AUDITED FINANCIAL STATEMENTS

MID-COAST RADIO PROJECT, INC.
(90.1 FM KKFI)
For the Years Ended December 31, 2019 and 2018

MID-COAST RADIO PROJECT, INC.
(90.1 FM KKFI)

Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-13

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mid-Coast Radio Project, Inc.

We have audited the accompanying financial statements of Mid-Coast Radio Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 the 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 Mid-Coast Radio Project, Inc. as of December 31, 2019, and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

McAuley & Crandall, PA

McAULEY & CRANDALL, PA
Overland Park, Kansas
October 27, 2020

MID-COAST RADIO PROJECT, INC.
(90.1 FM KKFI)
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2019 and 2018

ASSETS	**2019**	**2018**
Current Assets:		
Cash and Cash Equivalents	$ 453,157	$ 388,076
Accounts Receivable (net of allowance for bad debts of $0)	36,418	16,850
Prepaid Expenses	19,250	16,870
Total Current Assets	508,824	421,796
Fixed Assets:		
Equipment and Fixtures	435,407	435,407
Facility Improvements	51,543	51,543
Software	12,204	7,204
Accumulated Depreciation	(435,068)	(416,799)
Net Fixed Assets	64,086	77,355
TOTAL ASSETS	$ 572,911	$ 499,151
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 9,012	$ 13,976
Accrued Expenses	46,479	38,665
Total Current Liabilities	55,491	52,641
TOTAL LIABILITIES	55,491	52,641
Net Assets:		
Net Assets Without Donor Restrictions	482,852	446,511
Net Assets With Donor Restrictions	34,568	-
TOTAL NET ASSETS	517,420	446,511
TOTAL LIABILITIES AND NET ASSETS	$ 572,911	$ 499,151

See accompanying notes.

MID-COAST RADIO PROJECT, INC.
(90.1 FM KKFI)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
As of December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Support						
Donations and underwriting	$ 701,177	$ 37,113	$ 738,291	$ 716,627	$ -	$ 716,627
Grants	11,612	11,219	22,831	4,549		4,549
Sublease Income	33,683		33,683	33,683		33,683
Interest Income	6,835		6,835	2,809		2,809
Other Income	1,833		1,833	577		577
Net assets released from restrictions	13,765	(13,765)	-	-		-
Total Revenue	768,905	34,568	803,473	758,245	-	758,245
Expenses						
Program Service	445,734	-	445,734	430,787	-	430,787
Management and Administrative	81,679		81,679	76,217		76,217
Fundraising expenses	205,150		205,150	237,880		237,880
Total Support Expenses	732,563	-	732,563	744,884	-	744,884
Change in Net Assets	$ 36,341	$ 34,568	$ 70,909	$ 13,361	$ -	$ 13,361
Net Assets, Beginning of Year	446,511	-	446,511	433,150	-	433,150
Net Assets, End of Year	$ 482,852	$ 34,568	$ 517,420	$ 446,511	$ -	$ 446,511

See accompanying notes.

