

**CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX**

Financial Statements

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)

LBMC

**MAKE A GOOD
BUSINESS BETTER**

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Change in Net Assets	3
Statement of Functional Expenses - 2020	4
Statement of Functional Expenses - 2019	5
Statements of Cash Flows	6
Notes to the Financial Statements	7

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Cumberland Communities Communications Corporation :

Report on the Financial Statements

We have audited the accompanying financial statements of Cumberland Communities Communications Corporation, d/b/a WDVX, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and change in net assets, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Cumberland Communities Communications Corporation as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Statements of Financial Position

December 31, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 234,902	\$ 145,235
Accounts receivable	20,630	28,025
Prepaid expenses	<u>9,593</u>	<u>14,549</u>
Total current assets	<u>265,125</u>	<u>187,809</u>
Property and equipment, net	12,635	17,894
Beneficial interest in assets held by others	<u>39,067</u>	<u>34,277</u>
Total assets	<u>\$ 316,827</u>	<u>\$ 239,980</u>

Liabilities and Net Assets

Current liabilities:		
Expected maturities of the Paycheck Protection Program loan payable	\$ 2,957	\$ -
Accounts payable	7,120	23,576
Accrued expenses and liabilities	22,071	10,089
Deferred revenue	<u>30,333</u>	<u>40,989</u>
Total current liabilities	<u>62,481</u>	<u>74,654</u>
Net assets:		
Without donor restrictions		
Undesignated	215,279	131,049
Board designated	<u>39,067</u>	<u>34,277</u>
Total net assets	<u>254,346</u>	<u>165,326</u>
Total liabilities and net assets	<u>\$ 316,827</u>	<u>\$ 239,980</u>

See accompanying notes to the financial statements.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Statements of Activities and Change in Net Assets

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Changes in net assets without donor restrictions:		
Revenue, gains and other support:		
Contributions	\$ 183,288	\$ 159,087
Special events	29,102	112,593
Underwriting	99,925	173,550
Grants	259,648	249,621
Paycheck Protection Program Loan Forgiveness	70,961	-
Non-cash (Trade)	64,916	91,298
Sale of merchandise	1,912	1,452
Interest	57	78
Loss on disposal of equipment	-	(1,968)
Net gain on beneficial interest in assets held by others	<u>4,790</u>	<u>4,676</u>
Total revenues, gains and other support without donor restrictions	<u>714,599</u>	<u>790,387</u>
Expenses:		
Program	394,543	507,197
Management and general expenses	113,389	143,375
Fundraising	<u>117,647</u>	<u>110,084</u>
Total expenses	<u>625,579</u>	<u>760,656</u>
Change in net assets without donor restrictions	<u>89,020</u>	<u>29,731</u>
Net assets at beginning of year	\$ <u>165,326</u>	\$ <u>135,595</u>
Net assets at end of year	\$ <u>254,346</u>	\$ <u>165,326</u>

See accompanying notes to the financial statements.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Statement of Functional Expenses

