

WMKV

A Public Telecommunications Entity Owned
and Operated by Maple Knoll Communities, Inc.

Financial Statements

As of December 31, 2022 and for the period July 1, 2021
to December 31, 2022 with Independent Auditor's Report



YOUR SUCCESS IS OUR PASSION

WMKV

Financial Statements

*As of December 31, 2022 and for the period July 1, 2021
to December 31, 2022 with Independent Auditor's Report*

Table of Contents

Independent Auditor's Report 1

Financial Statements

 Statement of Financial Position 3

 Statement of Activities 4

 Statement of Functional Expenses 5

 Statement of Cash Flows 6

 Notes to the Financial Statements 7



YOUR SUCCESS IS OUR PASSION

Independent Auditor's Report

To the Board of Directors
WMKV, a Public Telecommunications Entity
Owned and Operated by Maple Knoll Communities, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of WMKV, a public telecommunications entity owned and operated by Maple Knoll Communities, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the period July 1, 2021 to December 31, 2022, 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 WMKV as of December 31, 2022, and the changes in its net assets and its cash flows for the period July 1, 2021 to December 31, 2022 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 (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 WMKV 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 WMKV's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and



YOUR SUCCESS IS OUR PASSION

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 WMKV’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 WMKV’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.

Brixey & Meyer, Inc.
Miamisburg, Ohio
September 20, 2023

WMKV
Statement of Financial Position
December 31, 2022

Assets

Current assets:

Accounts receivable, underwriting	\$ 19,734
Accounts receivable, related party	465,563
Pledges receivable	<u>575</u>
Total current assets	485,872

Total assets	<u><u>\$ 485,872</u></u>
--------------	--------------------------

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 23,473
Accrued compensation	<u>13,933</u>
Total current liabilities	37,406

Net assets:

Without donor restrictions	448,466
With donor restrictions	<u>-</u>
Total net assets	448,466

Total liabilities and net assets	<u><u>\$ 485,872</u></u>
----------------------------------	--------------------------

WMKV
Statement of Activities
For the Period July 1, 2021 to December 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
Operating revenues and support:			
Contributions	\$ 452,451	\$ -	\$ 452,451
Underwriting	225,481	-	225,481
Special event	117,520	-	117,520
Other	667	-	667
Total operating revenues and support	<u>796,119</u>	<u>-</u>	<u>796,119</u>
Operating expenses:			
Program services	313,617	-	313,617
Support services	588,362	-	588,362
Total operating expenses	<u>901,979</u>	<u>-</u>	<u>901,979</u>
Decrease in net assets	(105,860)	-	(105,860)
Net assets, beginning of period (unaudited)	<u>554,326</u>	<u>-</u>	<u>554,326</u>
Net assets, end of period	<u>\$ 448,466</u>	<u>\$ -</u>	<u>\$ 448,466</u>

WMKV
Statement of Functional Expenses
For the Period July 1, 2021 to December 31, 2022

	Program Services				Supporting Services			Total	
	Programming and Production	Broadcasting and Engineering	Program Information	Total Program Services	Management and General	Fundraising	Underwriting		Total Supporting Services
Salaries and wages	\$ 120,462	\$ 94,621	\$ 7,019	\$ 222,102	\$ 67,949	\$ 91,711	\$ 81,359	\$ 241,019	\$ 463,121
Employee benefits and payroll taxes	37,922	29,787	2,210	69,919	21,391	28,871	25,612	75,874	145,793
Program and license fees	-	21,596	-	21,596	4,406	-	-	4,406	26,002
Office supplies	-	-	-	-	31,086	35,601	7,120	73,807	73,807
Special event	-	-	-	-	-	74,021	-	74,021	74,021
Administrative overhead	-	-	-	-	119,235	-	-	119,235	119,235
Total operating expenses	<u>\$ 158,384</u>	<u>\$ 146,004</u>	<u>\$ 9,229</u>	<u>\$ 313,617</u>	<u>\$ 244,067</u>	<u>\$ 230,204</u>	<u>\$ 114,091</u>	<u>\$ 588,362</u>	<u>\$ 901,979</u>

WMKV
Statement of Cash Flows
For the Period July 1, 2021 to December 31, 2022

Cash Flows from Operating Activities	
Decrease in net assets	\$ (105,860)
Changes in operating assets and liabilities:	
Accounts receivable, underwriting	3,061
Accounts receivable, related party	106,184
Pledges receivable	(575)
Accounts payable	17,083
Accrued compensation	<u>(19,893)</u>
Net cash used in operating activities	-
Cash Flows from Investing Activities	-
Cash Flows from Financing Activities	-
Net Change in Cash	<u>-</u>
Cash, Beginning of Period (unaudited)	<u>-</u>
Cash, End of Period	<u><u>\$ -</u></u>

WMKV
Notes to the Financial Statements
December 31, 2022

Note 1 – Nature of Business

WMKV (the “Organization”) is a public telecommunications entity owned and operated by Maple Knoll Communities, Inc. (“Maple Knoll”). Founded in 1995, the Organization is housed on the campus of Maple Knoll, a non-profit retirement community in Springdale, Ohio.

The Organization’s mission is to provide radio programming that covers a diverse array of content in the areas of music, cultural arts, information, and entertainment. The Organization targets older adults, striving to serve as an informational and entertainment companion to seniors, caregivers, and families in Greater Cincinnati and Butler and Warren County, Ohio via WMKV 89.3FM and WLHS 89.9FM. Programming is also available around the world via streaming services and smart speakers. The Organization’s mission also includes the preservation of broadcast history and is produced largely for, about, and by seniors, while exposing new generations to musical standards and nostalgia and spreading critical aging, arts, veterans, and public service information, with a respectful, largely apolitical, and friendly presentation.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

The Organization carries its accounts receivable at invoiced amounts less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable for collectability and, if necessary, establishes an allowance for doubtful accounts based on a number of factors, including current credit conditions and customer payment history. The Organization does not require collateral or accrue interest on accounts receivable. At December 31, 2022, the allowance for doubtful accounts was \$0.

