

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

**Financial Statements**

**December 31, 2022 and 2021**

**(With Independent Auditors' Report Thereon)**



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

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## **INDEPENDENT AUDITORS' REPORT**

**The Board of Directors  
Cumberland Communities Communications Corporation:**

### **Opinion**

We have audited the accompanying financial statements of Cumberland Communities Communications Corporation, d/b/a WDVX (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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 matters that we identified during the audit.

*LBMC, PC*

Knoxville, Tennessee  
April 13, 2023

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

**Statements of Financial Position**

**December 31, 2022 and 2021**

Assets

	<u>2022</u>	<u>2021</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 427,074	\$ 400,763
Accounts and other receivables	17,773	57,174
Prepaid expenses	<u>6,601</u>	<u>7,386</u>
<b>Total current assets</b>	<u>451,448</u>	<u>465,323</u>
Property and equipment, net	23,948	20,251
Operating lease right-of-use asset	25,642	-
Beneficial interest in assets held by others	<u>38,135</u>	<u>44,340</u>
<b>Total assets</b>	<u>\$ 539,173</u>	<u>\$ 529,914</u>

Liabilities and Net Assets

<b>Current liabilities:</b>		
Operating lease, current portion	\$ 11,471	\$ -
Accounts payable	9,914	6,102
Accrued expenses and liabilities	26,648	26,966
Deferred revenue	<u>93,363</u>	<u>126,138</u>
<b>Total current liabilities</b>	<u>141,396</u>	<u>159,206</u>
Operating lease, excluding current portion	<u>15,979</u>	<u>-</u>
<b>Total liabilities</b>	<u>157,375</u>	<u>159,206</u>
<b>Net assets:</b>		
Without donor restrictions		
Undesignated	343,663	326,368
Board designated	<u>38,135</u>	<u>44,340</u>
<b>Total net assets</b>	<u>381,798</u>	<u>370,708</u>
<b>Total liabilities and net assets</b>	<u>\$ 539,173</u>	<u>\$ 529,914</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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Changes in net assets without donor restrictions:</b>		
<b>Revenue, gains and other support:</b>		
Contributions	\$ 168,120	\$ 183,918
Special events	27,677	55,780
Underwriting	159,661	150,922
Grants	232,461	218,160
CPB American Recovery Act funds	32,775	27,362
Paycheck Protection Program loan forgiveness	-	76,874
Non-cash (Trade)	53,640	68,112
Sale of merchandise	2,237	2,509
Interest	239	79
Net gain (loss) on beneficial interest in assets held by others	<u>(6,205)</u>	<u>5,273</u>
<b>Total revenues, gains and other support without donor restrictions</b>	<u><b>670,605</b></u>	<u><b>788,989</b></u>
<b>Expenses:</b>		
Program	408,647	419,335
Management and general expenses	116,466	142,448
Fundraising	<u>134,402</u>	<u>110,844</u>
<b>Total expenses</b>	<u><b>659,515</b></u>	<u><b>672,627</b></u>
<b>Change in net assets without donor restrictions</b>	<b>11,090</b>	<b>116,362</b>
<b>Net assets at beginning of year</b>	<u><b>370,708</b></u>	<u><b>254,346</b></u>
<b>Net assets at end of year</b>	<u><b>\$ 381,798</b></u>	<u><b>\$ 370,708</b></u>

See accompanying notes to the financial statements.

