



Community Wireless of Park City, Inc. (Operating as KPCW-FM)

Independent Auditor's Report and Financial Statements

August 31, 2023 and 2022



Community Wireless of Park City, Inc.
(Operating as KPCW-FM)
August 31, 2023 and 2022

Contents

Independent Auditor’s Report..... 1

Financial Statements

Statements of Financial Position 3

Statements of Activities and Changes in Net Assets 5

Statement of Functional Expenses – Year Ended August 31, 2023 6

Statement of Functional Expenses – Year Ended August 31, 2022 7

Statements of Cash Flows 8

Notes to Financial Statements 9



250 E. 200 S., Suite 1200 / Salt Lake City, UT 84111

P 801.531.9100 / F 801.531.9147

forvis.com

Independent Auditor's Report

Board of Trustees
Community Wireless of Park City, Inc.
Park City, Utah

Opinion

We have audited the financial statements of Community Wireless of Park City, Inc. (the Station), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Station as of August 31, 2023 and 2022, and the changes in its net assets and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Station's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Board of Trustees
Community Wireless of Park City, Inc.

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 GAAS 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 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 GAAS, 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 the Station'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 the Station'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.

FORVIS, LLP

Salt Lake City, Utah
December 7, 2023

Community Wireless of Park City, Inc.
(Operating as KPCW-FM)
Statements of Financial Position
August 31, 2023 and 2022

Assets

	2023	2022
Current Assets		
Cash and cash equivalents	\$ 1,274,109	\$ 2,391,180
Investment in U.S. Treasury bills	1,217,162	-
Contributions receivable, net	64,883	68,345
Contributions receivable, related parties	-	1,906
Accounts receivable, net of allowance	36,136	41,304
Prepaid expenses	2,329	1,039
Total current assets	2,594,619	2,503,774
Property and Equipment, Net	2,134,933	2,189,301
Other Assets		
Contributions receivable, net	-	9,164
Contributions receivable, related parties	-	1,746
Deposits	50,652	46,138
Total other assets	50,652	57,048
Total assets	\$ 4,780,204	\$ 4,750,123

Community Wireless of Park City, Inc.
(Operating as KPCW-FM)

Statements of Financial Position (continued)

August 31, 2023 and 2022

Liabilities and Net Assets

	2023	2022
Current Liabilities		
Accounts payable	\$ 9,110	\$ 3,366
Accrued expenses and other liabilities	77,283	59,154
Current portion of finance lease liabilities	1,041	1,769
Deferred revenue	134,575	148,535
Total current liabilities	222,009	212,824
Long-term Liabilities		
Finance lease liabilities	-	1,041
Deferred revenue	126,451	150,451
Total long-term liabilities	126,451	151,492
Total liabilities	348,460	364,316
Net Assets		
Without donor restrictions	4,421,541	4,359,669
With donor restrictions	10,203	26,138
Total net assets	4,431,744	4,385,807
Total liabilities and net assets	\$ 4,780,204	\$ 4,750,123

Community Wireless of Park City, Inc.
(Operating as KPCW-FM)
Statements of Activities and Changes in Net Assets
Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue and Support		
Underwriting revenue	\$ 594,196	\$ 554,303
Contributions	1,065,144	1,349,052
Contributions of nonfinancial assets	127,948	138,238
Grants	187,500	171,266
Corporation for Public Broadcasting		
Community Service Grant	204,165	248,879
Underwriting trade revenue	188,154	151,486
Interest income	65,147	6,182
Other income	2,555	17,221
	<u>2,434,809</u>	<u>2,636,627</u>
Net assets released from donor restrictions	15,935	54,223
	<u>2,450,744</u>	<u>2,690,850</u>
Operating Expenses		
Program services		
Programming and production	987,721	839,224
Engineering	134,623	133,514
	<u>1,122,344</u>	<u>972,738</u>
Support services		
Fundraising, development and underwriting	654,261	492,532
Management and administration	612,267	520,461
	<u>1,266,528</u>	<u>1,012,993</u>
Total operating expenses	<u>2,388,872</u>	<u>1,985,731</u>
Change in Net Assets Without Donor Restrictions	61,872	705,119
Net Assets Released from Donor Restrictions	<u>(15,935)</u>	<u>(54,223)</u>
Change in Net Assets	45,937	650,896
Net Assets, Beginning of Year	<u>4,385,807</u>	<u>3,734,911</u>
Net Assets, End of Year	<u>\$ 4,431,744</u>	<u>\$ 4,385,807</u>

