

Audited Financial Statements

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

Year Ended June 30, 2021

Audited Financial Statements

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

Year Ended June 30, 2021

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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, 2021 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, 2021, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 13 to 16 is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly statement, in all material respects, in relation to the financial statements as a whole.

Gray, Griffith & Mays, a.c.

Charleston, West Virginia
October 21, 2021

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,005,529
Pledges receivable	9,170
Inventory	<u>695</u>

Total current assets 1,015,394

Property and equipment

Buildings	328,337
Broadcasting and production equipment	569,344
Office equipment	<u>44,937</u>
Total depreciable assets	942,618
Less: accumulated depreciation	<u>(839,003)</u>
Total net depreciable assets	<u>103,615</u>

Intangible assets:

Licenses (at cost)	<u>31,420</u>
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Total assets \$ 1,150,429

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

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts Payable	\$ 522
Taxes withheld and accrued expenses	17,671
Refundable advances	<u>608,085</u>
Total current liabilities	<u>626,278</u>
Net assets:	
Without donor restriction:	
Undesignated	508,988
Board designated	<u>6,825</u>
Total net assets without restriction	<u>515,813</u>
With donor restriction:	<u>8,338</u>
Total net assets	<u>524,151</u>
Total liabilities and net assets	<u><u>\$ 1,150,429</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, 2021

Public Support and revenues:	<u>WCHG</u>	<u>WVLS</u>	<u>WVMR</u>	<u>Other</u>	<u>Total</u>
Corporation for Public Broadcasting Grants	\$ -	\$ 113,848	\$ 119,363	\$ -	\$ 233,211
Contributions	15,078	23,798	63,629	100	102,605
Underwriting	21,023	13,799	41,918	-	76,740
Publishing Income	-	-	-	6,203	6,203
Other	3	3	6	6,000	6,012
Interest Income	<u>283</u>	<u>640</u>	<u>377</u>	<u>3</u>	<u>1,303</u>
 Total public support and revenues	 <u>36,387</u>	 <u>152,088</u>	 <u>225,293</u>	 <u>12,306</u>	 <u>426,074</u>
 Operating Expenses:					
Program services	62,964	58,958	84,104	5,837	211,863
Management and general	51,028	47,404	68,189	5,833	172,454
Fundraising expenses	<u>11,924</u>	<u>11,571</u>	<u>15,916</u>	<u>-</u>	<u>39,411</u>
 Total operating expenses	 <u>125,916</u>	 <u>117,933</u>	 <u>168,209</u>	 <u>11,670</u>	 <u>423,728</u>
 Change in net assets	 (89,529)	 34,155	 57,084	 636	 2,346
Net assets, beginning of year					<u>521,805</u>
 Net assets, end of year					 <u>\$ 524,151</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, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 128,869	\$ 103,156	\$ 25,712	\$ 257,737
Payroll tax	11,336	9,067	2,266	22,669
Health benefits	2,844	2,274	569	5,687
Professional services	4,306	3,444	860	8,610
Accounting services	6,000	4,800	1,200	12,000
Supplies	1,050	837	212	2,099
Office equipment	1,639	1,316	322	3,277
Communications	8,356	7,071	1,282	16,709
Website	1,619	1,294	323	3,236
Postage	940	752	187	1,879
Utilities	8,492	7,043	1,449	16,984
Emergency general operations	1,060	871	186	2,117
Electric maintenance	396	365	31	792
Building maintenance	994	830	162	1,986
Audio supplies	498	398	100	996
Printing and publications	25	20	4	49
Conferences and meetings	152	120	30	302
Travel	444	355	87	886
Program expense	6,978	5,492	1,525	13,995
Advertising/PR	226	180	44	450
Memberships	2,565	2,052	513	5,130
Insurance	9,163	7,330	1,830	18,323
Rent	201	160	40	401
Fundraising - General	14	10	3	27
Payroll expenses	2,290	1,832	457	4,579
Bank service fees	19	16	3	38
Paypal service fees	68	54	13	135
Credit card service fees	171	169	1	341
Depreciation	11,148	11,146	-	22,294
	<u>\$ 211,863</u>	<u>\$ 172,454</u>	<u>\$ 39,411</u>	<u>\$ 423,728</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, 2021