MID-COAST RADIO PROJECT, INC.
(90.1 FM KKFI)
STATEMENTS OF FUNCTIONAL EXPENSES
As of December 31, 2019 and 2018

	2019				2018			
Expense	**Mgmt & General**	**Fundraising**	**Program**	**Total**	**Mgmt & General**	**Fundraising**	**Program**	**Total**
Affiliations Expense	-	-	5,637	5,637	-	-	5,787	5,787
Board of Directors Expense	5,339	-	-	5,339	720	-	-	720
Computer Software,Svc & Support	961	-	961	1,922	364	-	974	1,338
Conferences, Travel, Meetings & Meals	-	134	1,395	1,529	-	133	782	915
Depreciation Expense	-	-	18,269	18,269	-	-	19,031	19,031
Employment Expenses	17,097	84,100	68,848	170,045	16,871	70,339	47,459	134,669
Engineering and Maintenance	-	-	10,642	10,642	-	-	19,149	19,149
Financial Expenses	2,425	7,540	-	9,965	2,280	7,437	-	9,717
Fundraising Expenses	-	75,065	-	75,065	-	122,194	-	122,194
Insurance Expense	6,306	2,887	2,950	12,142	11,175	-	-	11,175
Legal and Professional	31,188	-	-	31,188	28,080	-	-	28,080
Marketing Costs	-	12,206	-	12,206	-	22,942	-	22,942
Miscellaneous expenses	6	241	-	247	122	-	242	364
Postage and delivery	420	1,678	-	2,098	528	2,114	-	2,642
Programming Expenses	-	-	244,875	244,875	-	-	242,697	242,697
Rent Expense	10,937	10,937	53,421	75,295	10,620	10,620	52,468	73,707
Supplies	3,283	1,883	-	5,166	993	662	-	1,654
Utilities	3,719	733	35,732	40,184	3,030	406	36,671	40,106
Volunteer Costs	-	7,746	-	7,746	1,434	1,035	3,859	6,328
Website and Streaming	-	-	3,005	3,005	-	-	1,667	1,667
Total	**81,679**	**205,150**	**445,734**	**732,563**	**76,217**	**237,880**	**430,787**	**744,884**

See accompanying notes.

MID-COAST RADIO PROJECT, INC.
(90.1 FM KKFI)
STATEMENTS OF CASH FLOWS
As of December 31, 2019 and 2018

Cash Flows from Operating Activities	**2019**	**2018**
Cash received from gifts without donor restrictions	$ 502,838	$ 475,562
Cash received from Sublease	33,683	33,683
Dividends and Interest Received	6,835	2,809
Cash disbursed for expenses	(473,275)	(460,094)
Net cash flows from Operating Activities	70,081	51,960
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(5,000)	(10,230)
Increase (Decrease) in Investments	-	30,537
Net cash flows from Investing Activities	(5,000)	20,307
Cash Flows from Financing Activities		
Payments on Note Payable	-	-
Net cash flows from Financing Activities	-	-
Net cash flows for period	65,081	72,268
Cash and equivalents, beginning of year	388,076	315,808
Cash and equivalents, end of year	**$ 453,157**	**$ 388,076**

Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets without donor restrictions	$ 70,909	$ 13,361
Net Cash changes by operating activities:		
Depreciation	18,269	19,031
(Increase)/Decrease in Accounts Receivable	(19,568)	(6,764)
(Increase)/Decrease in Prepaid Expenses	(2,380)	164
Increase/(Decrease) in Accounts Payable	(4,964)	7,876
Increase/(Decrease) in Accrued Expenses	7,815	18,292
Net Cash Flows from Operating Activities	$ 70,081	$ 51,960

See accompanying notes.

MID-COAST RADIO PROJECT, INC.
(90.1 FM KKFI)
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

Note 1: Summary of Accounting Policies

(a) Nature of Activities

The Mid-Coast Radio Project, Inc. (90.1 FM KKFI) is a non-profit corporation in the State of Missouri, organized in 1977, as a non-commercial, educational public radio station serving Kansas City, Missouri and its surrounding areas. Mid-Coast Radio Project, Inc. operates and broadcasts under the call letters KKFI at 90.1 FM.

(b) Mission

90.1 FM KKFI is the Kansas City's area independent, non-commercial community radio station. It seeks to stimulate, educate and entertain its audience, to reflect the diversity of the local and world community, and to provide a channel for individuals, groups, issues and music that have been overlooked, suppressed, or underrepresented by other media.

(c) Basis of Accounting

The financial statements are presented on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred. All revenues and expenses are considered for operations.

(d) Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of 90.1 FM KKFI and changes therein are classified and reported as follows: net assets without donor restrictions and net assets with donor restrictions.

In 2016, 90.1 FM KKFI elected early adoption of the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958-205-45-2 as prescribed by FASB Accounting Standards Update (ASU) 2016-14. Under the previous standard, net assets were classified and reported in three groups—permanently restricted, temporarily restricted, and unrestricted—based on the existence or absence of donor-imposed restrictions and the nature of those restrictions. Under the updated standard, net assets are classified and reported in two groups— net assets without donor restrictions and net assets with donor restrictions—based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to any donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions on their use that may be met by actions of 90.1 FM KKFI or the passage of time. When a donor restriction expires, temporarily restricted

Note 1: Summary of Accounting Policies (continued)

net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

(e) Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation, therefore no provision has been made for federal and state income taxes in the accompanying financial statements. The tax years 2019-2017 are currently open to examination by federal and state taxing agencies.

