

**CENTER FOR COMMUNICATION  
AND DEVELOPMENT**

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**PREPARED BY**

**BWK ROGERS PC**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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**BWK Rogers PC**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

*Minneapolis, Minnesota*

*O. Barry Rogers, CPA*  
*Wylie R. Klawitter, CPA*

*Melissa J. Baraibar, CPA*

## 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, 2022, 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, 2022, 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.

### **Emphasis of Matter – Change in Accounting Principle**

As discussed in Note 10 to the financial statements, Center for Communication and Development implemented the provisions of Accounting Standards Update (ASU) 2016-02 (Topic 842) – *Leases*.

### **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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



June 29, 2023

**CENTER FOR COMMUNICATION AND DEVELOPMENT  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 909,731	\$806,729
Accounts receivable, net of allowance	72,224	77,357
Grants receivable	-	51,682
Prepaid expenses	9,656	5,664
Right-of-use asset - operating lease, current	<u>63,852</u>	<u>-</u>
<b>Total Current Assets</b>	<b>1,055,463</b>	<b>941,432</b>
Right-of-use asset - operating lease, non-current	437,010	-
Damage deposit	4,995	4,995
Fixed assets, net of accumulated depreciation of \$582,057 and \$577,263 in 2022 and 2021, respectively	<u>34,715</u>	<u>35,142</u>
<b>Total Assets</b>	<b><u>\$1,532,183</u></b>	<b><u>\$981,569</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 8,001	\$ 24,879
Payroll liabilities	5,810	7,118
Deferred revenue	26,817	7,042
Lease liability - operating lease, current	<u>60,199</u>	<u>-</u>
<b>Total Current Liabilities</b>	<b>100,827</b>	<b>39,039</b>
Lease liability - operating lease, non-current	<u>454,979</u>	<u>-</u>
<b>Total Liabilities</b>	<b>555,806</b>	<b>39,039</b>
<b>Net Assets</b>		
Without donor restrictions	842,554	822,316
With donor restrictions	<u>133,823</u>	<u>120,214</u>
<b>Total Net Assets</b>	<b><u>976,377</u></b>	<b><u>942,530</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$1,532,183</u></b>	<b><u>\$981,569</u></b>

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, 2022**  
**WITH COMPARATIVE TOTALS FOR 2021**

	2022			Total <u>2021</u>
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Support and Revenue</b>				
Non-government grants	\$ 2,750	\$ -	\$ 2,750	\$ 1,400
Individual & corporate contributions	9,831	-	9,831	29,632
Government grants	150,651	133,823	284,474	674,291
Underwriting income	814,774	-	814,774	845,905
Gross special event income	36,256	-	36,256	-
Less cost of direct benefits to donors	<u>(19,659)</u>	<u>-</u>	<u>(19,659)</u>	<u>-</u>
Net special event income	16,597	-	16,597	-
Miscellaneous income	4,848	-	4,848	4,106
Net assets released from restrictions	<u>120,214</u>	<u>(120,214)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenue	 1,119,665	 13,609	 1,133,274	 1,555,334
<b>Expenses</b>				
Program services	853,617	-	853,617	843,123
Management and general	<u>245,810</u>	<u>-</u>	<u>245,810</u>	<u>226,031</u>
 Total Expenses	 <u>1,099,427</u>	 <u>-</u>	 <u>1,099,427</u>	 <u>1,069,154</u>
 Change in Net Assets	 20,238	 13,609	 33,847	 486,180
Beginning Net Assets	<u>822,316</u>	<u>120,214</u>	<u>942,530</u>	<u>456,350</u>
Ending Net Assets	<u>\$ 842,554</u>	<u>\$ 133,823</u>	<u>\$ 976,377</u>	<u>\$ 942,530</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, 2022**  
**WITH COMPARATIVE TOTALS FOR 2021**

	2022			2021
	Program	Management & General	Total	
Salaries	\$ 356,182	\$ 120,635	\$ 476,817	\$ 410,292
Payroll taxes	30,256	10,248	40,504	41,665
Insurance	8,714	3,933	12,647	33,261
Professional fees	15,240	5,977	21,217	25,313
Accounting and auditing	-	28,728	28,728	32,805
Bank fees and interest	-	16,661	16,661	8,329
Commission/contract fees	188,566	-	188,566	247,725
Advertising	-	3,108	3,108	3,139
Telephone and internet	18,679	6,326	25,005	27,181
Supplies	11,029	4,762	15,791	14,294
Miscellaneous	-	116	116	-
Licenses and copyright fees	5,058	-	5,058	5,001
Dues and subscriptions	21,990	815	22,805	22,313
Travel	5,517	332	5,849	1,241
Conferences, conentions, and meetings	-	10,927	10,927	-
Occupancy	187,709	33,125	220,834	195,048
Cost of direct benefits to donors	-	19,659	19,659	-
Depreciation	4,677	117	4,794	1,547
<b>Total Expenses by Function</b>	<b>853,617</b>	<b>265,469</b>	<b>1,119,086</b>	<b>1,069,154</b>
Less Expenses Included with Revenues on the Statement of Activities				
Cost of direct benefits to donors	-	(19,659)	(19,659)	-
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<b><u>\$ 853,617</u></b>	<b><u>\$ 245,810</u></b>	<b><u>\$ 1,099,427</u></b>	<b><u>\$ 1,069,154</u></b>

