lease is classified as an operating lease and is charged to operations as incurred. There are no future minimum lease payments associated with this agreement.

In April 2010, the Organization entered into a five-year lease for office space, which expired on April 30, 2015. At that time, the Organization renewed this lease for another five years. There was also a second five-year renewal option for this lease. However, due to COVID-19, the signing of the lease renewal was delayed. The Organization continued to rent the space on a month-to-month basis until the fourth lease amendment was signed on August 31, 2020. This amendment extended the lease term for ten years, ending on August 31, 2030. It includes two options to extend the lease term for five years each. The lease is classified as an operating lease and is charged to operations as incurred.

In May 2010, the Organization entered into a five-year lease for the antenna site, which started on July 1, 2010, and expired on June 30, 2015. At that time, the Organization renewed and amended this lease through December 31, 2020. The Organization continues to lease the antenna site under a two-year extension through December 31, 2022. The lease is classified as an operating lease and is charged to operations as incurred.

**CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 4. OPERATING LEASES (Continued)

Future minimum lease payments are as follows:

2022	\$123,724
2023	63,480
2024	65,067
2025	66,694
2026	68,361
Thereafter	<u>265,400</u>
Total	<u>\$652,726</u>

Rent expense for these leases totaled \$131,173 and \$126,449 for the years ended December 31, 2021 and 2020, respectively.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Future Year Operations	<u>\$120,214</u>	<u>\$115,881</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for programs for the year ended December 31:

	<u>2021</u>	<u>2020</u>
General Operations	<u>\$115,881</u>	<u>\$103,222</u>

NOTE 6. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or support function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries, payroll taxes, insurance, telephone and internet, occupancy, and depreciation, which are allocated on the basis of estimates of time and effort.

**CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 7. SPECIAL EVENT INCOME

Special event revenue is calculated net of revenue and expenses. There were no special events in 2021. In 2020, the special event was cancelled due to COVID-19, but the Organization's deposit for the event was non-refundable. As such, there was a net loss of \$2,000 in 2020.

NOTE 8. RETIREMENT PLAN

The Organization maintains a 401(k)-profit sharing plan for its qualifying employees. The Organization makes no matching contributions to the plan.

NOTE 9. COVID-19

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