The following amounts are included in the balance sheet as of:

	December 31, 2022	July 1, 2021 (unaudited)
Accounts receivable, underwriting	<u>\$ 19,734</u>	<u>\$ 22,795</u>

WMKV
Notes to the Financial Statements (continued)
December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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 the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets without donor restrictions are available for use at the discretion of the Organization for general operating purposes and not subject to donor or certain grantor restrictions. From time to time, the Organization may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management’s discretion. There were no board designated net assets at December 31, 2022.
- Net assets with donor restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time or purpose 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction. There were no net assets with donor restrictions at December 31, 2022, or released from restriction during the period from July 1, 2021 to December 31, 2022.

Revenue Recognition

Contributions

The Organization is supported by contributions from other organizations. Contributions are recognized when the grantor or donor makes a promise to give in writing to the Organization that is, in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they are dependent are substantially met. Contributions are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions are recorded at fair value at the date of donation.

Underwriting

Revenue from contracts with customers is primarily recognized from underwriting. The Organization identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance, and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations.

WMKV
Notes to the Financial Statements (continued)
December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

These contracts consist of performance obligations to broadcast underwriting announcements and are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Each on-air broadcast is determined to be a distinct performance obligation. The transaction price is stated in the contracts and is known at the time of contract inception. The Organization determines the transaction price based on standard charges for goods and services provided.

Underwriting revenue is recognized at a point in time when the underwriting announcements are broadcast on-air. Customers are billed for underwriting spots monthly after they are broadcast on-air and payment is expected within 30 days.

Special Event

Revenue from the special event is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event. Revenue for performance obligations satisfied over time is generally recognized over the duration of the related special event.

Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, expenses are directly applied when applicable and other expenses have been allocated among the program and supporting services benefitted. Salaries and wages and employee benefits and payroll taxes are allocated based upon time and effort expended. All other expenses are allocated based on usage of resources.

Income Taxes

The Organization is a component of Maple Knoll. Maple Knoll is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Upcoming Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-13, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*. The standard changes how entities will measure credit losses for most financial assets, including accounts and notes receivable. The standard will replace today's "incurred loss" approach with an "expected loss" model, under which companies will recognize allowances based on expected rather than incurred losses. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The standard is effective for fiscal years beginning after December 15, 2022. The Organization does not expect the standard to have a significant impact on the financial statements.

WMKV
Notes to the Financial Statements (continued)
December 31, 2022

Note 3 – Liquidity and Availability of Resources

The Organization is substantially supported by contributions and underwriting. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization’s financial assets available to meet cash needs for general expenditures within one year reduced by the amounts not available for general expenditures within one year of December 31, 2022:

Financial assets:	
Accounts receivable, underwriting	\$ 19,734
Accounts receivable, related party	465,563
Pledges receivable	<u>575</u>
Total financial assets	485,872
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions	-
Board designations	<u>-</u>
Total	-
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 485,872</u></u>

Note 4 – Special Event

Special event revenue and expenses are directly related to fundraising and consist of the following for the period July 1, 2021 to December 31, 2022:

Special event revenue	\$ 117,520
Less: Special event expenses - Costs of direct benefit to donors	<u>(74,021)</u>
Increase to net assets from special event	<u><u>\$ 43,499</u></u>

WMKV
Notes to the Financial Statements (continued)
December 31, 2022

Note 5 – Related Party Transactions

The Organization does not have its own cash account. Instead, Maple Knoll handles all cash transactions related to the Organization, including the receipt of contributions, underwriting revenues, and special event income, and the disbursement of operating expenses. The impact of the cash activity on the statement of financial position is recorded to a general department within Maple Knoll, and the impact of revenues and expenses on the statement of activities is recorded to the Organization's department. To balance the Organization's financial statements, the Organization will record the net impact of all cash receipts and disbursements as a balance due from Maple Knoll on the statement of financial position. The balance due to WMKV from Maple Knoll was \$465,563 at December 31, 2022, which is recorded as accounts receivable, related party on the statement of financial position.

In addition, Maple Knoll charges an administrative overhead fee to the Organization to capture time incurred by Maple Knoll employees for accounting, human resources, and information technology, among other things. The administrative overhead fee also includes an allocation of rent for office space. The administrative overhead fee is calculated based on the percentage of WMKV's revenue in relation to Maple Knoll's revenue as a whole. For the period July 1, 2021 to December 31, 2022, the Organization recognized administrative overhead expense of \$119,235.

Note 6 – Retirement Plan

The Organization participates in a defined contribution 401(k) retirement savings plan (the Plan) sponsored by Maple Knoll, covering essentially all employees who have met the eligibility requirements. The Organization makes a safe harbor nonelective contribution to the Plan in an amount equal to 3% of compensation. The Organization contributed \$12,891 to the Plan for the period July 1, 2021 to December 31, 2022, which is recorded within employee benefits and payroll taxes on the statement of functional expenses.

Note 7 – Contingencies

From time to time, the Organization may be involved in legal actions arising in the ordinary course of business. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably. The Organization establishes accruals for losses that management deems to be probable and subject to reasonable estimate. The Organization is not currently involved in any such matters as of December 31, 2022.

Note 8 – Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 20, 2023, which is the date the financial statements were available to be issued. No subsequent events requiring financial statement adjustment and/or disclosure have been identified.