

**Northern New Mexico Radio Foundation  
d/b/a KSFR Radio**

**FINANCIAL STATEMENTS**

**December 31, 2021  
(With Comparative Totals for 2020)**

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Northern New Mexico Radio Foundation  
d/b/a KSFR Radio

### ***Opinion***

We have audited the accompanying financial statements of Northern New Mexico Radio Foundation d/b/a KSFR Radio (the Foundation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, 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 the Foundation as of December 31, 2021, and the changes in 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Foundation'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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Foundation'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 Foundation'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 the Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

August 1, 2022

PULAKOS CPAs, PC

Pulakos CPAs, PC

**Northern New Mexico Radio Foundation  
d/b/a KSFR Radio**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2021  
(With Comparative Totals for 2020)**

**Assets**

	<b>2021</b>	<b>2020</b>
Current assets		
Cash and cash equivalents	\$ 162,149	\$ 118,078
Accounts receivable, net	25,600	26,553
Grants receivable, net	82,401	-
Other assets	3,264	3,264
Total current assets	273,414	147,895
Property, furniture and equipment, net	23,665	4,413
Total assets	\$ 297,079	\$ 152,308

**Liabilities and Net Assets**

Current liabilities		
Accounts payable	\$ 47,943	\$ 50,521
Payroll and payroll taxes payable	21,867	24,216
Notes payable	-	5,000
Refundable advances - Paycheck Protection Program	-	56,000
Funds held-for-others	3,007	3,007
Total current liabilities	72,817	138,744
Net assets		
Without donor restrictions	120,154	13,564
With donor restrictions	104,108	-
Total net assets	224,262	13,564
Total liabilities and net assets	\$ 297,079	\$ 152,308

**Northern New Mexico Radio Foundation**  
**d/b/a KSFR Radio**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

	<b>2021</b>		<b>Total</b>	<b>2020</b> <b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		
Support and revenues				
Grants	\$ 395,370	\$ 104,108	\$ 499,478	\$ 187,912
Contributions	164,207	-	164,207	200,825
Program underwriting	39,883	-	39,883	36,448
Government revenue	17,500	-	17,500	17,500
Studio rental	650	-	650	200
Miscellaneous income	60,050	-	60,050	540
	<u>677,660</u>	<u>104,108</u>	<u>781,768</u>	<u>443,425</u>
Total support and revenues				
Expenses				
Program services:				
KSFR station operations	419,676	-	419,676	337,184
	<u>419,676</u>	<u>-</u>	<u>419,676</u>	<u>337,184</u>
Total program services				
Supporting services:				
Management and general	131,600	-	131,600	74,920
Fundraising	19,794	-	19,794	45,892
	<u>151,394</u>	<u>-</u>	<u>151,394</u>	<u>120,812</u>
Total supporting services				
Total expenses	<u>571,070</u>	<u>-</u>	<u>571,070</u>	<u>457,996</u>
Change in net assets	106,590	104,108	210,698	(14,571)
Net assets, beginning of year	<u>13,564</u>	<u>-</u>	<u>13,564</u>	<u>28,135</u>
Net assets, end of year	<u>\$ 120,154</u>	<u>\$ 104,108</u>	<u>\$ 224,262</u>	<u>\$ 13,564</u>

**Northern New Mexico Radio Foundation  
d/b/a KSFR Radio**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2021  
(With Comparative Totals for 2020)**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>2021 Total Expenses</b>	<b>2020 Total Expenses</b>
	<b>KSFR Station Operations</b>	<b>Management and General</b>	<b>Fundraising</b>		
Expenses					
Salaries and benefits	\$ 148,240	103,238	13,236	\$ 264,714	\$ 247,219
Programming and website	96,959	-	-	96,959	32,551
Payroll taxes	22,275	15,513	1,989	39,777	29,664
Professional services	32,672	4,666	-	37,338	26,637
Tower, Pajarito	28,579	-	-	28,579	38,477
Contractors	22,667	-	-	22,667	27,438
Insurance	21,110	-	-	21,110	16,837
Station operations	16,727	-	-	16,727	4,858
Supplies	12,744	1,801	-	14,545	1,825
Bank and credit card charges	6,201	-	-	6,201	5,739
Software	5,737	-	-	5,737	7,468
Advertising	-	-	4,569	4,569	2,316
Printing	-	2,663	-	2,663	4,720
Miscellaneous	2,488	-	-	2,488	1,096
Depreciation	-	1,770	-	1,770	1,770
Licenses and fees	1,747	-	-	1,747	1,577
Postage	-	1,590	-	1,590	2,964
Bad debt expense	1,530	-	-	1,530	1,303
Penalites	-	359	-	359	3,537
<b>Total functional expenses</b>	<b>\$ 419,676</b>	<b>\$ 131,600</b>	<b>\$ 19,794</b>	<b>\$ 571,070</b>	<b>\$ 457,996</b>

