CENTER FOR COMMUNICATION AND DEVELOPMENT

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

PREPARED BY

BWK ROGERS PC

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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BWK Rogers PC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
Minneapolis, Minnesota

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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, 2023, 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, 2023, 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.

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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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BWK Rogers PC

July 8, 2024

CENTER FOR COMMUNICATION AND DEVELOPMENT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 809,503	$ 909,731
Accounts receivable, net of allowance	103,377	72,224
Grants receivable	32,699	-
Prepaid expenses	13,336	9,656
Right-of-use asset - operating lease, current	64,268	63,852
Total Current Assets	1,023,183	1,055,463
Right-of-use asset - operating lease, non-current	372,742	437,010
Damage deposit	4,995	4,995
Fixed assets, net of accumulated depreciation of $586,205 and $582,057 in 2023 and 2022, respectively	31,639	34,715
Total Assets	$1,432,559	$1,532,183
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 5,883	$ 8,001
Payroll liabilities	14,531	5,810
Deferred revenue	26,617	26,817
Lease liability - operating lease, current	62,203	60,199
Total Current Liabilities	109,234	100,827
Lease liability - operating lease, non-current	392,776	454,979
Total Liabilities	502,010	555,806
Net Assets		
Without donor restrictions	798,331	842,554
With donor restrictions	132,218	133,823
Total Net Assets	930,549	976,377
Total Liabilities and Net Assets	$1,432,559	$1,532,183

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, 2023
WITH COMPARATIVE TOTALS FOR 2022

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	Total 2022
Support and Revenue				
Non-government grants	$ 9,300	$ -	$ 9,300	$ 2,750
Individual & corporate contributions	8,696	-	8,696	9,831
Government grants	177,552	132,218	309,770	284,474
Underwriting income	741,158	-	741,158	814,774
Gross special event income	51,087	-	51,087	36,256
Less cost of direct benefits to donors	(37,371)	-	(37,371)	(19,659)
Net special event income	13,716	-	13,716	16,597
Miscellaneous income	13,408	-	13,408	4,848
Net assets released from restrictions	133,823	(133,823)	-	-
Total Support and Revenue	1,097,653	(1,605)	1,096,048	1,133,274
Expenses				
Program services	826,446	-	826,446	853,617
Management and general	315,430	-	315,430	245,810
Total Expenses	1,141,876	-	1,141,876	1,099,427
Change in Net Assets	(44,223)	(1,605)	(45,828)	33,847
Beginning Net Assets	842,554	133,823	976,377	942,530
Ending Net Assets	$ 798,331	$ 132,218	$ 930,549	$ 976,377

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, 2023
WITH COMPARATIVE TOTALS FOR 2022

	2023			
	Program	Management & General	Total	2022
Salaries	$ 339,784	$ 185,455	$ 525,239	$ 476,817
Payroll taxes	23,894	13,041	36,935	40,504
Insurance	11,800	5,326	17,126	12,647
Professional fees	8,951	3,548	12,499	21,217
Accounting and auditing	-	26,253	26,253	28,728
Bank fees and interest	-	11,195	11,195	16,661
Commission/contract fees	179,589	500	180,089	188,566
Advertising	-	15,789	15,789	3,108
Telephone and internet	21,515	7,287	28,802	25,005
Supplies	14,027	6,160	20,187	15,791
Miscellaneous	-	-	-	116
Licenses and copyright fees	5,101	-	5,101	5,058
Dues and subscriptions	22,444	996	23,440	22,805
Travel	5,398	-	5,398	5,849
Conferences, conentions, and meetings	-	6,181	6,181	10,927
Occupancy	189,970	33,524	223,494	220,834
Cost of direct benefits to donors	-	37,371	37,371	19,659
Depreciation	3,973	175	4,148	4,794
Total Expenses by Function	826,446	352,801	1,179,247	1,119,086
Less Expenses Included with Revenues on the Statement of Activities				
Cost of direct benefits to donors	-	(37,371)	(37,371)	(19,659)
Total Expenses Included in the Expense Section on the Statement of Activities	$ 826,446	$ 315,430	$ 1,141,876	$ 1,099,427

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, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ (45,828)	$ 33,847
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation expense	4,148	4,794
Changes in current assets and liabilities:		
(Increase) decrease in receivables	(63,852)	56,815
(Increase) in prepaid expenses	(3,680)	(3,992)
Decrease (increase) in right-of-use asset	63,852	(500,862)
(Decrease) in accounts payable	(2,118)	(16,878)
Increase (decrease) in payroll liabilities	8,721	(1,308)
(Decrease) increase in deferred revenue	(200)	19,775
(Decrease) increase in lease liability	(60,199)	515,178
Net Cash (Used) Provided By Operating Activities	(99,156)	107,369
Cash Flows from Investing Activities		
Purchase of fixed assets	(1,072)	(4,367)
Net Cash (Used) By Investing Activities	(1,072)	(4,367)
Net (Decrease) Increase in Cash and Cash Equivalents	(100,228)	103,002
Cash and Cash Equivalents, Beginning of Year	909,731	806,729
Cash and Cash Equivalents, End of Year	$809,503	$909,731

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

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, 2022, 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, 2023 and 2022, as management believes all balances are fully collectible.

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, 2023 and 2022, 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.

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, 2023 and 2022.

Advertising Costs

Advertising costs are expensed as incurred and totaled $15,789 and $3,108 during the years ended December 31, 2023 and 2022, respectively.

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, 2023 and 2022, 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.

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, July 8, 2024. 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, 2023 and 2022, 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 $132,218 and $133,823 at December 31, 2023 and 2022, respectively.

	2023	2022
Cash and Cash Equivalents	$809,503	$909,731
Receivables	136,076	72,224
Total Financial Assets	945,579	981,955
Net Assets With Donor Restrictions	(132,218)	(133,823)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$813,361	$848,132

CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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:

	2023	2022
Equipment	$286,073	$285,001
Computers and software	17,463	17,463
Furniture	5,365	5,365
Leasehold improvements	308,943	308,943
Total Property and Equipment	617,844	616,772
Less: Accumulated depreciation	(586,205)	(582,057)
Property and Equipment, Net	$ 31,639	$ 34,715

Depreciation expense of $4,148 and $4,794 was recorded, respectively, for the years ended December 31, 2023 and 2022.

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, 2023, 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

NOTE 4. LEASES (Continued)

The rent expense for the years ended December 31, 2023 and 2022 was $144,108 and $147,513. As of December 31, 2023, the remaining lease term for the operating lease for office space was 80 months.

Cash paid for the operating lease for office space for the years ended December 31, 2023 and 2022, was $63,480 and $61,932, respectively.

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

2024	$ 62,203
2025	64,260
2026	66,371
2027	68,539
2028	70,765
Thereafter	122,841
Total	$454,979

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Future Year Operations	$132,218	$133,823

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:

	2023	2022
General Operations	$133,823	$120,214

NOTE 6. SPECIAL EVENT INCOME

Special event revenue is calculated net of revenue and expenses. In 2023 and 2022, the special events included the Memorial Day Boat Ride, Soul Bowl, and a Radio-thon.

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, and occupancy, 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. CONDITIONAL PROMISE TO GIVE

The Organization has received notice of conditional funding as follows:

Funding Source	Period	Award Amount	Conditional Balance
State of Minnesota	2023-2025	$319,706	$287,007

This funding source is provided based on expenses incurred. As such, it is not recognized until the eligible expenses have been incurred by the Organization. The total conditional promise to give is expected to become unconditional in 2024.