

**STU-COMM, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**STU-COMM, Inc.**  
**Financial Statements**  
**Year Ended June 30, 2022**

**Table of Contents**

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	<u>Page</u>
Independent Auditors' Report	1-2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
<b>Notes to Financial Statements</b>	7-11



ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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**Independent Auditors' Report**

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**To the Board of Directors  
STU-COMM, Inc.  
Charlottesville, Virginia**

**Opinion**

We have audited the accompanying financial statements of STU-COMM, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 STU-COMM, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 STU-COMM, Inc., 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 these 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 STU-COMM, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditors' Responsibility 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 STU-COMM, Inc.'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 STU-COMM, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## Report on Summarized Comparative Information

We have previously audited STU-COMM, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
January 13, 2023

**- Financial Statements -**

STU-COMM, Inc.

Statement of Financial Position  
At June 30, 2022  
(With Comparative Totals for 2021)

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 813,733	\$ 907,004
Accounts receivable	180,822	140,621
Prepaid expenses	42,482	16,196
Total current assets	<u>\$ 1,037,037</u>	<u>\$ 1,063,821</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	\$ 591,186	\$ 591,186
Broadcast licenses	725,317	725,317
Construction in progress	299,552	166,983
Building	1,430,247	1,430,247
Equipment	481,949	435,207
Vehicles	46,338	-
Website	7,895	-
Total property and equipment	<u>\$ 3,582,484</u>	<u>\$ 3,348,940</u>
Less: accumulated depreciation	<u>(807,444)</u>	<u>(741,341)</u>
Net property and equipment	<u>\$ 2,775,040</u>	<u>\$ 2,607,599</u>
Total assets	<u><u>\$ 3,812,077</u></u>	<u><u>\$ 3,671,420</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 114,357	\$ 32,981
Security deposits	1,425	1,425
Mortgage payable, current portion	68,459	68,359
Term loans payable, current portion	76,459	73,686
Total current liabilities	<u>\$ 260,700</u>	<u>\$ 176,451</u>
<b>NONCURRENT LIABILITIES</b>		
Mortgage payable, less current portion	\$ 469,450	\$ 533,745
Term loans payable, less current portion	433,624	509,765
Total noncurrent liabilities	<u>\$ 903,074</u>	<u>\$ 1,043,510</u>
Total liabilities	<u>\$ 1,163,774</u>	<u>\$ 1,219,961</u>
<b>NET ASSETS</b>		
Without donor restrictions	\$ 2,633,043	\$ 2,437,015
With donor restrictions	15,260	14,444
Total net assets	<u>\$ 2,648,303</u>	<u>\$ 2,451,459</u>
Total liabilities and net assets	<u><u>\$ 3,812,077</u></u>	<u><u>\$ 3,671,420</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STU-COMM, Inc.

Statement of Activities  
Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Member contributions	\$ 662,594	\$ -	\$ 662,594	\$ 1,065,622
Underwriting	1,277,858	-	1,277,858	912,127
Grants	94,918	34,416	129,334	265,383
Interest income	123	-	123	1,370
Rental income	98,323	-	98,323	98,381
Festival income	266,040	-	266,040	6,104
Other income	4,069	-	4,069	1,017
Net assets released from restrictions	33,600	(33,600)	-	-
Total revenues and other support	\$ 2,437,525	\$ 816	\$ 2,438,341	\$ 2,350,004
<b>EXPENSES</b>				
Program services				
Programming and production	\$ 427,875	\$ -	\$ 427,875	\$ 349,074
Broadcasting	405,138	-	405,138	387,095
Program information and promotion	285,799	-	285,799	176,330
Supporting services				
Management and general	277,792	-	277,792	236,198
Membership development	481,443	-	481,443	281,113
Underwriting and grant solicitation	363,450	-	363,450	252,040
Total expenses	\$ 2,241,497	\$ -	\$ 2,241,497	\$ 1,681,850
Increase (decrease) in net assets	\$ 196,028	\$ 816	\$ 196,844	\$ 668,154
Net assets, beginning of year	2,437,015	14,444	2,451,459	1,783,305
Net assets, end of year	\$ 2,633,043	\$ 15,260	\$ 2,648,303	\$ 2,451,459

The accompanying notes to the financial statements are an integral part of this statement.