**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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 33,847	\$486,180
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	4,794	1,547
Changes in current assets and liabilities:		
Decrease (increase) in receivables	56,815	(52,583)
(Increase) decrease in prepaid expenses	(3,992)	4,350
(Increase) in right-of-use asset	(500,862)	-
(Decrease) increase in accounts payable	(16,878)	11,819
(Decrease) increase in payroll liabilities	(1,308)	1,259
Increase (decrease) in deferred revenue	19,775	(10,375)
Increase in lease liability	<u>515,178</u>	<u>-</u>
<b>Net Cash Provided By Operating Activities</b>	107,369	442,197
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	<u>(4,367)</u>	<u>(34,459)</u>
<b>Net Cash (Used) By Investing Activities</b>	<u>(4,367)</u>	<u>(34,459)</u>
Net Increase in Cash and Cash Equivalents	103,002	407,738
Cash and Cash Equivalents, Beginning of Year	<u>806,729</u>	<u>398,991</u>
Cash and Cash Equivalents, End of Year	<u>\$909,731</u>	<u>\$806,729</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, 2022 AND 2021**

**NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Center for Communication and Development (KMOJ Radio, the Organization) 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, 2021, 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. There was no allowance for doubtful accounts as of December 31, 2022 and 2021, as management believes all balances are fully collectible.

**CENTER FOR COMMUNICATION AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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, 2022 and 2021, there was no allowance for uncollectible grants receivable.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments for those leases are reported as lease expense on a straight-line basis over the lease term.

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.

**CENTER FOR COMMUNICATION AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

Classification of Net Assets (Continued)

- *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.

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.

Donated Material and 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, 2022 and 2021.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$3,108 and \$3,139 during the years ended December 31, 2022 and 2021, respectively.

**CENTER FOR COMMUNICATION AND DEVELOPMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

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.

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, 2022 and 2021, 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.

**CENTER FOR COMMUNICATION AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

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.

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, June 29, 2023. 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, 2022 and 2021, 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 \$133,823 and \$120,214 at December 31, 2022 and 2021, respectively.

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$909,731	\$806,729
Receivables	<u>72,224</u>	<u>129,039</u>
Total Financial Assets	981,955	935,768
Net Assets With Donor Restrictions	<u>(133,823)</u>	<u>(120,214)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$848,132</u>	<u>\$815,554</u>

**CENTER FOR COMMUNICATION AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 2. LIQUIDITY AND AVAILABILITY (Continued)**

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.

**NOTE 3. FIXED ASSETS**

Fixed assets consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Equipment	\$285,001	\$280,634
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	616,772	612,405
Less: Accumulated depreciation	<u>(582,057)</u>	<u>(577,263)</u>
Property and Equipment, Net	<u>\$ 34,715</u>	<u>\$ 35,142</u>

Depreciation expense of \$4,794 and \$1,547 was recorded, respectively, for the years ended December 31, 2022 and 2021.

**NOTE 4. LEASES**

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents the Organization's right to use underlying assets for the lease term, and the lease liability represents the Organization's obligation to make lease payments arising from this lease. The ROU asset and lease liability, which arise from one operating lease, were calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The discount rate applied to calculate the lease liability as of December 31, 2022, was 0.68%.

The Organization's operating leases consist of:

- A month-to-month lease for a storage unit
- A 12-month lease for the antenna site
- A 10-year lease for office space located in Minneapolis, Minnesota

**CENTER FOR COMMUNICATION AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 4. LEASES (Continued)**

The rent expense for the year ended December 31, 2022 was \$147,513. As of December 31, 2022, the remaining lease term for the operating lease for office space was 92 months.

Cash paid for the operating lease for office space for the year ended December 31, 2022, was \$61,932.

Future maturities of the lease liability are presented in the following table for the fiscal years ending December 31:

2023	\$ 60,199
2024	62,203
2025	64,260
2026	66,371
2027	68,539
Thereafter	<u>193,606</u>
Total	<u>\$515,178</u>

Rent expense under FASB ASC 840 (pre-adoption of the new standards) for operating leases totaled \$131,173 for the year ended December 31, 2021. The aggregate minimum lease payments under the operating leases as of December 31, 2021, were 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>

**NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2022</u>	<u>2021</u>
Future Year Operations	<u>\$133,823</u>	<u>\$120,214</u>

**CENTER FOR COMMUNICATION AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

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>2022</u>	<u>2021</u>
General Operations	<u>\$120,214</u>	<u>\$115,881</u>

**NOTE 6. SPECIAL EVENT INCOME**

Special event revenue is calculated net of revenue and expenses. In 2022, the special events included the Memorial Day Boat Ride and a Radio-thon. There were no special events in 2021.

**NOTE 7. 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.

**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.



**CENTER FOR COMMUNICATION AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 10. CHANGE IN ACCOUNTING PRINCIPLE**

In 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2021). The Organization also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized a right-of-use asset of \$564,311 and lease liability totaling \$573,426 in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.