Year ended December 31, 2020

	Program Services				Fundraising				
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total Fundraising	Total
Salaries and wages	\$ 155,052	\$ 5,128	\$ 36,750	\$ 196,930	\$ 51,081	\$ 23,759	\$ 48,973	\$ 72,732	\$ 320,743
Payroll taxes	11,805	492	2,705	15,002	4,181	1,663	3,748	5,411	24,594
Employee medical insurance	19,612	-	4,315	23,927	6,668	2,746	5,884	8,630	39,225
Event expense	14,252	-	1,227	15,479	-	4,394	-	4,394	19,873
Studio rent (Trade)	39,360	-	-	39,360	-	-	-	-	39,360
Tower rent	-	18,825	-	18,825	-	-	-	-	18,825
Broadcast fees and IT support (Trade)	-	4,200	-	4,200	-	-	-	-	4,200
Webcasting fees	21,492	-	4,920	26,412	-	-	-	-	26,412
Repairs	-	-	-	-	-	-	-	-	-
Office telephone	-	20,277	-	20,277	-	-	-	-	20,277
Mobile telephone	2,946	-	-	2,946	-	-	-	-	2,946
Utilities	816	-	-	816	204	-	-	-	1,020
Supplies	-	-	-	-	3,872	-	-	-	3,872
Studio supplies	1,644	1,690	-	3,334	-	-	-	-	3,334
Postage	-	-	-	-	222	-	-	-	222
Legal and accounting fees	-	-	-	-	-	-	-	-	-
Legal and accounting fees (Trade)	-	-	-	-	25,872	-	-	-	25,872
Insurance	-	-	-	-	8,042	-	-	-	8,042
Advertising and promotion (Trade)	-	-	7,425	7,425	-	-	-	-	7,425
Mileage reimbursements	-	-	-	-	-	-	356	356	356
Travel and conferences	-	-	-	-	1,432	-	-	-	1,432
Lodging (Trade)	1,200	-	-	1,200	-	-	-	-	1,200
Meals and entertainment (Trade)	3,400	-	-	3,400	-	-	-	-	3,400
Fringe benefits	5,784	-	-	5,784	1,928	-	-	-	7,712
Fund drive premiums, mailings, and supplies	-	-	-	-	-	17,109	-	17,109	17,109
Miscellaneous	467	-	1,320	1,787	8,947	1,065	7,950	9,015	19,749
Total expenses before depreciation	277,830	50,612	58,662	387,104	112,449	50,736	66,911	117,647	617,200
Depreciation	7,439	-	-	7,439	940	-	-	-	8,379
Total expenses	\$ 285,269	\$ 50,612	\$ 58,662	\$ 394,543	\$ 113,389	\$ 50,736	\$ 66,911	\$ 117,647	\$ 625,579

See accompanying notes to the financial statements.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Statement of Functional Expenses

Year ended December 31, 2019

	Program Services					Fundraising				
	Program and	Program		Total	Management and General	Fundraising and	Underwriting and Grant	Total		Total
	Production	Broadcasting	Information and Promotion	Program Services		Membership Development	Solicitation	Fundraising		
Salaries and wages	\$ 149,248	\$ 12,225	\$ 39,376	\$ 200,849	\$ 62,333	\$ 28,667	\$ 40,054	\$ 68,721	\$ 331,903	
Payroll taxes	11,181	994	2,982	15,157	4,473	2,236	2,982	5,218	24,848	
Employee medical insurance	16,088	-	3,940	20,028	5,910	2,955	3,940	6,895	32,833	
Event expense	101,176	-	664	101,840	-	4,526	-	4,526	106,366	
Studio rent (Trade)	39,360	-	-	39,360	-	-	-	-	39,360	
Tower rent	-	14,925	-	14,925	-	-	-	-	14,925	
Broadcast fees and IT support (Trade)	-	4,200	-	4,200	-	-	-	-	4,200	
Webcasting fees	-	25,668	1,660	27,328	-	-	-	-	27,328	
Repairs	-	2,788	-	2,788	-	-	-	-	2,788	
Office telephone	-	30,023	-	30,023	-	-	-	-	30,023	
Mobile telephone	2,912	-	-	2,912	-	-	-	-	2,912	
Utilities	816	-	-	816	204	-	-	-	1,020	
Supplies	571	-	-	571	3,305	2,734	-	2,734	6,610	
Studio supplies	231	2,002	-	2,233	-	-	-	-	2,233	
Postage	-	-	-	-	646	-	-	-	646	
Legal and accounting fees	-	-	-	-	24,956	-	-	-	24,956	
Legal and accounting fees (Trade)	-	-	-	-	14,995	-	-	-	14,995	
Insurance	-	-	-	-	6,670	-	-	-	6,670	
Advertising and promotion (Trade)	-	-	21,893	21,893	-	-	-	-	21,893	
Mileage reimbursements	-	-	-	-	-	-	2,283	2,283	2,283	
Travel and conferences	-	-	70	70	4,171	1,500	-	1,500	5,741	
Lodging (Trade)	7,200	-	-	7,200	-	-	-	-	7,200	
Meals and entertainment (Trade)	2,950	-	-	2,950	-	-	-	-	2,950	
Fringe benefits	3,843	-	-	3,843	-	-	-	-	3,843	
Fund drive premiums, mailings, and supplies	-	-	-	-	-	17,417	-	17,417	17,417	
Miscellaneous	<u>613</u>	<u>-</u>	<u>1,368</u>	<u>1,981</u>	<u>14,781</u>	<u>790</u>	<u>-</u>	<u>790</u>	<u>17,552</u>	
Total expenses before depreciation	336,189	92,825	71,953	500,967	142,444	60,825	49,259	110,084	753,495	
Depreciation	<u>6,230</u>	<u>-</u>	<u>-</u>	<u>6,230</u>	<u>931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,161</u>	
Total expenses	<u>\$ 342,419</u>	<u>\$ 92,825</u>	<u>\$ 71,953</u>	<u>\$ 507,197</u>	<u>\$ 143,375</u>	<u>\$ 60,825</u>	<u>\$ 49,259</u>	<u>\$ 110,084</u>	<u>\$ 760,656</u>	