STU-COMM, Inc.

Statement of Functional Expenses  
Year Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

	2022										2021	
	Program Services					Supporting Services					Total	Total
	Programming and Production	Broadcasting	Information and Promotion	Total Program Services	Management and General	Membership Development	Underwriting and Grant Solicitation	Total Supporting Services				
Salaries and wages	\$ 155,807	\$ 95,340	\$ 113,668	\$ 364,815	\$ 38,680	\$ 150,467	\$ 179,593	\$ 368,740	\$ 733,555	\$ 663,094		
Benefits	29,986	16,356	19,082	65,424	20,445	23,171	27,260	70,876	136,300	107,399		
Payroll taxes	15,283	8,337	9,726	33,346	10,421	11,810	13,894	36,125	69,471	59,197		
Depreciation expense	22,033	22,134	4,713	48,880	2,887	8,169	6,167	17,223	66,103	56,346		
Professional fees	7,253	8,947	4,683	20,883	23,293	5,772	6,871	35,936	56,819	88,625		
Dues and fees	4,677	8,399	9,477	22,553	10,129	11,681	13,904	35,714	58,267	57,703		
Supplies	6,758	3,867	4,364	14,989	4,664	5,378	6,403	16,445	31,434	26,248		
Postage and shipping	7,687	4,399	4,963	17,049	5,305	6,118	7,282	18,705	35,754	24,326		
Rent	3,393	85,434	2,191	91,018	2,341	2,700	3,214	8,255	99,273	106,119		
Utilities	9,995	5,912	6,492	22,399	6,807	8,169	9,470	24,446	46,845	38,203		
Occupancy	5,745	5,841	4,521	16,107	2,769	7,835	5,914	16,518	32,625	21,151		
Equipment	6,967	6,966	-	13,933	-	-	-	-	13,933	26,698		
Travel and meals	16,071	9,197	10,377	35,645	11,091	12,790	15,225	39,106	74,751	27,698		
Bad debt	-	-	-	-	-	-	11,085	11,085	11,085	8,146		
Insurance	7,503	4,582	4,902	16,987	5,042	6,296	7,112	18,450	35,437	24,867		
Interest expense	5,884	27,701	4,630	38,215	2,836	8,025	6,058	16,919	55,134	57,625		
Promotional activities/goods	-	-	44,018	44,018	-	176,072	-	176,072	220,090	132,811		
Special events expenses	44,284	25,341	28,594	98,219	30,562	35,242	41,951	107,755	205,974	3,661		
Miscellaneous	19,799	36,272	1,410	57,481	2,247	1,748	2,047	6,042	63,523	37,610		
Total expenses - WNRN	\$ 369,125	\$ 375,025	\$ 277,811	\$ 1,021,961	\$ 179,519	\$ 481,443	\$ 363,450	\$ 1,024,412	\$ 2,046,373	\$ 1,567,527		
Unrestricted - CPB	41,950	13,313	7,988	63,251	98,273	-	-	98,273	161,524	77,052		
Restricted - CPB	16,800	16,800	-	33,600	-	-	-	-	33,600	37,271		
Total expenses	\$ 427,875	\$ 405,138	\$ 285,799	\$ 1,118,812	\$ 277,792	\$ 481,443	\$ 363,450	\$ 1,122,685	\$ 2,241,497	\$ 1,681,850		

The accompanying notes to the financial statements are an integral part of this statement.



STU-COMM, Inc.