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

**Statement of Functional Expenses**

**Year ended December 31, 2022**

	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	\$ 204,645	\$ 4,025	\$ 2,500	\$ 211,170	\$ 60,660	\$ 39,726	\$ 43,206	\$ 82,932	\$ 354,762
Payroll taxes	15,677	269	167	16,113	4,566	2,954	3,223	6,177	26,856
Employee medical insurance	27,630	458	284	28,372	6,407	5,491	5,491	10,982	45,761
Event expense	8,458	-	-	8,458	-	-	-	-	8,458
Studio rent (Trade)	39,360	-	-	39,360	-	-	-	-	39,360
Tower rent	-	24,362	-	24,362	-	-	-	-	24,362
Broadcast fees and IT support (Trade)	-	4,200	-	4,200	-	-	-	-	4,200
Webcasting fees	-	28,026	-	28,026	-	-	-	-	28,026
Office telephone	-	12,967	-	12,967	-	-	-	-	12,967
Mobile telephone	3,297	-	-	3,297	-	-	-	-	3,297
Utilities	1,020	-	-	1,020	-	-	-	-	1,020
Supplies	571	-	-	571	6,817	-	-	-	7,388
Studio supplies	2,882	-	20	2,902	844	-	-	-	3,746
Postage	-	-	-	-	234	2,713	-	2,713	2,947
Legal and accounting fees	-	-	-	-	24,388	-	-	-	24,388
Insurance	-	-	-	-	7,002	-	-	-	7,002
Advertising and promotion (Trade)	-	-	2,250	2,250	-	7,830	-	7,830	10,080
Advertising and promotion	-	-	-	-	-	400	-	400	400
Mileage reimbursements	585	-	-	585	-	-	-	-	585
Travel and conferences	4,862	-	-	4,862	-	-	-	-	4,862
Fringe benefits	8,362	-	-	8,362	-	-	-	-	8,362
Fund drive premiums, mailings, and supplies	-	-	-	-	-	16,950	-	16,950	16,950
Miscellaneous	4,220	200	30	4,450	5,548	723	5,695	6,418	16,416
Total expenses before depreciation	321,569	74,507	5,251	401,327	116,466	76,787	57,615	134,402	652,195
Depreciation	7,320	-	-	7,320	-	-	-	-	7,320
<b>Total expenses</b>	<b>\$ 328,889</b>	<b>\$ 74,507</b>	<b>\$ 5,251</b>	<b>\$ 408,647</b>	<b>\$ 116,466</b>	<b>\$ 76,787</b>	<b>\$ 57,615</b>	<b>\$ 134,402</b>	<b>\$ 659,515</b>

See accompanying notes to the financial statements.

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

**Statement of Functional Expenses**

**Year ended December 30, 2021**

	Program Services				Fundraising					<b>Total</b>
	<b>Programming and Production</b>	<b>Broadcasting</b>	<b>Program Information and Promotion</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising and Membership Development</b>	<b>Underwriting and Grant Solicitation</b>	<b>Total Fundraising</b>		
Salaries and wages	\$ 183,262	\$ 4,250	\$ 4,114	\$ 191,626	\$ 64,357	\$ 21,315	\$ 44,029	\$ 65,344	\$ 321,327	
Payroll taxes	14,257	250	250	14,757	5,003	1,751	3,502	5,253	25,013	
Employee medical insurance	25,122	-	-	25,122	8,374	4,187	6,280	10,467	43,963	
Event expense	46,366	-	-	46,366	5,718	-	-	-	52,084	
Studio rent (Trade)	39,360	-	-	39,360	-	-	-	-	39,360	
Tower rent	-	23,316	-	23,316	-	-	-	-	23,316	
Broadcast fees and IT support (Trade)	-	4,200	-	4,200	-	-	-	-	4,200	
Webcasting fees	-	22,837	-	22,837	-	-	-	-	22,837	
Repairs	-	435	-	435	-	-	-	-	435	
Office telephone	-	15,829	-	15,829	-	-	-	-	15,829	
Mobile telephone	3,124	-	-	3,124	-	-	-	-	3,124	
Utilities	816	-	-	816	204	-	-	-	1,020	
Supplies	571	-	-	571	4,528	-	-	-	5,099	
Studio supplies	839	3,239	-	4,078	-	-	-	-	4,078	
Postage	-	-	-	-	611	2,838	-	2,838	3,449	
Legal and accounting fees (Trade)	-	-	-	-	29,814	-	-	-	29,814	
Insurance	-	-	-	-	6,598	-	-	-	6,598	
Advertising and promotion (Trade)	-	-	7,627	7,627	-	4,674	-	4,674	12,301	
Mileage reimbursements	-	-	-	-	-	451	-	451	451	
Travel and conferences	320	-	728	1,048	1,900	-	2,500	2,500	5,448	
Lodging (Trade)	240	-	-	240	-	-	-	-	240	
Meals and entertainment (Trade)	1,800	-	-	1,800	-	-	-	-	1,800	
Fringe benefits	7,840	-	-	7,840	-	-	-	-	7,840	
Fund drive premiums, mailings, and supplies	-	-	-	-	-	18,931	-	18,931	18,931	
Miscellaneous	-	-	1,221	1,221	14,461	386	-	386	16,068	
Total expenses before depreciation	323,917	74,356	13,940	412,213	141,568	54,533	56,311	110,844	664,625	
Depreciation	7,122	-	-	7,122	880	-	-	-	8,002	
<b>Total expenses</b>	<b>\$ 331,039</b>	<b>\$ 74,356</b>	<b>\$ 13,940</b>	<b>\$ 419,335</b>	<b>\$ 142,448</b>	<b>\$ 54,533</b>	<b>\$ 56,311</b>	<b>\$ 110,844</b>	<b>\$ 672,627</b>	