Cash flows from operating activities:	
Increase (decrease) in net assets	\$ 2,346
Adjustments to reconcile net cash provided	
by operating activities:	
Depreciation	22,294
Decrease in receivables	843
Increase (decrease) in payables and other	3,655
Increase (decrease) in refundable advances	457,084
	486,222
Net cash (used in) provided by operating activities	
	486,222
Cash flows used in investing activities:	
Purchase of inventory	(695)
Purchase of property and equipment	(6,317)
	(6,317)
Net cash used in investing activities	
	(6,317)
Net decrease in cash and cash equivalents	
	479,210
Cash and cash equivalents, beginning of year	
	526,319
Cash and cash equivalents, end of year	
	\$ 1,005,529

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

POCAHONTAS COMMUNICATIONS COOPERATIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	\$ 974,903
Certificates of Deposit	<u>30,626</u>
	<u>\$ 1,005,529</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, 2021

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.

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.

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.

POCAHONTAS COMMUNICATIONS COOPERATIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

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

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, 2021

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	\$ 974,903
Certificates of Deposit	30,626
Pledges receivable	<u>9,170</u>
	<u><u>\$ 1,014,699</u></u>

3 – REFUNDABLE ADVANCES

At June 30, 2021, 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, 2021. Below is a list of those refundable advances.

Grantor	Purpose	
Corporation for Public Broadcasting	WVLS Programming	26,986
Corporation for Public Broadcasting	WVLS Operating	87,985
Corporation for Public Broadcasting	WVLS Rescue Act	205,442
Corporation for Public Broadcasting	WVMR Operating	56,908
Corporation for Public Broadcasting	WVMR Programming	25,650
Corporation for Public Broadcasting	WVMR Rescue Act	<u>205,114</u>
Total refundable advances		<u><u>\$ 608,085</u></u>

4 – LINE OF CREDIT

At June 30, 2021, the organization had a \$50,000 line of credit available from a local bank. There was no outstanding balance as of June 30, 2021. The line of credit is currently being renewed.

POCAHONTAS COMMUNICATIONS COOPERATIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

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>\$ 8,338</u>

There are no perpetually restricted net assets at June 30, 2021.

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, 2021, the Corporation for Public Broadcasting contributed approximately 55% 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, 2021

9 – COVID-19

During the year ended June 30, 2021, 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 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the increase in economic uncertainty.

10 – SUBSEQUENT EVENTS

The Organization's management has reviewed events and transactions occurring after June 30, 2021 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.

SUPPLEMENTARY INFORMATION

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

SUPPLEMENTARY INFORMATION – SCHEDULE OF REVENUE BY STATION

June 30, 2021

Public Support and revenues:	<u>WCHG</u>	<u>WVLS</u>	<u>WVMR</u>	<u>Other</u>	<u>Total</u>
Corporation for Public Broadcasting Grants	\$ -	\$380,245	\$354,476	\$ -	\$ 734,721
CPB Programming	-	54,017	52,559	-	106,576
Temporarily Restricted CPB Grants	-	(320,414)	(287,672)	-	(608,086)
Contributions	15,078	23,798	63,629	100	102,605
Underwriting	21,023	13,799	41,918	-	76,740
Publishing Income	-	-	-	6,203	6,203
Other	3	3	6	6,000	6,012
Interest Income	<u>283</u>	<u>640</u>	<u>377</u>	<u>3</u>	<u>1,303</u>
Total public support and revenues	<u>\$ 36,387</u>	<u>\$152,088</u>	<u>\$225,293</u>	<u>\$ 12,306</u>	<u>\$ 426,074</u>

See independent auditor's report.

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

SUPPLEMENTARY INFORMATION – SCHEDULE OF EXPENSES BY STATION

June 30, 2021

WCHG

	Program Services	Management and General	Fundraising	Total
Salaries & Wages	38,711	30,968	7,742	\$ 77,421
Payroll Taxes	3,427	2,741	685	6,853
Health Benefits	1,768	1,414	354	3,536
Professional Services	3,719	2,975	743	7,437
Accounting Services	1,800	1,440	360	3,600
Supplies	343	274	69	686
Office Equipment	270	216	54	540
Communications	2,849	2,279	569	5,697
Website	486	388	97	971
Postage	308	246	61	615
Utilities	1,269	1,015	253	2,537
Emergency Gen Op	408	326	82	816
Elect Maint & Supp	157	126	31	314
Bldg Maint & Supp	487	390	97	974
Audio Supplies	296	237	59	592
Conferences & Mtgs	46	36	9	91
Travel	129	103	26	258
Program Expense	229	178	50	457
Advertising/PR	68	54	13	135
Memberships	81	65	16	162
Insurance	2,749	2,199	549	5,497
Fundraising - General	4	3	1	8
Paypal Service Fees	21	16	4	41
Depreciation	3,339	3,339	-	6,678
	<u>\$ 62,964</u>	<u>\$ 51,028</u>	<u>\$ 11,924</u>	<u>\$ 125,916</u>

See independent auditor's report.