**Northern New Mexico Radio Foundation  
d/b/a KSFR Radio**

**STATEMENTS OF CASH FLOWS**

**Year Ended December 31, 2021  
(With Comparative Totals for 2020)**

	2021	2020
Operating activities		
Change in net assets	\$ 210,698	\$ (14,571)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,770	1,770
Bad debt expense	1,530	1,303
Changes in net assets and liabilities		
Accounts receivable, net	(82,401)	29,173
Grants receivable, net	(577)	1,666
Other assets	-	3,058
Accounts payable	(2,578)	(4,629)
Payroll and payroll taxes payable	(2,349)	7,776
Accrued liabilities	-	(3,612)
Refundable advances - Paycheck Protection Program	(56,000)	56,000
Net cash provided by operating activities	70,093	77,934
Investing activities		
Purchases of property and equipment	(21,022)	-
Net cash used by investing activities	(21,022)	-
Financing activities		
Payments on notes payable	(5,000)	(15,000)
Net cash flows used by financing activities	(5,000)	(15,000)
Change in cash and equivalents	44,071	62,934
Cash and equivalents, beginning of year	118,078	55,144
Cash and equivalents, end of year	\$ 162,149	\$ 118,078

**Northern New Mexico Radio Foundation  
d/b/a KSFR Radio**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021  
(With Comparative Totals for 2020)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Program

Northern New Mexico Radio Foundation d/b/a KSFR Radio (the Foundation) was formed in 1996 as a nonprofit corporation. The purpose of the Foundation is to manage and operate a public non-commercial radio station, KSFR (101.1 FM). KSFR serves the public interest by providing cultural, entertainment, and educational programs to the Santa Fe area and surrounding community. The station's support comes primarily from individual contributions, underwriting contributions, foundation grants, and city contracts.

In 2001, the Foundation entered into a Management Agreement with the Santa Fe Community College (the College) for the operation of KSFR (the Station). Pursuant to the agreement, the Foundation assumed responsibility for the management and operation of the Station, while the College retains the Federal Communications Commission (FCC) licensee of the Station.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

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.



**Northern New Mexico Radio Foundation  
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**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021  
(With Comparative Totals for 2020)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Financial Statement Presentation

Certain reclassifications were made to the 2020 financial statements to conform with the 2021 presentation.

Accounts and Grants Receivables

The Foundation utilizes the allowance method for receivable valuation and for estimated collectability. The allowance is based on experience and other circumstances which may affect the collectability of the account. Balances that are still outstanding after management has used reasonable collection efforts are written off. All receivables were considered fully collectible as of December 31, 2021 and 2020, and therefore no such allowance was recorded as of those dates.

Property and Equipment

Property and equipment are recorded at cost if purchased or, if donated, at its estimated fair value on the date of donation. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 10 years. The Foundation capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation expense was \$1,770 and \$1,770 in 2021 and 2020, respectively.

Certain property may be purchased with government grants, restrictive financing agreements, or under the terms of an agreement with the College. If these assets were to be sold by the Foundation or not used for their intended charitable purpose, repayment may be required or the property may be required to be returned to the College or other entity upon cessation of the agreement with the Foundation.

Revenue Recognition

Support from contributions, grants and special events is recognized when awarded, earned, or when expenditures have been incurred in accordance with provisions of the contributions and special event. Program service fee revenue is recognized when the service is performed. Revenue for program underwriting is recognized on a pro rata basis over the contractual period covered. Monies received but not earned during the fiscal year are recorded as deferred revenue.

Donated Assets and Services

Donated assets and services are recorded at their estimated fair values as of the date of contribution and capitalized if exceeding the Foundation's threshold policy. Contributions of services are recognized in the financial statements if the services received enhance or create non-financial assets, require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Some services are provided by volunteers who perform a variety of tasks that benefit the Foundation but are not recorded, as they do not meet the above criteria.

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**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021  
(With Comparative Totals for 2020)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$4,569 and \$2,316, respectively.

Income Taxes

The Foundation is a nonprofit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation. The Foundation has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that all activities of the Foundation are within their tax-exempt purpose, and that there are no uncertain tax positions. Any interest and penalties recognized associated with a tax position are classified as current in the Foundation's financial statements. There were no interest or penalties recorded as of December 31, 2021 or 2020, respectively.

Functional Allocation of Expenses

Expenses are charged directly to program and supporting services categories based on specific identification. Costs benefiting more than one program or service are allocated based on measures such as management's estimates of time spent.

