

**Salt Pond Community Broadcasting Company
d/b/a**



Financial Report

December 31, 2018

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Independent Auditors' Report

To the Board of Directors
Salt Pond Community Broadcasting
Orland, Maine

We have audited the accompanying financial statements of Salt Pond Community Broadcasting (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018, and the related statements of activities 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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salt Pond Community Broadcasting as of December 31, 2018, 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.

To the Board of Directors
Salt Pond Community Broadcasting

Emphasis of Matter

As discussed in Note 1 to the financial statements, Salt Pond Community Broadcasting adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The amendments have been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

Prior Period Financial Statements

The financial statements of Salt Pond Community Broadcasting as of December 31, 2017 were audited by Macpage LLC, who merged with Wipfli LLP as of August 1, 2018, and whose report, dated May 10, 2018, expressed an unmodified opinion on those statements.

Wipfli LLP

South Portland, Maine
May 17, 2019

Statements of Financial Position

December 31,

ASSETS	2018	2017
Current Assets		
Cash and cash equivalents	\$ 15,101	\$ 28,297
Accounts receivable	2,647	929
Grants and contributions receivable	29,067	32,132
Prepaid expenses	<u>27,560</u>	<u>33,434</u>
Total Current Assets	<u>74,375</u>	<u>94,792</u>
Property and Equipment	<u>235,608</u>	<u>264,450</u>
Other Assets		
Investments	53,673	57,872
Other assets	<u>7,622</u>	<u>8,769</u>
	<u>61,295</u>	<u>66,641</u>
Total Assets	<u>\$ 371,278</u>	<u>\$ 425,883</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 38,554	\$ 37,385
Deferred revenue	24,402	31,889
Notes payable - current portion	4,105	7,283
Line of credit		11,561
	<u>67,061</u>	<u>88,118</u>
Long-Term Liabilities		
Notes payable - net of current portion		<u>4,097</u>
Total Liabilities	<u>67,061</u>	<u>92,215</u>
Net Assets		
Without donor restrictions		
Undesignated	150,861	182,762
Board designated - endowment	<u>28,673</u>	<u>32,872</u>
	<u>179,534</u>	<u>215,634</u>
With donor restrictions	<u>124,683</u>	<u>118,034</u>
	<u>304,217</u>	<u>333,668</u>
Total Liabilities and Net Assets	<u>\$ 371,278</u>	<u>\$ 425,883</u>

The accompanying notes are an integral part of these financial statements.

Statements of Activities

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Support			
Membership	\$ 273,104		\$ 273,104
Underwriting	77,567		77,567
Contributions -other	6,465	\$ 3,726	10,191
Contributions - in-kind	35,680		35,680
Grants		120,534	120,534
	<u>392,816</u>	<u>124,260</u>	<u>517,076</u>
Other Revenue			
Special events	13,180		13,180
Trade exchange income	49,777		49,777
Investment loss	(2,949)		(2,949)
Other income	9,421		9,421
Net assets released from restrictions	117,611	(117,611)	
	<u>187,040</u>	<u>(117,611)</u>	<u>69,429</u>
Total Revenues	<u>579,856</u>	<u>6,649</u>	<u>586,505</u>
Expenses			
Program services	331,055		331,055
Management and general	141,889		141,889
Fundraising	93,235		93,235
Trade exchange expenses	49,777		49,777
Total Expenses	<u>615,956</u>		<u>615,956</u>
Change in Net Assets	(36,100)	6,649	(29,451)
Net Assets, Beginning of Year	<u>215,634</u>	<u>118,034</u>	<u>333,668</u>
Net Assets, End of Year	<u>\$ 179,534</u>	<u>\$ 124,683</u>	<u>\$ 304,217</u>

Statements of Activities

Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Support			
Membership	\$ 267,719		\$ 267,719
Underwriting	82,427		82,427
Contributions -other	5,838	\$ 3,820	9,658
Contributions - in-kind	35,920		35,920
Grants		119,293	119,293
	<u>391,904</u>	<u>123,113</u>	<u>515,017</u>
Other Revenues			
Special events	2,550		2,550
Trade exchange income	50,073		50,073
Investment income	7,690		7,690
Other income	5,521		5,521
Net assets released from restrictions	130,856	(130,856)	
	<u>196,690</u>	<u>(130,856)</u>	<u>65,834</u>
Total Revenues	<u>588,594</u>	<u>(7,743)</u>	<u>580,851</u>
Expenses			
Program services	328,380		328,380
Management and general	137,587		137,587
Fundraising	85,617		85,617
Trade exchange expenses	50,073		50,073
	<u>601,657</u>		<u>601,657</u>
Total Expenses	<u>601,657</u>		<u>601,657</u>
Change in Net Assets	(13,063)	(7,743)	(20,806)
Net Assets, Beginning of Year	<u>228,697</u>	<u>125,777</u>	<u>354,474</u>
Net Assets, End of Year	<u>\$ 215,634</u>	<u>\$ 118,034</u>	<u>\$ 333,668</u>

