

REPORT OF:
New Wave Corporation
d/b/a KOPN, FM Radio
September 30, 2019

Howe & Associates, PC
Columbia, Missouri

New Wave Corporation
d/b/a KOPN, FM Radio
Audited Financial Statements
September 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Wave Corporation

We have audited the accompanying financial statements of New Wave Corporation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Wave Corporation as of September 30, 2019, and results of its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Howe & Associates PC.

Howe & Associates, PC
Columbia, Missouri
May 13, 2020

New Wave Corporation
d/b/a KOPN, FM Radio
STATEMENT OF FINANCIAL POSITION
September 30, 2019

ASSETS	
Cash and Cash Equivalents	\$ 90,621
Accounts Receivable	8,176
Prepaid Expenses	4,124
Fixed Assets (net)	47,141
TOTAL ASSETS	<u>\$ 150,062</u>
LIABILITIES & NET ASSETS	
LIABILITIES	
Accounts Payable	\$ 11,844
Accrued Payroll	11,204
TOTAL LIABILITIES	<u>23,048</u>
NET ASSETS	
Without Donor Restrictions	102,381
With Donor Restrictions	24,633
TOTAL NET ASSETS	<u>127,014</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 150,062</u>

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

New Wave Corporation
d/b/a KOPN, FM Radio
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue & Support

Grants	\$ 61,215
Pledges	160,586
Non-Cash Donations	50,569
Underwriting Revenue	14,262
Interest Income	5

Total Revenue & Support	<u>286,637</u>
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Net Assets Released from Restriction	<u>14,082</u>
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Increase in Net Assets Without Donor Restrictions	<u>300,719</u>
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Expenses

Program Services	162,313
Management & General	128,702
Fundraising	57,023

Total Expenses	<u>348,038</u>
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Change in Net Assets Without Donor Restrictions	<u>(47,319)</u>
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NET ASSETS WITH DONOR RESTRICTIONS

Grants	19,185
Net Assets Released from Restriction	(14,082)

Change in Net Assets With Donor Restrictions	<u>5,103</u>
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CHANGE IN NET ASSETS	(42,216)
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NET ASSETS AT BEGINNING OF YEAR	<u>204,066</u>
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PRIOR PERIOD ADJUSTMENT	(34,836)
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NET ASSETS AT END OF YEAR	<u><u>\$ 127,014</u></u>
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The accompanying notes are an integral part of these financial statements.

New Wave Corporation
d/b/a KOPN, FM Radio
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2019

Cash Flow From Operating Activities:	
Change in Net Assets	\$ (42,216)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	10,809
Decrease (Increase) in Assets	
Accounts Receivables	(4,828)
Prepaid Expenses	(1,128)
(Decrease) Increase in Liabilities	
Accounts Payable	10,899
Accrued Payroll	7,562
Total Adjustments	23,314
Net Cash (Used) Provided by Operating Activities	(18,902)
Cash flows From Investing Activities:	
Fixed Asset (Purchases)/Disposals	(3,500)
Net Cash (Used) Provided by Investing Activities	(3,500)
Net Increase (Decrease) in Cash & Cash Equivalents	(22,402)
Operating Cash at the Beginning of the Year	113,023
Operating Cash at the End of the Year	\$ 90,621

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

New Wave Corporation
d/b/a KOPN, FM Radio
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2019

	Program Services	Management and General	Fundraising	Total
Accounting and Legal	\$ -	\$ 11,489	\$ -	\$ 11,489
Advertising and Promotion	4,761	16,126	7,784	28,671
Bank Charges	-	-	3,891	3,891
Broadcast and Production	1,035	-	-	1,035
Depreciation	10,809	-	-	10,809
Dues and Subscriptions	-	2,850	-	2,850
Engineering Supplies	3,633	115	-	3,748
Equipment Rental	-	260	-	260
Fundraising	-	-	5,072	5,072
Insurance	-	6,190	-	6,190
Maintenance & Repairs	-	2,226	-	2,226
Miscellaneous	-	1,025	132	1,157
Non-CPB In Kind Expense	50,569	-	-	50,569
Office Expense	52	4,528	45	4,625
Outside Labor	-	2,000	-	2,000
Postage & Mailing Services	-	2,283	12,527	14,810
Printing	1,244	4,537	-	5,781
Program Fees	12,148	-	-	12,148
Rent	17,325	4,620	1,155	23,100
Salaries & Payroll Taxes	38,896	64,827	25,931	129,654
Telecommunications	269	4,655	-	4,924
Tower Expenses	13,316	-	-	13,316
Utilities	8,256	971	486	9,713
TOTAL EXPENSES	<u>\$ 162,313</u>	<u>\$ 128,702</u>	<u>\$ 57,023</u>	<u>\$ 348,038</u>

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

New Wave Corporation
d/b/a KOPN, FM Radio
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

1. Purpose of the Organization

New Wave Corporation, d/b/a KOPN, FM Radio (the Organization) operates to provide a community access, listener sponsored, public radio station. The majority of funding comes from listener pledges and grants from the Corporation for Public Broadcasting.

2. Significant Accounting Policies

Basis of Accounting & Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles. Support and revenues are recognized when earned and expenses when incurred.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions -

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and the board of directors.

Net assets with donor restrictions -

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation, and all deposits were fully insured.

Accounts Receivable

As of September 30, 2019, all accounts receivables are considered fully collectible. No allowance for doubtful accounts has been recorded.

