

Audited Financial Statements

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

Year Ended June 30, 2020

Audited Financial Statements

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pocahontas Communications Cooperative Corporation
Dunmore, West Virginia

We have audited the accompanying financial statements of Pocahontas Communications Cooperative Corporation, which comprise the statement of financial position as of June 30, 2020 and the related statement of activities and changes in net assets, functional expense 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 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.

Auditor's Responsibility (Continued)

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 Pocahontas Communications Cooperative Corporation, as of June 30, 2020, and the changes in its net assets, functional expense and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Gray, Griffith & Mays, a.c.

Charleston, West Virginia
December 15, 2020

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 526,319
Pledges receivable	<u>10,012</u>

Total current assets	<u>536,331</u>
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Property and equipment

Buildings	328,337
Broadcasting and production equipment	565,483
Office equipment	<u>42,481</u>

Total depreciable assets	936,301
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Less: accumulated depreciation	<u>(816,709)</u>
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Total net depreciable assets	<u>119,592</u>
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Intangible assets:

Licenses (at cost)	<u>31,420</u>
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Total assets	<u>\$ 687,343</u>
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LIABILITIES AND NET ASSETS

Current liabilities:	
Taxes withheld and accrued expenses	\$ 14,538
Refundable advances	<u>151,001</u>
Total current liabilities	<u>165,539</u>
Net assets:	
Without donor restriction:	
Undesignated	506,641
Board designated	<u>6,825</u>
Total net assets without restriction	<u>513,466</u>
With donor restriction:	<u>8,338</u>
Total net assets	<u>521,804</u>
Total liabilities and net assets	<u><u>\$ 687,343</u></u>

The accompanying notes are an integral part of these financial statements

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2020

Public Support and revenues:	
Corporation for Public Broadcasting grants	\$ 180,936
Other Grants	224,272
Contributions	85,564
Underwriting	55,495
Special events and projects	6,549
Interest	1,791
Other	<u>165</u>
Total public support and revenues	<u>554,772</u>
Operating Expenses:	
Program services	213,331
Management and general	170,008
Fundraising expenses	<u>52,627</u>
Total operating expenses	<u>435,965</u>
Change in net assets	118,807
Net assets, beginning of year	<u>402,997</u>
Net assets, end of year	<u>\$ 521,804</u>

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

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Wages and payroll taxes	\$ 149,646	\$ 104,752	\$ 44,894	\$ 299,292
Employee benefits	2,380	1,666	714	4,760
Equipment repairs and maintenance	2,284	1,523	-	3,807
Depreciation	20,502	13,668	-	34,170
Professional fees	2,086	1,460	626	4,171
Travel, entertainment and conferences	2,664	1,864	799	5,327
Communications	8,309	5,816	2,493	16,617
Audio supplies	377	-	-	377
Program expense	15,212	-	-	15,212
Insurance	9,872	6,910	2,962	19,744
Rent	-	411	-	411
Fundraising expenses	-	-	140	140
Administrative and general expenses	-	31,937	-	31,937
	<u>\$ 213,331</u>	<u>\$ 170,008</u>	<u>\$ 52,627</u>	<u>\$ 435,965</u>

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

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

Cash flows from operating activities:	
Increase (decrease) in net assets	\$ 118,807
Adjustments to reconcile net cash provided by operating activities:	
Depreciation	34,170
Decrease in receivables	14,572
Increase (decrease) in payables and other	1,936
Increase (decrease) in refundable advances	<u>65,784</u>
Net cash (used in) provided by operating activities	<u>235,269</u>
Cash flows used in investing activities:	
Aquisition of licenses	-
Purchase of property and equipment	<u>(1,450)</u>
Net cash used in investing activities	<u>(1,450)</u>
Net decrease in cash and cash equivalents	233,819
Cash and cash equivalents, beginning of year	<u>292,500</u>
Cash and cash equivalents, end of year	<u><u>\$ 526,319</u></u>

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

POCAHONTAS COMMUNICATIONS COOPERATIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Pocahontas Communications Cooperative Corporation is a not-for-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, and is not classified as a private foundation. It was organized to operate non-commercial radio stations in Pocahontas County, West Virginia and Highland and Bath Counties, Virginia. The Organization also produces books and music representing the history and culture of the listening area. The Organization's Department of the Treasury information returns (Form 990) are subject to examination, generally for three years after the filing date.

Basis of Presentation

Financial statement presentation follows the recommendations of generally accepted accounting principles for Not-for-Profit Organizations. Under these standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net assets with donor restriction and Net assets without donor restriction.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes all cash on hand and demand deposits with banks and other financial institutions that have no donor restrictions placed on them. Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to cash or are so near to maturity that their value is easily determined.

Cash	\$ 495,822
Certificates of Deposit	<u>30,497</u>
	<u>\$ 526,319</u>

Pledges receivable

Pledges receivable are recorded at the amount of the original pledge. Management will hold a pledge for 12 months at the end of which unpaid pledges are written off. At year end, all pledges are considered by management to be collectible.