See accompanying notes to the financial statements.



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

**Statements of Cash Flows**

**Years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ <u>11,090</u>	\$ <u>116,362</u>
Adjustments to reconcile change in net assets to cash flows provided by operating activities:		
Depreciation	7,320	8,002
Noncash rent expense	1,808	-
Net loss (gain) on beneficial interest in assets held by others	6,205	(5,273)
Paycheck Protection Program loan forgiveness	-	(76,875)
Decrease (increase) in operating assets:		
Receivables	39,401	(36,544)
Prepaid expenses	785	2,207
Increase (decrease) in operating liabilities:		
Accounts payable	3,812	(1,018)
Accrued expenses and liabilities	(318)	4,895
Deferred revenue	<u>(32,775)</u>	<u>95,805</u>
Total adjustments	<u>26,238</u>	<u>(8,801)</u>
Net cash provided by operating activities	<u>37,328</u>	<u>107,561</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(11,017)</u>	<u>(15,618)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>73,918</u>
Increase in cash and cash equivalents	26,311	165,861
Cash and cash equivalents at beginning of year	<u>400,763</u>	<u>234,902</u>
Cash and cash equivalents at end of year	<u>\$ 427,074</u>	<u>\$ 400,763</u>

See accompanying notes to the financial statements.

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

**Notes to the Financial Statements**

**December 31, 2022 and 2021**

**(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) Recently adopted accounting standards**

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as in-kind contributions, for not-for-profit organizations. ASU No. 2020-07 was issued to increase the transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in an Organization's programs and other activities. The Organization adopted the new guidance effective January 1, 2022. Adoption of this guidance did not have a material impact on the Organization's financial statements.

The FASB issued ASU 2016-02, *Leases (Topic 842)*, as amended, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. ASU 2016-02 establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities and change in net assets.

The Organization adopted the practical expedient to use the risk-free rate based on the terms of the leases. The Organization calculates its risk free rate utilizing the daily treasury par yield curve rates provided by the U.S. Department of the Treasury. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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

**Notes to the Financial Statements**

**December 31, 2022 and 2021**

The Organization elected the amended transition requirements allowed for by ASC 842, which provide entities relief by allowing them not to recast prior comparative periods from the adoption of ASC 842. As a result, the prior year comparative financial statements have not been restated to reflect the adoption of ASC 842. Additionally, the Organization elected the package of practical expedients available in ASC 842 upon adoption whereby an entity need not reassess expired contracts for lease identification or classification as a finance or operating lease, or for the reassessment of initial direct costs. The Organization has not elected the practical expedient to use hindsight to determine the lease term for its leases at transition. Certain of the Organization's lease agreements have lease and non-lease components, which for the majority of leases the Organization accounts for separately when the actual lease and non-lease components are determinable.

The Organization adopted this ASU as of January 1, 2022 utilizing the transition method that allows it to apply the standard as of the adoption date and record a cumulative adjustment in net assets, if applicable. The Organization did not have a cumulative adjustment to net assets.