Community Wireless of Park City, Inc.
(Operating as KPCW-FM)
Statement of Functional Expenses
Year Ended August 31, 2023

	Programming and Production	Engineering	Fundraising, Development and Underwriting	Management and Administration	Total Expenses
Salaries	\$ 662,001	\$ -	\$ 243,546	\$ 281,325	\$ 1,186,872
Payroll taxes	49,209	-	18,301	22,787	90,297
Employee benefits	68,672	-	24,421	33,362	126,455
Workers compensation	2,486	-	994	771	4,251
Purchased programming	125,782	-	-	-	125,782
Purchased production	8,863	-	-	-	8,863
Professional fees	-	-	-	54,793	54,793
Outside services	30,054	28,400	(465)	5,855	63,844
Premiums	-	-	188,154	54,878	243,032
Transmitter rental	25,000	-	-	-	25,000
Internet and computer	-	-	-	23,444	23,444
Licenses and dues	-	-	-	15,139	15,139
Utilities	-	9,993	-	5,814	15,807
Telephone	4,581	-	1,165	2,137	7,883
Bank and credit card fees	-	-	27,821	140	27,961
Supplies	855	-	494	5,918	7,267
Printing and reproduction	-	-	1,018	1,043	2,061
Travel and conferences	5,339	-	3,102	2,865	11,306
Insurance	-	-	-	16,594	16,594
Events	-	-	138,207	-	138,207
Capital expansion	-	-	-	2,260	2,260
Miscellaneous	4,879	-	651	7,123	12,653
Bad debts recovery	-	-	-	(450)	(450)
Software	-	-	5,588	5,746	11,334
Meals and entertainment	-	-	158	21,963	22,121
Postage and delivery	-	-	956	1,942	2,898
Maintenance	-	1,795	-	5,366	7,161
Advertising and marketing	-	-	150	22,453	22,603
Payroll processing fees	-	-	-	4,002	4,002
Interest	-	-	-	22	22
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	987,721	40,188	654,261	597,292	2,279,462
Depreciation	-	94,435	-	14,975	109,410
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 987,721</u>	<u>\$ 134,623</u>	<u>\$ 654,261</u>	<u>\$ 612,267</u>	<u>\$ 2,388,872</u>

Community Wireless of Park City, Inc.
(Operating as KPCW-FM)
Statement of Functional Expenses
Year Ended August 31, 2022