Statement of Cash Flows  
Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 196,844	\$ 668,154
Adjustments to reconcile change in net assets to net cash provided by (used for) operations:		
Depreciation	66,103	56,346
Donation of property and equipment	-	(434,054)
Interest income	(123)	(1,370)
Change in accounts receivable	(40,201)	14,566
Change in prepaid expenses	(26,286)	(10,776)
Change in accounts payable and accrued liabilities	81,376	(3,558)
Net cash provided by (used for) operating activities	<u>\$ 277,713</u>	<u>\$ 289,308</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	\$ (233,544)	\$ (210,828)
Interest income	123	1,370
Disbursed from investments	-	160,000
Net cash provided by (used for) investing activities	<u>\$ (233,421)</u>	<u>\$ (49,458)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans payable	\$ -	\$ 250,000
Retirement of loans payable	(137,563)	(112,333)
Net cash provided by (used for) financing activities	<u>\$ (137,563)</u>	<u>\$ 137,667</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (93,271)</u>	<u>\$ 377,517</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>907,004</u>	<u>529,487</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 813,733</u></u>	<u><u>\$ 907,004</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 55,134</u>	<u>\$ 57,625</u>

The accompanying notes to the financial statements are an integral part of this statement.

## STU-COMM, INC.

Notes to Financial Statements  
At June 30, 2022

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### NOTE 1 - NATURE OF ACTIVITIES:

STU-COMM, Inc. (the “Organization”), which was incorporated in Virginia in 1993, was established with the purpose of building a non-commercial FM radio station for the Charlottesville-Albemarle area. The station came to the airwaves in August 1996 as WNRN. WNRN offers a community service-oriented, curated music discovery to educated, active, and generous listeners from 21 counties in central Virginia and the Shenandoah Valley. The Organization is supported primarily through donations from listeners and by business underwriting.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### Financial Statement Presentation:

The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Without donor restrictions: Net assets that are not subject to donor-imposed stipulations. At June 30, 2022, the Organization had \$2,633,043 in net assets without donor restrictions.

With donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At June 30, 2022, the Organization had \$15,260 of net assets with donor restrictions. These net assets are all restricted for the purpose of national program production and acquisition.

#### Contributions:

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. The Organization reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

#### Cash and Cash Equivalents:

Cash and cash equivalents include all cash on hand, cash in banks, and highly liquid investments with original maturities of less than three months.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Property and Equipment:**

The Organization capitalizes all property and equipment acquisitions in excess of \$500. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Estimated useful lives range from 3 to 40 years. Depreciation expense for the year ended June 30, 2022 was \$66,103.

The Organization has capitalized a broadcast license. The costs include the purchase of an existing station with rights to a signal and related legal fees and other expenses necessary to broadcast using that signal. As the Organization will have the right to renew this license in perpetuity, and the license renewal process will require minimal cost and effort, it has determined this asset has an indefinite useful life and should not be amortized.

**Revenue Recognition:**

**Member contributions:** The Organization recognizes member contributions as they are received, as nearly all the tangible benefits of membership are goods received by members immediately after the contributions are made. Because of this, no contribution revenue is deferred to the future.

**Underwriting:** The Organization recognizes underwriting revenue as the underlying services are performed. No amounts are recorded as deferred revenue since payment is traditionally received after services are performed. All accounts receivable on the statement of financial position are related to underwriting, and management believes that all accounts receivable are fully collectible. However, actual write-offs could exceed the recorded allowance for doubtful accounts.

**Festival income:** Festival income consists of sales of goods at various music festivals throughout the year. The Organization recognizes festival income as it is received, as there are no further performance obligations.

**Contributed Services:**

The value of contributed services meeting the requirements for recognition in the financial statements was not material to the financial statements taken as a whole. Accordingly, such amounts have not been recorded.

**Non-Cash Underwriting:**

While most of the Organization's underwriters pay in cash, the Organization enters into some agreements to receive goods and services instead of cash. The revenue is included as underwriting on the statement of activities, and the goods and services received are allocated to the relevant expense and function on the statement of functional expenses. When the Organization fulfills its side of the agreement before the goods and services are received, it records accounts receivable. During the year ended June 30, 2022, the Organization recognized revenues of \$163,610 and expenses of \$154,211 related to these agreements. At June 30, 2022, the Organization had \$101,520 of accounts receivable which, according to these agreements, would be satisfied with goods and services rather than cash.

STU-COMM, INC.

Notes to Financial Statements  
At June 30, 2022 (Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

Functional Allocation of Expenses:

The costs of providing the services have been summarized on a functional basis in the statement of activities. Certain costs have been allocated between program services, management and general, and fundraising. Some expenses, such as licenses, engineering, tower rent, and promotional activities/goods are allocated to specific programs and supporting services. The rest of the expenses are allocated based on staff time.