POCAHONTAS COMMUNICATIONS COOPERATIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2020

1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are carried at cost which is depreciated over estimated useful lives of the assets. Depreciation is computed on the straight-line method. Maintenance and repairs are charged to operations as they are incurred. Betterments and renewals are capitalized. The Organization does not capitalize items costing less than \$500, or has an estimated life of less than 3 years. The estimated useful lives of equipment is five to twenty years and twenty years for buildings.

The Organization uses land belonging to various local entities under long-term agreements that either do not charge rent or the rent is nominal. These are generally small plots and fair rental value is not determinable.

Advertising

Advertising costs are expensed as incurred, and are nominal for the years presented.

Pension

The Organization has adopted a simplified employee pension plan (SEP) that covers all employees at least twenty-one (21) years old, have been employed three (3) years, and earned at least \$327 in the previous year. The contribution is determined annually by the Board of Directors and is funded during March for the prior calendar year.

Intangible assets

The Organization intends to renew its station licenses indefinitely. Prior licenses have been fully amortized and current station licenses will be carried at cost until such time when the Organization decides not to renew a license. At that time the remaining value of the license will be amortized over the remainder of its useful life using the straight-line method. Renewal costs are expenses as incurred.

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.

POCAHONTAS COMMUNICATIONS COOPERATIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2020

1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated services

The Organization utilizes the services of many volunteers for many different tasks. None of these volunteer hours meet the qualification for recognition in the financial statements under generally accepted accounting principles.

Functional allocation of expenses

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

Revenue recognition

Contributions are recorded as with donor restriction and without donor restriction, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated purpose or timing restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as Net Assets Released from Restrictions. Contributions with restrictions that are met during the same period that the receipt is recognized are classified as unrestricted.

Without donor restriction: Net assets over which the Board of Directors has discretionary control. Designated net assets are funds set aside for a specific purpose by the Board of Directors. The decision to set these funds aside can be reversed by the Board at any time and, therefore, they are not donor restricted.

With donor restriction: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2020

2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 495,822
Certificates of Deposit	30,497
Pledges receivable	<u>10,012</u>
	<u>\$ 536,331</u>

3 – REFUNDABLE ADVANCES

At June 30, 2020, the Organization had unspent amounts from grants that had restrictions. Those restrictions include the refunding of unused grants to the grantor if they are not used by September 30, 2020. Below is a list of those refundable advances.

Grantor	Purpose	
Corporation for Public Broadcasting	WVLS Programming	\$ 21,255
Corporation for Public Broadcasting	WVLS Operating	68,729
Corporation for Public Broadcasting	WVMR Operating	39,756
Corporation for Public Broadcasting	WVMR Programming	<u>21,261</u>
Total refundable advances		<u>\$ 151,001</u>

4 – LINE OF CREDIT

At June 30, 2020, the organization had a \$50,000 line of credit available from a local bank. There was no outstanding balance as of June 30, 2020. The line of credit is currently being renewed.

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2020

5 – RESTRICTED NET ASSETS

Net assets with donor restriction are restricted for:

Emergency response equipment	\$ <u>8,338</u>
Total net assets with donor restriction	\$ <u><u>8,338</u></u>

There are no perpetually restricted net assets at June 30, 2020.

6 – CONCENTRATIONS

During the year, the Organization may have had deposits in financial institutions greater than the FDIC insured limits.

For the year ended June 30, 2020, the Corporation for Public Broadcasting contributed approximately 73% of the Organization's total revenue. If these funds were curtailed, it could have a significant impact on the operations of the Organization.

7 – LICENSES

The Organization's various radio stations operate under six (6) licenses granted by the Federal Communication Commission (FCC). Licenses are generally renewed every eight (8) years. All licenses that the stations operate under were renewed effective September 25, 2019 for a term expiring on October 1, 2027. The Organization obtained a seventh (7) license on May 23, 2013. The six older licenses were originally amortized over their initial period and are carried at an amortized basis of \$0. The new licenses will be recorded at cost until a decision to not renew is determined. Renewal costs are expensed as incurred.

8 – BENEFICIAL INTERESTS

The Organization has a beneficial interest in an individual's will. The amount of the interest is not determinable and therefore no receivable has been booked.

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2020

9 – SUBSEQUENT EVENTS

The Organization's management has reviewed events and transactions occurring after June 30, 2020 through the date of the independent auditor's report, which is the date the financial statements were available to be issued for events requiring adjustment to or disclosure in the financial statements. There were no significant events noted.

COVID-19

During the period under audit, the World Health Organization declared the outbreak of COVID-19, a novel strain of the Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak as the pandemic continues subsequent to the year ended June 30, 2020, on the Organization's financial performance will depend on certain developments, including the duration and spread of the outbreak. The financial statements do not reflect any adjustments as a result of the subsequent continued economic uncertainty.