	Programming and Production	Engineering	Fundraising, Development and Underwriting	Management and Administration	Total Expenses
Salaries	\$ 538,352	\$ -	\$ 188,148	\$ 245,580	\$ 972,080
Payroll taxes	37,784	-	13,842	19,996	71,622
Employee benefits	58,389	-	12,288	26,947	97,624
Workers compensation	2,019	-	679	642	3,340
Marketing	-	-	-	14,606	14,606
Purchased programming	103,514	-	-	-	103,514
Purchased production	19,426	-	-	-	19,426
Professional fees	-	-	-	30,617	30,617
Outside services	37,766	24,000	465	11,269	73,500
Premiums	-	-	103,124	-	103,124
Transmitter rental	37,548	-	-	-	37,548
Internet and computer	-	-	-	56,317	56,317
Licenses and dues	-	-	-	16,020	16,020
Utilities	-	7,817	-	4,891	12,708
Telephone	358	-	1,201	3,129	4,688
Bank and credit card fees	-	-	26,582	9	26,591
Supplies	1,053	316	1,168	3,591	6,128
Printing and reproduction	-	-	1,159	1,096	2,255
Travel and conferences	1,694	-	8,722	2,836	13,252
Insurance	-	-	-	13,546	13,546
Events	-	-	128,203	-	128,203
Capital expansion	-	-	-	50	50
Miscellaneous	1,190	-	301	2,331	3,822
Bad debts recovery	-	-	-	(750)	(750)
Software	-	-	5,396	5,408	10,804
Meals and entertainment	-	-	622	25,179	25,801
Postage and delivery	131	-	632	1,872	2,635
Maintenance	-	10,116	-	1,838	11,954
Advertising	-	-	-	13,846	13,846
Payroll processing fees	-	-	-	3,306	3,306
Interest	-	-	-	41	41
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	839,224	42,249	492,532	504,213	1,878,218
Depreciation	-	91,265	-	16,248	107,513
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 839,224</u>	<u>\$ 133,514</u>	<u>\$ 492,532</u>	<u>\$ 520,461</u>	<u>\$ 1,985,731</u>

Community Wireless of Park City, Inc.
(Operating as KPCW-FM)

Statements of Cash Flows
Years Ended August 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 45,937	\$ 650,896
Items not requiring (providing) cash		
Depreciation	109,410	107,513
Loss on disposal of property and equipment	4,465	892
Bad debt recovery	(450)	(750)
Changes in		
Accounts receivable	5,168	(21,663)
Contributions receivable	13,076	20,680
Contributions receivable, related parties	3,652	14,455
Prepays and deposits	(5,804)	(5,114)
Accounts payable and accrued expenses	23,873	(22,790)
Deferred revenue	(37,960)	(425,000)
	<u>161,367</u>	<u>319,119</u>
Cash Flows from Investing Activities		
Investment in U.S. Treasury bills	(1,217,162)	-
Purchases of property and equipment	(59,507)	(45,078)
	<u>(1,276,669)</u>	<u>(45,078)</u>
Cash Flows from Financing Activities		
Principal payments under finance lease	(1,769)	(1,750)
	<u>(1,769)</u>	<u>(1,750)</u>
Net Change in Cash and Cash Equivalents	(1,117,071)	272,291
Cash and Cash Equivalents, Beginning of Year	<u>2,391,180</u>	<u>2,118,889</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,274,109</u>	<u>\$ 2,391,180</u>
Supplemental Cash Flow Information		
Cash paid for		
Interest	\$ 22	\$ 41

Community Wireless of Park City, Inc. (Operating as KPCW-FM)

Notes to Financial Statements

August 31, 2023 and 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Community Wireless of Park City, Inc. (the Station) is a non-profit Utah corporation which operates a volunteer supported noncommercial public radio station in Park City, Utah (KPCW-FM) (a non-profit organization). The Station's mission is to serve Summit and Wasatch counties with local news, information, entertainment and emergency alerts through its broadcast signal and digital media platforms. The Station is also committed to provide its communication abilities to help other non-profit organizations in our community succeed.

Method of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. In addition, the Station's financial statements have been prepared in accordance with the Corporation for Public Broadcasting's (CPB) *Application of Accounting and Financial Reporting to Public Telecommunication Entities*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances in making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. While actual results could differ from those estimates, management believes that the estimates are reasonable.

Cash and Cash Equivalents

The Station considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The carrying amount approximates fair value because of the short maturity of these investments. As of August 31, 2023 and 2022, cash equivalents consisted of 13 week U.S. Treasury bills (T-bills) totaling \$700,000 and \$650,000, respectively.

At August 31, 2023, the Station's cash accounts exceeded federally insured limits by approximately \$67,000. In addition, the Station's cash equivalents (T-bills with maturities of three months or less) of \$700,000 are not insured by the FDIC, however they are backed by the credit of the United States Government. The Station has not experienced any losses in such accounts or lack of access to its cash and believes it is not exposed to significant risk of loss with respect to cash and cash equivalents.

