AMPERS (ASSOCIATION OF MINNESOTA PUBLIC EDUCATIONAL RADIO STATIONS, INC.)
(A Minnesota Not-For-Profit Organization)

FINANCIAL REPORT

JUNE 30, 2020

C O N T E N T S

boyum barenscheer
CPAs AND BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Association of Minnesota Public Educational Radio Stations, Inc.
St. Paul, Minnesota

We have audited the accompanying financial statements of Association of Minnesota Public Educational Radio Stations, Inc. ("Ampers") (A Minnesota Not-For-Profit Organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Association of Minnesota Public Educational Radio Stations, Inc. as of June 30, 2020, 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.

Boyum + Barenscheer PLLP

Boyum & Barenscheer PLLP
Minneapolis, Minnesota
May 12, 2021

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

ASSETS		
Cash and cash equivalents	$	197,763
Accounts receivable		194,789
Prepaid expenses		3,077
Total assets	**$**	**395,629**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	100,449
Accrued payroll		26,084
Refundable advance		46,600
Prepaid advance		100,000
Total liabilities		**273,133**
NET ASSETS WITHOUT DONOR RESTRICTIONS		**122,496**
Total liabilities and net assets	**$**	**395,629**

The Notes to the Financial Statements are an integral part of these statements.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020		
REVENUE		
Membership dues	$	111,000
Contributions		2,114
Grants		610,646
Underwriting, net of discounts		239,596
Production & research		39,580
Interest		16
Other income		8,603
Total revenue		**1,011,555**
EXPENSES		
Program		913,210
General & administrative		38,769
Fundraising		71,615
Total expenses		**1,023,594**
Decrease in net assets without donor restrictions		**(12,039)**
Net assets without donor restrictions, beginning of year		134,535
Net assets without donor restrictions, end of year	**$**	**122,496**

The Notes to the Financial Statements are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program	General & Administrative	Fundraising	Total
Salaries	$ 200,967	$ 28,710	$ 57,419	$ 287,096
Payroll taxes	15,008	2,144	4,288	21,440
Retirement plan	3,901	557	1,115	5,573
Employee benefits	18,369	2,624	5,248	26,241
Accounting	3,236	2,157	-	5,393
Consulting	55,100	-	-	55,100
Telephone	686	916	686	2,288
Web services	1,574	-	-	1,574
Copier and fax	148	43	21	212
Office equipment	1,131	284	471	1,886
Office supplies	362	92	151	605
Bank service charges	281	71	118	470
Postage	77	19	32	128
Travel	133	34	55	222
Meeting	408	102	170	680
Insurance	3,082	440	881	4,403
Program	508,215	-	-	508,215
Underwriting distributions	98,227	-	-	98,227
Other	2,305	576	960	3,841
Total functional expenses	**$ 913,210**	**$ 38,769**	**$ 71,615**	**$ 1,023,594**

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020		
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets without donor restrictions	$	(12,039)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Change in operating assets and liabilities:		
Accounts receivable		(79,165)
Prepaid expenses		324
Accounts payable		96,007
Accrued payroll		9,949
Refundable advance		46,600
Prepaid advance		100,000
Net cash provided by operating activities		**161,676**
Increase in cash and cash equivalents		**161,676**
Cash and cash equivalents, beginning of year		**36,087**
Cash and cash equivalents, end of year	**$**	**197,763**

The Notes to the Financial Statements are an integral part of these statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Association:

The Association of Minnesota Public Educational Radio Stations, Inc. (the Association) is a not-for-profit organization of 18 independent community radio stations in Minnesota. Each station is locally managed and programmed by and for the local communities they serve. The stations primarily serve underserved populations including greater Minnesota, diverse communities, and students.

Basis of accounting:

The financial statements of the Association have been prepared on the accrual basis of accounting. This is the method of accounting where revenues are recognized in the period when earned or the unconditional promise to give has been received and expenses are recorded in the period when incurred regardless of whether or not such transactions have been fully settled by the receipt or payment of cash.

Basis of presentation:

Financial statement presentation follows the recommendations of ASC 958, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. At June 30, 2020, there were no net assets with donor restrictions.

Use of estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and cash equivalents:

The Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Association maintains its cash balance in financial institutions which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts receivable:

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Accounts receivable consist of amounts due for underwriting revenues and grants. Accounts receivable are written off when deemed uncollectible. Management determined that there was no need for an allowance at June 30, 2020. All accounts receivable at June 30, 2020 are due within one year.

NOTE 1. (CONTINUED)

Revenue recognition for contributions received and contributions made:

Effective July 1, 2019, the Association has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958),* which is intended to improve the usefulness and understandability of the Association's financial reporting. The new ASU provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this guidance is the determination on whether two parties receive and sacrifice commensurate value to distinguish which guidance should be applied. FASB 958-605, Not-for-Profit Entities – Revenue Recognition should be followed for contributions while FASB 606, Revenue from Contracts with Customers should be followed for exchange transactions. Since the Association is using the optional one year deferral of FASB 606, previous guidance for exchange transactions is followed. The adoption of this new guidance was done using the modified prospective method for contributions received. Guidance for contributions made are applicable for periods beginning after December 15, 2019.