New Wave Corporation
d/b/a KOPN, FM Radio
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

2. Significant Accounting Policies (continued)

Fixed Assets

Property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value on the date of donation. Depreciation is taken over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Contributions & Revenues

Contributions and other revenues received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a 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.

Income Taxes

The Organization is recognized as a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from the federal income taxes on related income. Accordingly, no provision for income taxes has been included in the financial statements.

Donated Materials, Equipment, and Services

Donated materials and equipment, if any, are recognized at fair value when received as in-kind contributions.

A number of volunteers have donated significant amounts of their time to the Organization; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Contributed professional services are recognized at fair value if the services received require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Those amounts, when reflected in the financial statements as in-kind contributions, are offset by like amounts included in expenses.

Advertising

The Organization expenses marketing and advertising costs as they are incurred.

Functional Allocation of Expenses

The costs of providing program, fundraising and other activities have been summarized on a functional basis in the statement of activities. Accordingly, salaries and payroll taxes, utilities, and rent have been allocated to functional classifications based on various factors.

Subsequent Events

Subsequent events have been evaluated through May 13, 2020, which is the date the financial statements were available to be issued.

New Wave Corporation
d/b/a KOPN, FM Radio
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

3. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at September 30, 2019:

Checking Account	\$ 60,726
Money Market Accounts	28,506
PayPal & Stripe	739
Undeposited Funds	500
Petty Cash	<u>150</u>
Total Cash and Equivalents	<u><u>\$ 90,621</u></u>

4. Availability and Liquidity

Financial assets at September 30, 2019:

Cash and Cash Equivalents	\$ 90,621
Accounts Receivable	8,176
Total Financial Assets	<u><u>98,797</u></u>

Less net assets with purpose restrictions to be met in less than a year	<u>24,633</u>
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Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 74,164</u></u>
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New Wave Corporation
d/b/a KOPN, FM Radio
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

5. Fixed Assets

The Organization maintains a library of music. The collection of records, tapes and compact discs number more than 70,000 individual selections and is believed by Management to have both historical significance and market value. Many of the items were donated to the Organization in prior years by the recording industry. In accordance with common industry practices in the public radio industry, the Organization no longer reflects the library as an asset.

Property and equipment consisted of the following at September 30, 2019:

Transmission Equipment	\$ 269,243
Broadcasting Equipment	47,268
Computer Equipment	23,379
Office Equipment	14,944
Production Equipment	31,393
PTEP Equipment	32,582
Software	11,147
Leasehold Improvements	23,049
Less: Accumulated Depreciation	(405,864)
Net Fixed Assets	<u><u>\$ 47,141</u></u>

Depreciation expense for the year ended September 30, 2019 was \$10,809.

6. Accrued Vacation

The Organization records the value of earned time off as a liability at the end of the year. The total value of such pay as of September 30, 2019 is \$4,736.

7. Net Assets

Net assets with donor restrictions were as follows for the year ended September 30, 2019:

CPB Restricted Grant for programming	\$ 24,633
Total Net Assets With Donor Restrictions	<u><u>\$ 24,633</u></u>

New Wave Corporation
d/b/a KOPN, FM Radio
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

8. Grants

The Organization receives grants from various sources. The amounts of these grants were as follows for the year ended September 30, 2019:

Corporation for Public Broadcasting	\$ 72,313
Missouri Arts Council	8,087
Total Grants	<u><u>\$ 80,400</u></u>

9. Barter Transactions

The Organization routinely barter for underwriting of products or services. All barter transactions are reported at the estimated fair value of the products and services received. Revenue is reported when the underwriting is broadcast, and expenses is reported when the merchandise or services are received or used.

10. Non-Cash Donations

The Organization receives donations of professional services and products from various sources. The amounts of these donations recorded in the financial statements at fair market value for the year ended September 30, 2019, were as follows:

Professional Services	\$ 49,729
Facilities	840
Total Non-cash Donations	<u><u>\$ 50,569</u></u>

11. Lease Obligations

The Organization rents its primary broadcasting and office facilities under an operating lease agreement with the Dalton Family Trust. The lease term, as amended April 29, 2016, ends June 30, 2021. Monthly payments to the Dalton Family Trust were \$1,925 through June 30, 2018 and increased to \$2,100 beginning July 1, 2018. Monthly payments will be \$2,275 from July 1, 2020 to June 30, 2021. As of September 30, 2019, total lease payments under this agreement were \$23,100.

The Organization leased spaces for a studio-to-transmitter link on top of a nearby building owned by the Housing Authority of the City of Columbia, Missouri. The lease term was October 2013 to December 31, 2016, and was renewed for an additional 36 months from January 2017 through December 31, 2019, and the monthly rent is \$200 plus provision of a \$1,300 a month underwriting announcements. The lease was terminated in October 2019. As of September 30, 2019, total lease payments under this agreement were \$2,400.

At September 30, 2019, future minimum lease payments were as follows:

2020	\$ 25,725
2021	20,475
	<u><u>\$ 46,200</u></u>

New Wave Corporation
d/b/a KOPN, FM Radio
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

12. Easement Agreement

On April 24, 1987, the curators of the University of Missouri granted to New Wave Corporation a perpetual easement for a radio transmission tower and transmitter building situated in Boone County, Missouri.

13. Prior Period Adjustment

During the year ended September 30, 2019, the Organization identified revenue and support recorded in prior periods that were improperly recognized. A prior period adjustment was made to correct the beginning balances of accounts receivable and net asset without restrictions, which were reduced by \$34,836.