Community Wireless of Park City, Inc. (Operating as KPCW-FM)

Notes to Financial Statements August 31, 2023 and 2022

Accounts Receivable and Contributions Receivable

Accounts receivable consist of amounts due for underwriting. Contributions receivable consists of amounts due for unconditional promises to give to the Station. Accounts receivable and contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on experience and other circumstances, which may affect the ability of customers and donors to meet their obligations. It is the Stations policy to expense uncollectible accounts receivable when management determines the receivable will not be collected. Accounts receivable are recorded net of the allowance for doubtful accounts of \$2,000 as of August 31, 2023 and 2022. Contributions receivable are recorded net of allowance for doubtful accounts of \$1,900 and \$2,350 as of August 31, 2023 and 2022, respectively.

Property and Equipment

Property and equipment is recorded at cost or, in the case of donated equipment, at the estimated fair value at the date of donation. Repairs and maintenance are expensed as incurred, whereas major improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows: building and improvements – 39 years, broadcast equipment – 5 to 10 years, and office equipment, furniture and fixtures – 3 to 5 years.

Long-lived Asset Impairment

The Station reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Station evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted cash flows associated with these assets. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the assets' carrying value, the assets are adjusted to their fair values (based upon discounted cash flows). Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment losses were recognized for the years ended August 31, 2023 and 2022.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restriction.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Restrictions are generally temporary in nature, such as those that will be met by the passage of time, use for specific purposes, or other events specified by the donor.

Community Wireless of Park City, Inc. (Operating as KPCW-FM)

Notes to Financial Statements

August 31, 2023 and 2022

Investment in U.S. Treasury Bills

The Station invested in four U.S. Treasury bills with maturities ranging from 26 to 52 weeks during the year ended August 31, 2023. These investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Below is a summary of these investments held as of August 31, 2023:

	Face (Par) Value at Maturity	Maturity Date	Term (in weeks)	Yield %	Fair Value at 8/31/2023
U.S. Treasury bill	\$ 150,000	11/2/2023	26	4.90%	\$ 148,714
U.S. Treasury bill	300,000	2/22/2024	52	4.80%	293,007
U.S. Treasury bill	500,000	4/18/2024	52	4.53%	485,466
U.S. Treasury bill	<u>300,000</u>	5/16/2024	52	4.65%	<u>289,975</u>
Total	<u>\$ 1,250,000</u>				<u>\$ 1,217,162</u>

The concentration of market risk in U.S. Treasury bills, including those with a 13-week maturity (included in cash equivalents), as of August 31, 2023 totaled \$1,917,162 or 77% of total cash, cash equivalents and investments in U.S. Treasury bills.

Revenue Recognition

Underwriting Revenue

Revenue from underwriting and other services provided by the Station is recognized in the month the services are provided. The Station classifies such revenue according to the service being performed. Advanced or prepaid amounts are recorded as deferred revenues and amortized over the respective service period or as the services are provided.

Contributed Nonfinancial Assets

Donated goods are recorded in the accompanying financial statements at fair value as of the date of donation. The fair value of donated services is recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. Services that do not meet either of the preceding criteria are not recognized. Donated services are recorded at their fair value as the services are performed.

The Station also recognizes contribution revenue for donated property, equipment and supplies in the period received at the property's fair value. If donated assets have questionable or uncertain value and no alternative use that adds value to the assets, the Station does not recognize them in the financial statements. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Station reports expirations of

Community Wireless of Park City, Inc. (Operating as KPCW-FM)

Notes to Financial Statements

August 31, 2023 and 2022

donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Station also received other donated goods that are used for fundraising events and pledge drives and are recorded at the estimated fair value on the date of donation.

For the years ended August 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
Professional services	\$ 25,070	\$ 17,550
Fundraising events	15,000	20,850
Transmitter site rental	25,000	25,000
Vehicles	8,000	6,165
Pledge drive premiums	54,878	68,673
	<u>\$ 127,948</u>	<u>\$ 138,238</u>

The nonfinancial assets listed above were recognized within revenue and did not have donor-imposed restrictions.