The adoption of this new standard did not result in a material impact to the Association's financial statements. There was no significant effect on the financial statements related to the adoption of this new standard which would require a cumulative effect adjustment to net assets at the date of adoption under the modified prospective method.

Promises to give:

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contribution revenue:

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. 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. All other contributions with donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, these net assets are reclassified to net assets without donor restrictions.

NOTE 1. (CONTINUED)

Grants:

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. A portion of the Association's revenue is derived from cost-reimbursable state grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Association has incurred expenditures in compliance with specific grant provisions. The Association has been awarded cost-reimbursable grants of $838,034 that have not been recognized as of June 30, 2020, because qualifying expenditures have not yet been incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable or prepaid advances in the statement of financial position. The Association considers its Paycheck Protection Program ("PPP") funds as a refundable advance on the statement of financial position and is following the guidelines of a conditional contribution and therefore cannot recognize a contribution until all conditions are met which management has determined to be upon forgiveness of the loan from the bank. The Association received a prepaid advance of $100,000 during the year ended June 30, 2020, which isn't due back until the end of the associated program in approximately 2036.

Membership dues:

The Association's membership dues are billed annually for the membership year which runs from July 1 to June 30. These revenues are recognized over a period of time which corresponds with the membership year. In general, membership in the Association provides the member with the ability to better serve their communities by generating revenue, developing and sharing programming, and advocating at the state and national level. The Association raises revenue for the organization and its members stations through corporate donations, underwriting, individual donations, as well as helping to secure state funding. The rates remain consistent year to year and are dependent on whether a station receives state funding. The Association does not generally have uncollectible dues.

Underwriting:

Underwriting revenues represent revenue earned by the Association for certain messages aired by their member stations. These revenues are recognized in the month the messages are aired by the member stations.

Production and research:

Production and research revenues represent revenues earned by the Association for certain content created and produced for their member stations. These revenues are recognized in the month the content is aired by the member stations.

NOTE 1. (CONTINUED)

Functional allocation of expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll-related costs, professional fees, office, meeting and travel, and insurance, which are allocated according to management's best estimate of efforts and resources expended.

Income Taxes:

The Association is exempt from federal and Minnesota taxation pursuant to the provisions of Section 501(c)(6) of the Internal Revenue Code and Section 290.05 of the Minnesota Statutes and is only subject to federal and state income taxes on net unrelated business income. Since the Association had no unrelated business taxable income in 2020, the accompanying financial statements do not include any provision for federal or state income taxes.

The Association's filings with the Internal Revenue Service are subject to audit. The information returns for the past three years are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements based on the criteria set forth in ASC 740.

Recently Issued Accounting Pronouncements:

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for accounting for revenue from contracts with customers. The new guidance outlines a single comprehensive model for companies to use in accounting for revenue from contracts with customers. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2019 with early adoption permitted. It can be adopted using either a retrospective approach or a modified retrospective approach. The Association is currently evaluating the impact that the adoption of this guidance will have on the Association's financial statements.

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2021 with early adoption permitted. It is to be adopted using a modified retrospective approach. The Association is currently evaluating the impact that the adoption of this guidance will have on the Association's financial statements.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

DECEMBER 31, 2020	
Financial assets available to meet cash needs for general expenditures within one year*	$ 392,552

* Total assets, less nonfinancial assets (prepaids)

As part of its liquidity management, the Association structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management does not anticipate liquidity issues during the year ended June 30, 2021.

NOTE 3. REFUNDABLE ADVANCE

On April 28, 2020, the Association received loan proceeds (considered a refundable advance) in the amount of $46,600 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides loans to qualifying businesses and non profits for up to 2.5 times of the average monthly payroll expenses of the qualifying business or nonprofit. The loans and accrued interest are forgivable after eight or twenty-four weeks, to be chosen by the borrower, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight or twenty-four week period. The Association considers its PPP funds as a refundable advance on the statement of financial position and is following the guidelines of a conditional contribution and therefore cannot recognize a contribution until all conditions are met which management has determined to be upon forgiveness of the loan from the bank. The loan was forgiven on November 19, 2020 and will be recognized as a contribution in the year ended June 30, 2021.

NOTE 4. RETIREMENT PLAN

The Association has a SIMPLE IRA plan covering all eligible employees of the Association. Employer contributions to the plan are set annually by the board of directors at a rate not to be less than 1% of eligible employees' compensation and not to exceed 3% of eligible employees' compensation . Retirement plan contributions of 3% of eligible salaries in 2020 amounted to $5,573.

NOTE 5. CONCENTRATIONS IN REVENUE AND SUPPORT

The Association relies on a limited number of funding sources for continued support of its programs. Future program activities are dependent on this continued support. The Association received approximately 60% of its revenues during the year ended June 30, 2020 from the State of Minnesota on multiple grants.

NOTE 6. UNCERTAINTY

During the year, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the Association as of May 12, 2021, management believes that a material impact on the Association's financial position and results of future operations is reasonably possible.

The Association has been able to continue operations subsequent to year end. COVID-19 has positively impacted the Association subsequent to June 30, 2020. They have received grants in response to COVID-19 of approximately $360,000. A new journalism project began in March 2021 relating to racial justice which has generated more than $200,000 in revenue.

NOTE 7. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated subsequent events and transactions for potential recognition or disclosure through May 12, 2021, the date the financial statements were available to be issued.