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

SUPPLEMENTARY INFORMATION – SCHEDULE OF EXPENSES BY STATION

June 30, 2021

WVLS

	Program Services	Management and General	Fundraising	Total
Salaries & Wages	\$ 36,667	\$ 29,334	\$ 7,333	\$ 73,334
Payroll Taxes	3,248	2,598	649	6,495
Health Benefits	268	214	53	535
Professional Services	82	65	16	163
Accounting Services	1,800	1,440	360	3,600
Supplies	227	180	46	453
Office Equipment	471	376	94	941
Communications	2,402	1,922	480	4,804
Website	486	388	97	971
Postage	276	221	55	552
Utilities	1,923	1,539	386	3,848
Emergency Gen Op	197	157	39	393
Bldg Maint & Supp	119	95	23	237
Audio Supplies	18	14	4	36
Conferences & Mtgs	45	36	9	90
Travel	130	104	25	259
Program Expense	3,337	2,613	751	6,701
Advertising/PR	68	54	13	135
Memberships	1,179	943	236	2,358
Insurance	2,749	2,199	549	5,497
Rent	100	80	20	200
Fundraising - General	4	3	1	8
Payroll Expenses	1,642	1,314	328	3,284
Paypal Service Fees	21	17	4	42
Credit Card Service Fees	5	4	-	9
Depreciation	1,494	1,494	-	2,988
	<u>\$ 58,958</u>	<u>\$ 47,404</u>	<u>\$ 11,571</u>	<u>\$ 117,933</u>

See independent auditor's report.

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

SUPPLEMENTARY INFORMATION – SCHEDULE OF EXPENSES BY STATION

June 30, 2021

WVMR

	Program Services	Management and General	Fundraising	Total
Salaries & Wages	\$ 53,183	\$ 42,546	\$ 10,637	\$ 106,366
Payroll Taxes	4,661	3,728	932	9,321
Health Benefits	808	646	162	1,616
Professional Services	505	404	101	1,010
Accounting Services	2,400	1,920	480	4,800
Supplies	480	383	97	960
Office Equipment	868	695	174	1,737
Communications	1,169	935	233	2,337
Website	647	518	129	1,294
Postage	356	285	71	712
Utilities	4,053	3,242	810	8,105
Emergency Gen Op	330	264	65	659
Bldg Maint & Supp	214	171	42	427
Audio Supplies	184	147	37	368
Printing & Pubs	25	20	4	49
Conferences & Mtgs	61	48	12	121
Travel	185	148	36	369
Program Expense	3,412	2,701	724	6,837
Advertising/PR	90	72	18	180
Memberships	1,305	1,044	261	2,610
Insurance	3,665	2,932	732	7,329
Rent	101	80	20	201
Fundraising - General	6	4	1	11
Payroll Expenses	648	518	129	1,295
Bank Service Fees	15	12	3	30
Paypal Service Fees	26	21	5	52
Credit Card Service Fees	6	5	1	12
Depreciation	4,701	4,700	-	9,401
	<u>\$ 84,104</u>	<u>\$ 68,189</u>	<u>\$ 15,916</u>	<u>\$ 168,209</u>

See independent auditor's report.

**POCAHONTAS COMMUNICATIONS
COOPERATIVE CORPORATION**

SUPPLEMENTARY INFORMATION – SCHEDULE OF EXPENSES BY STATION

June 30, 2021

Other

	Program Services	Management and General	Fundraising	Total
Salaries & Wages	\$ 308	\$ 308	\$ -	\$ 616
Office Equipment	30	29	-	59
Communications	1,936	1,935	-	3,871
Utilities	1,247	1,247	-	2,494
Emergency Gen Op	125	124	-	249
Elect Maint & Supp	239	239	-	478
Bldg Maint & Supp	174	174	-	348
Bank Service Fees	4	4	-	8
Credit Card Service Fees	160	160	-	320
Depreciation	<u>1,614</u>	<u>1,613</u>	<u>-</u>	<u>3,227</u>
	<u>\$ 5,837</u>	<u>\$ 5,833</u>	<u>\$ -</u>	<u>\$ 11,670</u>

See independent auditor's report.