The Station receives donated transmitter site rental, professional fees, discounts, goods and various gift items that are used in operations and fundraising. The Station estimates the fair value of these types of items on the basis of stated values or market prices from comparable vendors.

It is the Station's policy to sell all contributed vehicles immediately upon receipt at auction or for salvage unless the vehicle is restricted for use in a specific program by the donor. The Station contracts with a third-party which receives notification from the donor of the vehicle donation. The third-party then sells the vehicle at auction and remits any proceeds to the Station less expenses. No vehicles received during the period were restricted for use. All vehicles were sold and valued according to the actual cash proceeds on their disposition.

Grant Revenue

Unconditional grants are generally recognized as revenue in the period the amounts are granted. If a grant meets the terms of a conditional grant (right of return or release, and measurable performance-related barrier or hurdle to use or be entitled to the funds), then revenue is deferred and recognized as the Station meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under grant agreements.

Underwriting Trade Revenue

Underwriting trade revenue represents payments made by underwriters via services or goods rather than cash. Underwriting trade revenue is valued at the rates of the airtime provided which equals the value of the services or goods earned. Underwriting payments made via services are for services such as information technology support, transmitter site rental, marketing and public relations, and fundraising events. Underwriting payments made via goods are items such as gift certificates, restaurant certificates, and fundraising event catering.

Community Wireless of Park City, Inc.
(Operating as KPCW-FM)
Notes to Financial Statements
August 31, 2023 and 2022

Contributions

Contributions are provided to the Station either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Station overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period as received are recorded as revenue without donor restrictions.

Community Wireless of Park City, Inc. (Operating as KPCW-FM)

Notes to Financial Statements

August 31, 2023 and 2022

Functional Allocation of Expenses

The costs of providing the programs and broadcasting and other services have been summarized on a functional basis in the statements of functional expenses. Where specific costs can be identified with a particular function, such costs are charged directly to that function. Certain costs that could not be identified with a particular program have been allocated across programs based upon an analysis of personnel time spent in each of those programs, or other relevant factors. The statements of functional expenses detail these amounts.

Advertising

The Station follows the policy of charging the costs of advertising and marketing to expense as incurred.

Allocation of Joint Costs

The Station allocates joint costs between fundraising and program services or management and general in accordance with ASC Subtopic 958-720, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fundraising*.

Income Taxes

The Station is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Station files a Form 990 tax return. As of August 31, 2023 and 2022, and for the years then ended, the Station has not engaged in any activity which management considers to be activity that could result in a loss of their 501(c)(3) IRS designation. For the years ended August 31, 2023 and 2022, there was no tax, interest or penalties reflected in the statements of activities or in the statements of financial position.

Deferred Revenue

Revenue from fees for underwriting are deferred and recognized over the periods to which the fees relate.

Note 2: Changes in Accounting Principles

Accounting for Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

Community Wireless of Park City, Inc. (Operating as KPCW-FM)

Notes to Financial Statements

August 31, 2023 and 2022

The Station adopted Topic 842 on September 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Station elected to keep short-term leases with an initial term of 12 months or less off the balance sheets. The Station did not elect the hindsight practical expedient in determining the lease term for existing leases as of September 1, 2022.

There was no recognition of operating lease ROU assets and operating lease liabilities as a result of adopting this standard and the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. The standard did not significantly affect our statements of activities, functional expenses, or cash flows.

Accounting Policies

The Station determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Station determines lease classification as operating or finance at the lease commencement date.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Station has made a policy election to use a risk-free rate for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Station is reasonably certain to exercise. The Company has elected not to record leases with an initial term of 12 months or less. Lease expense is generally recognized on a straight-line basis over the lease term, as applicable.