Income Taxes:

The Organization has received a tax determination letter from the Internal Revenue Service and is exempt from federal and Virginia income taxes under Section 501(c)(3) of the Internal Revenue Code and related sections of the Virginia code.

Use of Estimates:

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

**NOTE 3 - CONCENTRATION OF CREDIT RISK:**

The Organization maintains cash balances that may exceed federally insured limits. The Organization does not believe that this practice results in any significant credit risk. At June 30, 2022, the uninsured balance was \$226,106.

**NOTE 4 - OPERATING LEASES:**

The Organization has entered into agreements to lease office space translator sites for a five-year period. Rent expense for the period ended June 30, 2022 was \$99,273. Minimum future lease payments under these operating leases are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amounts</u>
2023	\$ 49,732
2024	20,640
2025	18,444
2026	15,782
Total	<u>\$ 104,598</u>

The Organization has one office lease for which it receives space in exchange for underwriting services. This is not reflected in the minimum future lease payments because no payment will be required.

STU-COMM, INC.

Notes to Financial Statements  
At June 30, 2022 (Continued)

**NOTE 5 - LONG-TERM OBLIGATIONS:**

Changes in Long-term Obligations:

Balance at July 1, 2021	\$	1,185,555
Add: Issuance		-
Deduct: Retirements		(137,563)
Balance at June 30, 2022	\$	<u>1,047,992</u>

Details of Long-term Obligations:

The Organization has a mortgage payable incurred for the purchase of 2250 Old Ivy Road and two term loans payable, the first incurred for the purchase of a radio station in Richmond and the second for the construction of a tower in Richmond. Details of the loans payable are:

\$1,200,000 mortgage payable to Virginia National Bank, payable in monthly installments of \$8,134, which includes principal and variable interest, which is currently at 5.75%, secured by a Deed of Trust on property located at 2250 Ivy Road.	\$	537,909
\$450,000 term loan payable to Virginia National Bank, payable in monthly installments of \$3,376, which includes principal and 4.15% interest, secured by a Deed of Trust on property located at 2250 Ivy Road.		334,597
\$250,000 term loan payable to Truist Bank, payable in monthly installments of \$4,548, which includes principal and 3.45% interest, secured by checking and money market accounts.		<u>175,486</u>
	\$	<u>1,047,992</u>

Annual Maturities of Long-term Obligations:

Year Ending June 30,	Mortgage Payable		Term Loans Payable	
	Principal	Interest	Principal	Interest
2023	\$ 68,459	\$ 29,150	\$ 76,459	\$ 18,627
2024	72,501	25,108	79,305	15,781
2025	76,782	20,828	331,526	3,681
2026	81,315	16,295	22,793	190
2027	86,116	11,494	-	-
2028	91,200	6,410	-	-
2029	61,536	1,301	-	-
	<u>\$ 537,909</u>	<u>\$ 110,586</u>	<u>\$ 510,083</u>	<u>\$ 38,279</u>

STU-COMM, INC.

Notes to Financial Statements  
At June 30, 2022 (Continued)

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**NOTE 6 - LIQUIDITY AND AVAILABILITY OF RESOURCES:**

The following table reflects financial assets available within one year for general expenditures as of June 30, 2022. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because they are subject to donor restrictions.

Financial assets:		
Cash and cash equivalents	\$	813,733
Accounts receivable		<u>180,822</u>
Total financial assets	\$	<u>994,555</u>
Less financial assets unavailable for general expenditure within one year:		
Subject to donor restrictions	\$	15,260
Non-cash accounts receivable		<u>101,520</u>
Total unavailable financial assets	\$	<u>116,780</u>
Financial assets available for general expenditure within one year	\$	<u><u>877,775</u></u>

The Organization has a policy to maintain its financial assets so that they are available as its general expenditures and other obligations come due.

**NOTE 7 - SUBSEQUENT EVENTS:**

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through January 13, 2023, the date the financial statements were available to be issued.