Statement of Functional Expenses**Year ended December 31, 2018**

	2018			Total Expenses
	Program Services	Management	Fundraising	
Compensation of officers	\$ 18,667	\$ 12,029	\$ 10,785	\$ 41,481
Salaries and wages	92,282	59,471	53,318	205,071
Employee benefits	11,115	7,163	6,422	24,700
Payroll taxes	8,822	5,685	5,097	19,604
Depreciation and amortization	75,598			75,598
Telephone	15,577			15,577
Programming	26,215			26,215
Transmitter and translator	36,971			36,971
Technology and website	1,351	347	1,768	3,466
Equipment rental and maintenance	18,372	2,041		20,413
Occupancy	2,976	5,068		8,044
Engineering	10,643	329		10,972
Professional fees		17,120		17,120
Dues and subscriptions		9,579		9,579
Supplies	2,324	5,561	415	8,300
Insurance	6,550			6,550
Bank and credit card fees		10,687		10,687
Postage and shipping		5,023		5,023
Premiums			3,330	3,330
Printing and publications	1,806		889	2,695
Bad debts			1,815	1,815
Interest	1,786	1,786		3,572
Travel and conferences and meetings			1,754	1,754
Events			7,642	7,642
Subtotal	331,055	141,889	93,235	566,179
Trade exchange expense:				
Advertising		19,680		19,680
Sponsorships and other		30,097		30,097
Total Expense	\$ 331,055	\$ 191,666	\$ 93,235	\$ 615,956

Statement of Functional Expenses

Year ended December 31, 2017

	2017			Total Expenses
	Program Services	Management	Fundraising	
Compensation of officers	\$ 19,395	\$ 12,498	\$ 11,205	\$ 43,098
Salaries and wages	94,521	60,914	54,612	210,047
Employee benefits	13,859	8,932	8,008	30,799
Payroll taxes	8,869	5,716	5,124	19,709
Depreciation and amortization	70,415			70,415
Telephone	15,750			15,750
Programming	27,150			27,150
Transmitter and translator	39,773			39,773
Technology and website	1,389	172	154	1,715
Equipment rental and maintenance	12,145	1,349		13,494
Occupancy	3,278	5,582		8,860
Engineering	10,251	276		10,527
Professional fees		12,716		12,716
Dues and subscriptions		9,205		9,205
Supplies	1,704	4,078	304	6,086
Insurance	6,883			6,883
Bank and credit card fees		9,851		9,851
Postage and shipping		4,806		4,806
Premiums			3,203	3,203
Printing and publications	1,507		743	2,250
Bad debts			1,750	1,750
Interest	1,491	1,492		2,983
Travel and conferences and meetings			514	514
Miscellaneous				-
Subtotal	328,380	137,587	85,617	551,584
Trade exchange expense:				
Advertising		14,980		14,980
Sponsorships and other		35,093		35,093
Total Expense	\$ 328,380	\$ 187,660	\$ 85,617	\$ 601,657

Statements of Cash Flows

Years Ended December 31,

	2018	2017
Cash flows from operating activities:		
Change in net assets	<u>\$ (29,451)</u>	<u>\$ (20,806)</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	75,598	70,415
Donated equipment	(35,680)	(35,920)
(Gain) loss on investments	3,698	(7,392)
Bad debt provision	1,815	1,750
(Increase) decrease in:		
Accounts receivable	(3,533)	728
Grants and contributions receivable	3,065	(60)
Prepaid expenses	5,874	(2,635)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,169	(2,006)
Deferred revenue	(7,487)	6,036
Total adjustments	<u>44,519</u>	<u>30,916</u>
Net cash flows from operating activities	<u>15,068</u>	<u>10,110</u>
Cash flows from investing activities:		
Purchase of property and equipment	(9,929)	(22,482)
Proceeds from sale of investments	2,739	4,362
Purchase of investments	(2,238)	(2,330)
Net cash flows from investing activities	<u>(9,428)</u>	<u>(20,450)</u>
Cash flows from financing activities:		
Proceeds on line of credit, net	(11,561)	11,561
Principal repayments	(7,275)	(6,929)
Net cash flows from investing activities	<u>(18,836)</u>	<u>4,632</u>
Net change in cash and cash equivalents	(13,196)	(5,708)
Cash and cash equivalents at beginning of year	<u>28,297</u>	<u>34,005</u>
Cash and cash equivalents at end of year	<u>\$ 15,101</u>	<u>\$ 28,297</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest expense	\$ 3,572	\$ 2,983

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business

Salt Pond Community Broadcasting Company d/b/a WERU Community Radio (WERU) is a Maine organization incorporated in January 1984 for the purpose of operating a community radio station supported primarily by contributions from individuals and businesses in Hancock County and surrounding communities. WERU's primary sources of support and revenue are through public donations (deemed memberships), grants from the Corporation for Public Broadcasting (CPB), special events, and on-air underwriting.