Nature of Leases and Quantitative Disclosures

The Station has one lease for the use of office equipment. Other required information for the year ended August 31, 2023 are:

Weighted-average remaining lease term – finance lease: 0.58 years

Weighted-average discount rate – finance lease: 3.25%

Community Wireless of Park City, Inc. (Operating as KPCW-FM)

Notes to Financial Statements

August 31, 2023 and 2022

Note 3: Revenue from Contracts with Customers

The Station accounts for revenue from customers in accordance with FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The standard requires companies to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Performance Obligations

The Station derives its revenues under the scope of Topic 606 from underwriting revenue and broadcaster club member contributions. The Station determines the amount of revenue to be recognized from these revenue streams through the application of the following five-step model:

- Identification of the contract, or contracts with the customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Station satisfies the performance obligations.

Underwriting revenue is recognized in the month the services are provided.

Broadcaster club member contributions include benefits to being a member, depending on the level of membership or contribution (silver, sterling, gold, platinum, and diamond). Each level of membership receives member benefits with more benefits as membership levels increase. Depending on membership level, the benefits change annually but generally include several club events throughout the year, names being read on air, and on-air messages read by the member. The contributions are separated into two parts. One part is considered a sale of goods or services (exchange transaction) for the value of the benefits provided by the membership. The exchange transaction is under Topic 606 and revenue is recognized over the term of the benefits that are provided, generally 12 months. The excess amount is recognized as unrestricted contributions and revenue is recognized at such time when the donor's gift represents an unconditional promise to give. This customarily occurs upon the donor's pledge or when the donor becomes a member.

Significant Judgments

A performance obligation is a promise in a contract with a customer to transfer a product or services that are distinct. Determining whether services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment.

Community Wireless of Park City, Inc.
(Operating as KPCW-FM)
Notes to Financial Statements
August 31, 2023 and 2022

Note 4: Liquidity and Availability

The Station manages its cash available to meet general expenditures following these guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets
- Maintaining sufficient reserves to provide reasonable assurance that long-term commitments that support mission fulfillment will continue to be met, ensuring the sustainability of the Station

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31, 2023 and 2022, comprise the following:

	2023	2022
Total financial assets at year-end (*) available for use within 12 months	\$ 1,375,128	\$ 2,502,735
Less: those unavailable for general expenditures within one year, due to donor imposed purpose restrictions	(11,700)	(16,945)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,363,428	\$ 2,485,790

(*) Total assets, less nonfinancial (*e.g.*, property and equipment and prepaids) and noncurrent assets

The Station receives contributions by donors and considers contributions for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general and program expenditures.

Community Wireless of Park City, Inc.
(Operating as KPCW-FM)

Notes to Financial Statements
August 31, 2023 and 2022

Note 5: Contributions Receivable

Contributions receivable as of August 31, 2023 and 2022 consisted of the following:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 56,280	\$ 12,000	\$ 68,280
	56,280	12,000	68,280
Less			
Allowance for uncollectible contributions	(1,600)	(300)	(1,900)
Unamortized discount	-	(1,497)	(1,497)
	<u>\$ 54,680</u>	<u>\$ 10,203</u>	<u>\$ 64,883</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 56,623	\$ 17,695	\$ 74,318
Due within one to five years	-	12,500	12,500
	56,623	30,195	86,818
Less			
Allowance for uncollectible contributions	(1,600)	(750)	(2,350)
Unamortized discount	-	(3,307)	(3,307)
	<u>\$ 55,023</u>	<u>\$ 26,138</u>	<u>\$ 81,161</u>

The Station used a discount rate of 4.54% and 3.46% for contributions receivable received during the years ended August 31, 2023 and 2022, respectively.

All outstanding contributions receivable with donor restrictions at August 31, 2023 and 2022 were received from employees, members of the Station's Board of Trustees and long-time supporters of the Station related to the Station's capital campaign.