See accompanying notes to the financial statements.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>89,020</u>	\$ <u>29,731</u>
Adjustments to reconcile change in net assets to cash flows provided by operating activities:		
Depreciation	8,379	7,161
Loss on disposal of equipment	-	1,968
Net gain on beneficial interest in assets held by others	(4,790)	(4,676)
Decrease (increase) in operating assets:		
Receivables	7,395	7,291
Prepaid expenses	4,956	(12,274)
Increase in operating liabilities:		
Accounts payable	(16,456)	2,593
Accrued expenses and liabilities	11,982	(1,496)
Deferred revenue	<u>(10,656)</u>	<u>(8,958)</u>
Total adjustments	<u>810</u>	<u>(8,391)</u>
Net cash provided by operating activities	<u>89,830</u>	<u>21,340</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(3,120)</u>	<u>(5,776)</u>
Net cash used by investing activities	<u>(3,120)</u>	<u>(5,776)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan, net of expected forgiveness	<u>2,957</u>	<u>-</u>
Net cash provided by financing activities	<u>2,957</u>	<u>-</u>
Increase in cash and cash equivalents	89,667	15,564
Cash and cash equivalents at beginning of year	<u>145,235</u>	<u>129,671</u>
Cash and cash equivalents at end of year	\$ <u>234,902</u>	\$ <u>145,235</u>

See accompanying notes to the financial statements.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Notes to the Financial Statements

December 31, 2020 and 2019

(1) Nature of operations

Cumberland Communities Communications Corporation d/b/a WDVX (the "Organization") was organized to create and provide content to promote the cultural heritage of East Tennessee and the Southern Appalachian region by entertaining and educating audiences globally with original programs showcasing live radio performance, underrepresented arts, emerging and local talent.

(2) Summary of significant accounting policies

The financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The significant accounting policies followed are described below.

(a) Adopted accounting pronouncements

In June 2018, the Financial Accounting Standards Board ("FASB") issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 is intended to clarify (1) when transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of contributions accounting guidance, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. The Organization adopted this guidance on January 1, 2020, using the modified prospective method. The adoption did not result in a material change to the financial statements.

(b) Basis of presentation

The Organization reports information regarding its financial position and activities based on the existence or absence of donor or grantor imposed restrictions. Net assets of the Organization are presented as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor imposed restrictions. The Organization's board of directors has designated, from net assets without donor restrictions, net assets for particular purposes.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Notes to the Financial Statements

December 31, 2020 and 2019

Net Assets With Donor Restrictions - Net assets subject to donor or grantor 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. The Organization has no net assets subject to donor-imposed restrictions at December 31, 2020 or 2019.

Contributions received are recorded as without donor restrictions or with donor restrictions support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Revenue from grants with donor restrictions is recorded based on expenses incurred since these grants are generally on a cost-reimbursement basis.

(c) Cash and cash equivalents

The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

(d) Receivables and credit policies

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from invoice date. Certain customers have been granted extended payment terms based on business volume. Late or interest charges on delinquent accounts are not recorded until collected. The carrying amount of accounts receivable is reduced by a valuation allowance, if necessary, which reflects management's best estimate of the amounts that will not be collected. The allowance is estimated based on management's knowledge of its customers, historical loss experience and existing economic conditions. No allowance was deemed necessary at December 31, 2020.