(f) 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

(g) Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Assets reserved for property improvements on the statements of financial position include restricted cash received with restrictions imposed by donors (but not yet spent) for property

(h) In-Kind Donations

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

There was $236,890 and $234,849 recognized by the Organization for in-kind service donations for the years ending December 31, 2019 and 2018 respectively by program directors and radio personalities for their broadcasting services rendered. The increase is a result in a change in estimate. For years ending December 31, 2019 and prior, the estimate was based on one programmer for an entire year. For the year ending December 31, 2019 the estimate is based on the actual number of programmers per program during the year, increasing the accuracy of the estimate. These services were recorded as income and expense during this period.

Note 1: Summary of Accounting Policies (continued)

(i) Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain shared costs have been allocated among the programs and supporting services benefited.

(j) Advertising Costs

Advertising costs are charged to operations when incurred. There was $12,206 and $22,942 reported by the Organization for advertising costs for the years ended December 31, 2019 and 2018 respectively.

(k) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. All other donor contributions and donor contributions with restrictions that expire in the fiscal year are reported as increases in net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(l) Receivables

Receivables consist of underwriting and pledges receivables recorded at cost due at year end, net of an allowance for bad debts. Management evaluates the accounts at year end to determine collectability and adjusts the allowance for any amounts deemed to be questionable at year end. Bad debt is adjusted for uncollectible accounts. At years ended December 31, 2019 and 2018, all receivables were considered collectable by management, and there was no allowance for bad debt.

At the years ended December 31, 2019 and 2018, receivables were $36,418 and $16,850,

(m) Fixed Assets and Depreciation

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. The useful lives are as follows:

Equipment	5-7 years
Facility Improvements	7 years
Software	3 years

Note 2: Cash

The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows.

	12/31/2019	12/31/2018
Cash	$ 418,778	$ 388,076
Restricted cash included in assets reserved for property improvements	34,379	-
Totals	$ 453,157	$ 388,076

As of December 31, 2019, and 2018, cash deposits in financial institutions that were insured by the Federal Deposit Insurance Corporation (FDIC) were reported as fully insured as follows:

	12/31/19	12/31/18
Cash and Cash Equivalents Insured by FDIC	$103,214	$101,767

As of December 31, 2019, and 2018, the cash deposits in financial institutions that were not insured by the FDIC were as follows:

	12/31/19	12/31/18
US Treasury Bills Not Insured by FDIC	$199,763	$159,714
Money Market Not Insured by FDIC	$157,028	$126,139
Cash and Cash Equivalents Not Insured by FDIC	$411	$456

Note 3: Property and Equipment

It is the Organization's policy to capitalize property and equipment over $500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donated assets are recorded at their fair market value on the date of donation. Assets donated with the explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, 90.1 FM KKFI reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. 90.1 FM KKFI reclassifies temporarily restricted net assets to net assets without donor restrictions at that time. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expenses as incurred. Property and equipment are depreciated over their estimated useful lives using the straight-line method. The estimated useful life of the assets may be different than their actual economic useful lives.

There were $5,000 and $10,230 in fixed asset additions in the years ending December 31, 2019 and 2018, respectively.

Note 4: Commitments and Contingencies

Mid-Coast Radio Project, Inc. leases office space under an 11-year leasing agreement that expired on May 31, 2019, with two five-year options available after the original term. The lease was renewed for the first five-year option and will expire on May 31, 2024. Rent obligation under this lease is $3,433 per month, with a yearly increase of 3% at the lease anniversary. Required future minimum lease payments are as follows:

Year	Amount
2019	54,686
2020	56,322
2021	58,013
2022	59,757
2023	61,549
2024	25,960

The Organization leased space for their broadcasting tower in Blue Summit, Missouri. This lease is under a 3rd extension, expiring August 2022, with an additional two (2) five (5) year extensions available. The current lease calls for monthly rental payments, adjusted for inflation every five years. The lease also requires that 40% of any revenue from the sublease of the tower be paid to the Lessor. The current future minimum annual rental payments are as follows:

Year	Amount
2019	15,281
2020	15,281
2021	15,281
2022	10,187

Note 5: Compensated Absences

Employees of the Mid-Coast Radio Project, Inc. are entitled to paid vacation, paid sick days, and personal days off, depending on length of service. Employees can accumulate sick leave and vacation leave and, upon separation, are paid out any unused vacation. At December 31, 2019 and 2018 the Organization's liability for compensated absences is estimated at $5,859 and $1,700, respectively.