Basis of Accounting and Presentation

The financial statements for WERU have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported, as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserve and board-designated endowment funds.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities and disclosures at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Investments

The endowment funds are held and managed by Maine Community Foundation (MCF) in an investment pool. MCF typically distributes amounts in accordance with MCF's spending policy which WERU can elect to receive or reinvest. At December 31, 2018 and 2017, the investment had a fair value of \$53,673 and \$57,872, respectively, which is reported in the statement of financial position. WERU utilized the net asset value (NAV) reported by MCF as a practical expedient for determining the fair value of the investment.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with those having outstanding balances and current relationships with them, management has established an allowance for doubtful accounts of \$1,600 for December 31, 2018 and 2017.

Grants and Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. It is WERU's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts, along with repairs and maintenance which do not improve or extend the life of the assets, are expensed. Fixed assets are depreciated over their estimated service lives, as follows:

Building & improvements	25 years	Straight-line
Land improvements	15 years	Straight-line
Furnishings & equipment	5-10 years	Straight-line
Music library	5 years	Straight line

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed 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 office and occupancy expenses, which are allocated based on estimated actual usage, as well as personnel costs, which are allocated on the basis of estimates of time and effort.

Statements of Cash Flows

For purposes of the statements of cash flows, WERU considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue for underwriting is recognized over the contract period.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Licenses

WERU holds a license to broadcast as a community radio station under the call letters WERU. The cost of obtaining the license is amortized using the straight-line method over a life of 40 years, and cost of application to change the signal pattern with the Federal Communications Commission is being amortized over five years. The licenses are included in other assets on the statement of financial position.

Income Taxes

Salt Pond Community Broadcasting is a tax-exempt organization as provided for in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal and state income taxes, except for taxes pertaining to unrelated business income, as applicable. No provision for income taxes is considered necessary. The Foundation is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ended December 31, 2015 through 2018.

Recent Accounting Pronouncements

Not-for-Profit Entities

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958). This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature among other changes. The guidance in this ASU is effective for the Organization's year ended 2018, and was applied retrospectively to these comparative financial statements. Amounts reported for the year ended 2017, were restated to reflect the change.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform with the current year's presentation. There was no change to total net assets as previously reported.

NOTE 2 – LIQUIDITY AND AVAILABILITY

WERU regularly monitors liquidity required to meet its operating needs and other contractual commitments. WERU has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit. See note 7 for information about the WERU's line of credit.

WERU strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects WERU's financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 2 – LIQUIDITY AND AVAILABILITY – CONTINUED

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2018:

Cash and cash equivalents	\$ 15,101
Accounts receivable	2,647
Grants and pledges receivable	29,067
	<u>\$ 46,815</u>

NOTE 3 – INVESTMENTS

The endowment fund is held and invested at the Maine Community Foundation. It was established in 2010 through a \$25,000 grant provided by Maine Community Foundation (MCF) specifically for this purpose. The agreement required Salt Pond Community Broadcasting to match the funds contributed by MCF. The endowment was established to provide WERU with predictable and growing investment income and appreciation of principal through the prudent selection of quality investments. Income generated from the endowment fund is allowed to be used for the support of WERU's current needs. On February 16, 2015, WERU's Board of Directors voted unanimously to transfer WERU's endowment funds from the Maine Community Foundation general investing pool to its socially responsible pool.

Investment income (loss) consists of the following for the years ended December 31:

	2018	2017
Interest and dividends	\$ 1,238	\$ 1,205
Gain (losses)	(3,698)	7,392
Fees	(489)	(907)
	<u>\$ (2,949)</u>	<u>\$ 7,690</u>

Endowment net asset composition by type of fund as of December 31, 2018 and 2017 are, as follows:

	Without Donor Restriction	With Donor Restriction	Total
2018			
Board-designated funds	\$ 28,673		\$ 28,673
Donor-restricted endowment funds		\$ 25,000	25,000
	<u>\$ 28,673</u>	<u>\$ 25,000</u>	<u>\$ 53,673</u>
2017			
Board-designated funds	\$ 32,872		\$ 32,872
Donor-restricted endowment funds		\$ 25,000	25,000
	<u>\$ 32,872</u>	<u>\$ 25,000</u>	<u>\$ 57,872</u>

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 3 – INVESTMENTS – CONTINUED

Changes in endowment net assets for the years ended December 31, 2018 and 2017 are, as follows:

	Without Donor Restriction	With Donor Restriction	Total
Balance, January 1, 2018	\$ 32,872	\$ 25,000	\$ 57,872
Investment loss	(2,949)		(2,949)
Transfer	1,000		1,000
Amounts appropriated	<u>(2,250)</u>		<u>(2,250)</u>
Balance, December 31, 2018	<u>\$ 28,673</u>	<u>\$ 25,000</u>	<u>\$ 53,673</u>
	Without Donor Restriction	With Donor Restriction	Total
Balance, January 1, 2017	\$ 27,512	\$ 25,000	\$ 52,512
Investment gain	7,690		7,690
Amounts appropriated	<u>(2,330)</u>		<u>(2,330)</u>
Balance, December 31, 2017	<u>\$ 32,872</u>	<u>\$ 25,000</u>	<u>\$ 57,872</u>

NOTE 4 – GRANTS RECEIVABLE AND UNCONDITIONAL PROMISES TO GIVE

Grants receivable and unconditional promises to give are as follows at December 31:

	2018	2017
Other		\$ 3,416
CPB Grants	<u>\$ 29,067</u>	<u>28,716</u>
	<u>\$ 29,067</u>	<u>\$ 32,132</u>
Amounts due in:		
Less than one year	<u>\$ 29,067</u>	
One to five years	<u>\$ 29,067</u>	

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 5 – PROPERTY AND EQUIPMENT

The following is a summary of cost and accumulated depreciation of property and equipment as of December 31:

	2018	2017
Land	\$ 11,440	\$ 11,440
Building and improvements	193,497	193,497
Furniture and fixtures	6,749	6,749
Equipment	376,330	366,401
Music library	280,330	749,929
Total cost	<u>1,328,016</u>	<u>1,328,016</u>
Less: Accumulated depreciation	<u>632,738</u>	<u>1,063,566</u>
Net	<u>\$ 235,608</u>	<u>\$ 264,450</u>

NOTE 6 – NOTES PAYABLE

Note payable consists of the following at December 31:

	2018	2017
Note payable to Bangor Savings Bank in the original amount of \$60,000, interest at 4.84%, and monthly principal and interest payments of \$639 over the remaining ten year term, matures in May 2019. Secured by mortgage on real property and assignment of any rents.	\$ 4,105	\$ 11,380
Less current portion	<u>4,105</u>	<u>7,283</u>
Long-term portion	<u>\$ -</u>	<u>\$ 4,097</u>

Maturities of the note payable are, as follows:

Year Ended	
2019	<u>\$ 4,105</u>

NOTE 7 – LINE OF CREDIT

WERU has available a \$150,000 line of credit with a local bank. Interest is variable at 5% and 4% at December 31, 2018 and 2017, respectively. The revolving line of credit is secured by real property and all business assets. The line of credit is available until its maturity date of September 18, 2019, if not renewed. The line of credit's outstanding balance is \$0 and \$11,561 at December 31, 2018 and 2017, respectively.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 8 – NET ASSETS

Net assets with donor restrictions are comprised of the following at December 31:

	2018	2017
Subject to expenditure for specified purpose:		
CPB grants	\$ 90,430	\$ 80,109
Other	<u>9,253</u>	<u>12,925</u>
	<u>99,683</u>	<u>93,034</u>
Endowments:		
Original donor-restricted gift subject to spending policy and appropriation:		
General purposes	<u>25,000</u>	<u>25,000</u>
Total Endowments	<u>25,000</u>	<u>25,000</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 124,683</u>	 <u>\$ 118,034</u>

NOTE 9 – NON-CASH DONATIONS

Non-cash donations consist of various types of audio media contributed to WERU, as well as other capital and expendable items. The audio donations are capitalized at their fair market value and depreciated over an estimated useful life of five years. The total non-cash donations received during 2018 and 2017 are \$35,680 and \$35,920, respectively.

NOTE 10 – PENSION

WERU has a 403(b) plan available to all eligible employees. Employees may contribute at their own discretion, with no match from WERU.

NOTE 11 – RENT TRANSMITTER

Salt Pond Community Broadcasting Company leases transmitter tower space under a month-to-month verbal lease agreement. Rental payments are in the amount of \$300 per month. Rent expense was \$3,600 in 2018 and 2017.

NOTE 12 – RISKS AND UNCERTAINTIES

Financial instruments which potentially subject WERU to concentrations of credit risk consist primarily of unconditional promises to give or grants receivable. Operations of WERU are dependent upon support received from its listening community and grants from CPB. Supporters are primarily located within and are dependent upon the economy of areas served by WERU's broadcast signal in Maine. WERU does not believe a material risk of loss exists with respect to its financial position due to this concentration of credit risk or revenue sources.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 17, 2019, the date the financial statements were available to be issued.