On January 1, 2022 the Organization recorded a ROU asset and lease liability on the statement of financial position of approximately \$38,000. The balances and classifications as of January 1, 2022 on the statement of financial position were as follows:

<u>Right-of-use asset</u>	
Operating lease right-of use asset, net of deferred rent	\$ <u>36,447</u>
<u>Lease liability</u>	
Current:	
Operating lease liability	\$ (11,022)
Noncurrent:	
Operating lease liability	<u>(27,450)</u>
	\$ <u>(38,472)</u>

**(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, 2022 and 2021**

*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, 2022 or 2021.

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, 2022 or 2021.

(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, 2022 and 2021**

**(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, 2022 and 2021, 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 a period of three years.

**(g) Revenue recognition and contributions**

Cash contributions are recognized 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, 2022 and 2021**

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 \$86,381 and \$83,351 for years ending December 31, 2022 and 2021, 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. In April 2021, the Organization received \$134,000 of Stabilization Funds from CPB from the American Rescue Act funds distributed by CPB to Community Service Grant Recipients. As of December 31, 2022 and 2021, the Organization has deferred revenues totaling \$73,863 and \$106,638, respectively, for CPB funds that it had not earned in accordance with the terms of the grants.

(h) Donated services

The Organization receives contributed professional services from third parties. Such services support management and general activities. Donated services received during 2022 and 2021 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, 2022 and 2021**

**(l) Events occurring after reporting date**

The Organization has evaluated events and transactions that occurred between December 31, 2022 and April 13, 2023, 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, 2022 and 2021, 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 427,074	\$ 400,763
Accounts and other receivables	17,773	57,174
Beneficial interest in assets held by others	<u>38,135</u>	<u>44,340</u>
Financial assets at end of year	482,982	502,277
Less: assets unavailable for general expenditures within one year:		
Board designated endowment fund	<u>38,135</u>	<u>44,340</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>444,847</u>	\$ <u>457,937</u>

Board designated investments of \$38,135 and \$44,340 as of December 31, 2022 and 2021, 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 two grants amounted to approximately 24% and 30% of the Organization's total revenues, gains, and other support in 2022 and 2021, respectively.

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**Notes to the Financial Statements**

**December 31, 2022 and 2021**

**(5) Property and equipment**

A summary of property and equipment as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 6,179	\$ 6,179
Machinery and equipment	199,063	188,046
Furniture and fixtures	<u>9,052</u>	<u>9,052</u>
	214,294	203,277
Accumulated depreciation	<u>(190,346)</u>	<u>(183,026)</u>
	\$ <u>23,948</u>	\$ <u>20,251</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 obtained a Paycheck Protection Program loan ("PPP") from the U.S. Small Business Administration ("SBA") under the CARES Act in the amount of \$73,918. This amount was forgiven by the SBA in its entirety in June 2021 and the gain on debt extinguishment has been recognized under the grant model on the statement of activities.

In February 2021, the Organization obtained a second PPP loan from the SBA under the CARES act in the amount of \$73,918. This amount was forgiven by the SBA in its entirety in November 2021 and the gain on debt extinguishment has been recognized under the grant model on the statement of activities.



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(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 \$8,362 and \$7,840 to the plan in 2022 and 2021, respectively.

(9) 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.

The components of lease expense are as follows for the year ended December 31, 2022:

Operating lease costs:	
Operating lease costs	\$ 11,346
Short-term lease costs	<u>52,376</u>
Total operating lease costs	<u>\$ 63,722</u>

Supplemental cash flow information related to leases are as follows for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for operating leases	\$ <u>11,346</u>
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Additional supplemental information regarding assumptions for leases as of December 31, 2022:

<u>Operating leases</u>	
Weighted-average remaining lease terms (in years)	3.33
Weighted-average discount rate	0.97%

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**December 31, 2022 and 2021**

***Minimum Lease Payments***

The maturity of the operating lease liability as of December 31, 2022 is as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 11,687
2024	12,037
2025	<u>4,052</u>
Total undiscounted cash flows	27,776
Less: present value discount	(326)
Less: lease liabilities, current portion	<u>11,471</u>
Lease liabilities, excluding current portion	\$ <u>15,979</u>

**(10) Supplemental disclosures of cash flow statement information**

During 2022 and 2021, the Organization received \$53,640 and \$68,112, respectively, for various goods and services which were either accepted as in-kind donations or exchanged for underwriting spots.