(e) Property and equipment

Property and equipment are stated at cost. Donated property and equipment are recorded at their estimated fair value at the date of the donation. Depreciation is provided over the assets' estimated useful lives, generally five years, using the straight-line method.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in changes in net assets without donor restrictions.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Notes to the Financial Statements

December 31, 2020 and 2019

(f) Income taxes

The Organization is exempt for federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the financial statements. The Internal Revenue Service does not classify the Organization as a private foundation.

An uncertain tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Organization has no material uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

As of December 31, 2020 and 2019, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense. The Organization files a U.S. Federal nonprofit tax return annually. The Organization is currently open to audit under the statute of limitations for the years ended after December 31, 2016.

(g) Revenue recognition

Cash contributions are recognized as revenues when received.

Revenues from underwriting contracts are recognized as earned. Billings occur in accordance with the terms of the respective underwriting contracts, and revenues which relate to billings rendered in advance are deferred until earned.

Grant funds are earned and reported as revenues of the applicable grant when the Organization has incurred expenses in compliance with the specific restrictions of the grant agreement.

Non-cash (Trade) revenues are earned and reported as revenues when underwriting spots are played on air in exchange for various goods and services of the same value.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Notes to the Financial Statements

December 31, 2020 and 2019

In-kind contributions are recorded based on their estimated fair value at the date of donation.

Revenue received from the Corporation for Public Broadcasting ("CPB") totaled \$105,988 and \$137,906 for years ending December 31, 2020 and 2019, respectively. The Organization recognizes revenue in the amount to which it has the right to invoice CPB under a Community Service Grant. The grant places restrictions on funds based on matching fund formulas, qualifying expenses, and other conditions of the grant. In April 2020, the Organization received \$75,000 of Stabilization Funds from CPB from the Coronavirus Aid, Relief, and Economic Security ("CARES") Act funds distributed by CPB to Community Service Grant recipients.

(h) Donated services

The Organization receives contributed professional services from third parties. Such services support management and general activities. Donated services received during 2020 and 2019 were measured at their estimated fair value based on a similar value of like services and have been included as revenue and expense in the Statement of Activities and Changes in Net Assets.

(i) Advertising and promotion costs

Advertising and promotion costs are expensed as incurred.

(j) Realization of long-lived assets

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

(k) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Notes to the Financial Statements

December 31, 2020 and 2019

(I) Events occurring after reporting date

The Organization has evaluated events and transactions that occurred between December 31, 2020 and TBD, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(3) Liquidity

A summary of the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of donor-imposed restrictions, within one year of the statement of financial position date is as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 234,902	\$ 145,235
Accounts receivable	20,630	28,025
Beneficial interest in assets held by others	<u>39,067</u>	<u>34,277</u>
Financial assets at end of year	294,599	207,537
Less: assets unavailable for general expenditures within one year:		
Board designated endowment fund	<u>39,067</u>	<u>34,277</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>255,532</u>	\$ <u>173,260</u>

Board designated investments of \$39,067 and \$34,277 as of December 31, 2020 and 2019, respectively, are designated for long-term purposes. The Organization does not intend to use these investments for operating purposes and has excluded these investments from financial assets available in the table above. However, these amounts could be made available for operations, if necessary.

(4) Credit risk and other concentrations

The Organization occasionally maintains cash and cash equivalents on deposit at banks in excess of federally insured amounts. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash and cash equivalents.

Contributions under one grant amounted to approximately 26% and 17% of the Organization's total revenues, gains, and other support in 2020 and 2019, respectively.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Notes to the Financial Statements

December 31, 2020 and 2019

(5) Property and equipment

A summary of property and equipment as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 6,179	\$ 6,179
Machinery and equipment	178,405	175,285
Furniture and fixtures	<u>19,965</u>	<u>19,965</u>
	204,549	201,429
Accumulated depreciation	<u>(191,914)</u>	<u>(183,535)</u>
	<u>\$ 12,635</u>	<u>\$ 17,894</u>

(6) Beneficial interest in assets held by others

An endowment held by the East Tennessee Foundation (the "Foundation") for the benefit of the Organization is administered by the Foundation.