Note 6: Functional Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses are allocated to their respective programs or function.

As of December 31, 2019, of the total expenses reported, $445,734 is for program service fees, $81,679 is for management and general expenses, and $205,150 is for fundraising expenses. As of December 31, 2018, of the total expenses reported, $430,787 is for program service fees, $76,217 is for management and general expenses, and $237,880 is for fundraising expenses.

Note 7: Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following programs as of December 31, 2019:

	12/31/2019	12/31/2018
Grants	$ 189	$ -
Fundraising Drive	34,379	
Totals	$ 34,568	$ -

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

	12/31/2019	12/31/2018
Grants	$ 811	$ -
Event Sponsorships	10,219	
Fundraising Drive	2,735	
Totals	$ 13,765	$ -

Note 8: Liquidity and Availability of Financial Resources

Those matters include the following:

	12/31/2019	12/31/2018
Current assets, excluding non-financial assets	$ 453,157	$ 388,076
Donor restrictions	(34,568)	0
Financial assets available to meet cash needs for general expenditures within one year	$ 418,589	$ 388,076

90.1 FM KKFI receives contributions each year from donors and funds from operating activities that are used to fund program initiatives and are available to meet annual cash needs for general expenditures. 90.1 FM KKFI does not have any board designated net assets, so all financial assets are available to meet the needs of general expenditures. During the year ended December 31, 2019 and 2018, the organization was able to meet its cash needs utilizing current year contributions.

Note 9: Accounting Standards Issued Not Yet Adopted

The Financial Accounting Standards Board (FASB) issued a new accounting standard, Leases, which will eliminate the concept of operating leases, among other things. This new standard will include substantial changes for accounting by lessees; existing operating leases and all new leases, unless immaterial, will require balance sheet recognition (right to use asset and lease liability). The standard is first effective for 90.1 FM KKFI with its 2021 fiscal year.

The FASB issued a new accounting standard, Revenue from Contracts with Customer, which supersedes nearly all existing revenue recognition guidance under U.S. accounting principles. The core

Note 9: Accounting Standards Issued Not Yet Adopted (continued)

the new standard is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The new accounting standard defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. accounting principles. The standard is first effective for the 90.1 FM KKFI with its 2022 year.

Note 10: Subsequent Events

As a result of the spread of the COVID-19 Coronavirus and the resulting stay-at-home orders issued by the state of Missouri, the state in which 90.1 FM KKFI operates, 90.1 FM KKFI currently believes that it has been financially impacted by these restrictions occuring in 2020 in the following ways:

- It has not been able to hold public events, nor attend outside events, to encourage donations and awareness.
- It has not been able to bring new volunteers and on-air hosts into the studio, nor has it been permitted to welcome on-air guests into its studios.
- Many of its underwriters are in the restaurant, hospitality, or entertainment industries whose sectors of the economy are also suffering material setbacks due to the pandemic.
- Underwriting donations have decreased by $15,000 compared to 2019.
- Event revenue is down $24,000 as of the end of August 2020.
- Net revenue is reported to be up in August 2020 by $25,000 compared to 2019 due to a few small COVID related grants and intentional trimming of expenses.
- While 90.1 FM KKFI cannot be reasonably estimate how it will be affected by COVID-19 at the end of the year, it anticipates a decrease in overall funding, though it believes that it should still have net income of zero or a small net gain due to the conservative stewardship of its donations.

On April 27, 2020, the Organization received loan proceeds in the amount of $28,800 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The Organization believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. Forgiveness of the loan has not been applied for as of the date of the financial statements.

Note 11: Management's Review

Subsequent events were evaluated through October 27, 2020. The audit report date is the date the financial statements were available to be issued.