Subsequent Events

The Foundation has evaluated all events occurring subsequent to December 31, 2021 through August 1, 2022, which is the date that the financial statements were issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

**NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Foundation's financial assets as December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 162,149	\$ 118,078
Accounts receivable, net	25,600	26,553
Grants receivable, net	<u>82,401</u>	<u>-</u>
Total financial assets	270,150	144,631

**Northern New Mexico Radio Foundation  
d/b/a KSFR Radio**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021  
(With Comparative Totals for 2020)**

**NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

	<b>2021</b>	<b>2020</b>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	104,108	-
Financial assets available to meet cash needs for general expenditure within one year from December 30, 2021 and 2020	\$ 166,042	\$ 144,631

The Foundation manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to cover current operational needs. The Foundation’s goal is generally to maintain a level of financial assets sufficient to cover 90 days of operating expenses. As part of its liquidity plan, the Foundation is continuously evaluating the amount of cash on hand and expected to be collected within 30 days, against current financial obligations.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Property and equipment	\$ 141,017	\$ 141,017
Construction in progress*	21,022	-
Less accumulated depreciation	(138,374)	(136,604)
Total property, furniture and equipment, net	\$ 23,665	\$ 4,413

\* Construction in progress consisted of projects for computer and audio equipment.

**NOTE 4 – NOTES PAYABLE**

During 2019, the Foundation borrowed \$20,000 from a member of the Board of Directors to help with short-term cash flow needs. This note does not carry interest and does not have repayment terms. The balance of the loan was zero and \$5,000 as of December 31, 2021 and 2020. During 2021, the balance of \$5,000 was forgiven.

**Northern New Mexico Radio Foundation  
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**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021  
(With Comparative Totals for 2020)**

**NOTE 5 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

On May 18, 2020, the Foundation entered into a Loan Agreement and Promissory Note (SBA Loan) pursuant to the Paycheck Protection Program (PPP) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act (CARES Act) administered by the U.S. Small Business Administration. The Foundation received total loan proceeds of \$56,000. The loan was scheduled to mature on May 18, 2022 and carried a 1.00% interest rate, and was subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act.

The Foundation has elected to account for this transaction as a conditional contribution, pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, Financial Statements for Not-For-Profit Organizations – Revenue Recognition. Accordingly, the Foundation asserts that loan forgiveness pursuant to the CARES Act and the PPP constitute the condition placed on the funds to be met and therefore, a contribution should be recorded at that time. During 2021, the Foundation received formal notification of loan forgiveness from the financial institution and \$56,000 was included as miscellaneous income in the accompanying statements of activities and changes in net assets.

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for time restrictions	\$ 104,108	\$ -

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors were zero and \$29,173 for the years ended December 31, 2021 and 2020, respectively.

**Northern New Mexico Radio Foundation  
d/b/a KSFR Radio**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021  
(With Comparative Totals for 2020)**

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

FCC License

The Foundation has an operating agreement with the College. Under the agreement, the College, the holder of a FCC license, has engaged the Foundation to undertake the management and operation of the Station KSFR, White Rock, 101.1 FM. The College may terminate its agreement with the Foundation if the Station is operated contrary to the requirements of the FCC licenses or applicable laws, rules, and regulations, or if the Foundation is operating the Station in a manner that is likely to have a negative financial impact on the college.

Major Funders

The Foundation received significant funding from two significant funders in 2021 and one significant funder in 2020. Total funding received from these organizations was approximately \$435,000 and \$112,000 in 2021 and 2020, respectively.

Operating Leases

The Foundation leases owner space activity under a month-to-month arrangement that calls for monthly payments of approximately \$900. Total rent expense under these leases was \$10,962 and \$19,907 in 2021 and 2020, respectively.

COVID-19 Pandemic

The Secretary for the New Mexico Department of Health has mandated temporary closing of businesses that were deemed non-essential and requested citizens to adopt certain behavioral changes in response to the worldwide COVID-19 pandemic. At a national and international level, government restrictions on travel and the behavioral changes by the public due to COVID-19 outbreaks across the globe are negatively impacting various industries and the world markets. While the disruption is expected to be temporary, there is considerable uncertainty around the duration and ultimate financial impact of these actions.

**NOTE 8 – FUTURE ACCOUNTING PRONOUNCEMENTS**

Effective for its annual financial statements for 2022, the Foundation is subject to new accounting standards issued by FASB that will require significant changes in accounting for operating leases under which the Foundation is lessee. Upon adoption, among other effects, the Foundation will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes will entail certain retrospective adjustments. The qualitative effects on the Foundation's future financial statements of these changes and related retrospective adjustments have not yet been determined.