**Community Wireless of Park City, Inc.
(Operating as KPCW-FM)**

**Notes to Financial Statements
August 31, 2023 and 2022**

Note 6: Property and Equipment

Property and equipment at August 31, 2023 and 2022 consisted of the following:

	2023	2022
Buildings and improvements	\$ 2,373,315	\$ 2,327,578
Broadcast equipment	324,341	317,874
Office equipment, furniture and fixtures	110,602	111,838
Total property and equipment	2,808,258	2,757,290
Less: accumulated depreciation	(673,325)	(567,989)
Property and equipment, net	\$ 2,134,933	\$ 2,189,301

The Station purchased a building unit in October 2009. The title to the building contains a clause restricting the sale of the building unit only to another non-profit organization.

Depreciation expense was \$109,410 and \$107,513 for the years ended August 31, 2023 and 2022, respectively.

Note 7: Allocation of Joint Costs

During the years ended August 31, 2023 and 2022, the Station incurred joint costs of \$173,579 and \$172,816, respectively, for activities that included fundraising appeals. These joint costs were allocated as follows:

	2023	2022
Programming and production	\$ 48,194	\$ 44,211
Engineering	28,400	24,316
Fundraising, development and underwriting	41,482	46,927
Management and administration	55,503	57,362
Total	\$ 173,579	\$ 172,816

**Community Wireless of Park City, Inc.
(Operating as KPCW-FM)**

Notes to Financial Statements

August 31, 2023 and 2022

Note 8: Finance Leases – Equipment

During the year ended August 31, 2021, the Station entered into a finance lease agreement for office equipment for a period of thirty-six (36) months, payments of \$149 due monthly through March 2024.

Obligations under the finance lease at August 31, 2023 and 2022 consisted of the following:

	2023	2022
Total finance leases	\$ 1,041	\$ 2,810
Less: current portion	(1,041)	(1,769)
Long-term portion	\$ -	\$ 1,041

At August 31, 2023 and 2022, the capitalized cost of \$5,373 for the office equipment less accumulated depreciation of \$4,328 and \$2,537, respectively, was included in property and equipment on the statements of financial position. Depreciation expense for the leased equipment for both years ended August 31, 2023 and 2022 was \$1,791.

The future minimum lease payments for the copier and the net present value of the future minimum lease payments are as follows:

Total minimum lease payments for the years ending:	
August 31, 2024	\$ 1,045
Thereafter	-
	1,045
Less amount representing interest	(4)
Present value of minimum lease payments	\$ 1,041

**Community Wireless of Park City, Inc.
(Operating as KPCW-FM)**

Notes to Financial Statements

August 31, 2023 and 2022

Note 9: Deferred Revenue

Deferred revenues at August 31, 2023 and 2022 consisted of the following:

	2023	2022
Underwriting	\$ 99,370	\$ 98,078
Broadcaster club	11,205	11,457
Studio rental	-	15,000
American Rescue Plan Act (ARPA) grant (a)	150,451	174,451
Total deferred revenues	261,026	298,986
Less: current portion	(134,575)	(148,535)
Long-term portion of deferred revenues	\$ 126,451	\$ 150,451

- (a) The ARPA grant can only be used for specific purposes (allowable expenditures) and has a right of return if those purposes are not met. As such, the grant has been classified as a conditional grant and is recognized as revenue as those allowable expenditures are incurred. The Station expects to incur allowance expenses at a rate of \$24,000 per year. As such, \$24,000 of the deferred portion is considered current and the balance is considered long-term.

Note 10: Retirement Plan

Effective August 2016, the Station established a simple IRA retirement plan for eligible employees. To be considered eligible to participate in the plan, an employee must earn \$5,000 per year during any two preceding years or is expected to earn at least \$5,000 in the current year and have worked at the Station for six consecutive months. The Station matches dollar for dollar up to 3% of an employee's annual compensation. Participants are considered 100% vested in all contributions upon entering the plan. For the years ended August 31, 2023 and 2022, expenses for the plan totaled \$24,749 and \$21,362, respectively.

Note 11: Subsequent Events

Subsequent events have been evaluated through December 7, 2023, which is the date the financial statements were available to be issued.