Endowment income is distributed to the Organization based on a spending policy. Additional disbursements may be made with a two-thirds vote of approval from the Organization's Board of Directors. The Organization has granted the Foundation variance power, which is defined as the power to modify any restriction or condition on the distribution of funds for the specified charitable purposes or to be a specified organization if, in the sole judgment of the Foundation's board, such restrictions or conditions become, in effect unnecessary, undesirable, impracticable, incapable of fulfillment, or inconsistent with the charitable needs of the community served. Assets held by the Foundation for the benefit of the Organization are recorded as an asset in the accompanying statements of financial position.

(7) Paycheck Protection Program loan

During April 2020, the Organization utilized the Paycheck Protection Program ("PPP") from the U.S. Small Business Administration ("SBA") under the CARES Act to support operations during the COVID-19 pandemic. The Organization received a \$73,918 loan payable bearing interest of 1% with principal and interest maturing in April 2022. The Organization intends to apply for debt forgiveness under the terms of the CARES Act and anticipates not having to repay the full amount of the loan. The Organization has elected to recognize income of \$70,961 under the grant model for the amount management expects to be forgiven in 2021. The remaining balance has been presented as a liability for the amount that management expects to repay based on management's calculations for the forgiveness application.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Notes to the Financial Statements

December 31, 2020 and 2019

A summary of future maturities of the PPP loan as of December 31, 2020 is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 2,957

Repayment installments originally scheduled to begin in November of 2020 have been deferred until the SBA makes a determination of debt forgiveness.

(8) Simple IRA Plan

The Organization sponsors a Simple IRA Plan covering all employees whose prior year compensation was at least \$5,000 and whose compensation for the current year is expected to be at least \$5,000. Matching contributions are made equal to each employee's salary reduction contribution up to a limit of 3% of total compensation for the year. Benefits become vested immediately. The Organization made contributions of \$7,712 and \$3,843 to the plan in 2020 and 2019, respectively.

(9) Advertising expenses

Advertising costs of \$1,500 and \$700 were expensed during 2020 and 2019, respectively.

(10) Lease commitments

The Organization leases space for the station broadcasting facilities and office in Knoxville, Tennessee, as well as a studio in Norris, Tennessee; where underwriting sponsorships are exchanged for use of the facilities. The exchange is recognized in the financial statements as underwriting income and studio rent expense. The Organization also rents tower usage under various leases. The Organization anticipates that each of these arrangements will continue in the near future. Rent expense totaled \$58,185 and \$54,285 in 2020 and 2019, respectively. A summary of approximate future minimum payments under these leases as of December 31, 2020 is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 34,296
2022	13,746
2023	14,087
2024	14,437
2025	<u>4,352</u>
	\$ <u>80,918</u>

It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the expense for 2020.

CUMBERLAND COMMUNITIES COMMUNICATIONS CORPORATION
d/b/a WDVX

Notes to the Financial Statements

December 31, 2020 and 2019

(11) Supplemental disclosures of cash flow statement information

During 2020 and 2019, the Organization received \$64,916 and \$91,298, respectively, for various goods and services which were either accepted as in-kind donations or exchanged for underwriting spots.

(12) Infectious disease outbreak

On March 11, 2020, the World Health Organization declared the outbreak of the Coronavirus (COVID-19) a pandemic. To date, the Organization has experienced a disruption in its ability to hold fundraising and community events as it has in previous years. While management continues to closely monitor the situation and has implemented strategies designed to mitigate such potential impacts, management believes the Organization has mitigated the majority of the risk currently associated with the outbreak.

(13) Subsequent event

In February of 2021, the Organization obtained a second Paycheck Protection Program loan from the SBA under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act") in the amount of \$73,917. The Organization intends to use the loan to fund payroll and other qualifying expenses permitted under the Economic Aid Act and to request forgiveness of the loan in 2021.