MARFA PUBLIC RADIO CORPORATION

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

MARFA PUBLIC RADIO CORPORATION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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GIBSON RUDDOCK PATTERSON LLC
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and General Manager
Marfa Public Radio Corporation

We have audited the accompanying financial statements of Marfa Public Radio Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 opinions 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 judgement, 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 Marfa Public Radio Corporation as of December 31, 2019, and the changes in its net assets activities and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Revenue and Expenses KRTS-FM and KXWT-FM are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gibson Ruddock Patterson LLC

El Paso, Texas
August 10, 2020

MARFA PUBLIC RADIO CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

ASSETS

Current Assets:	
Cash and Cash Equivalents	$ 635,421
Contributions Receivable	10,920
Prepaid Expenses	10,225
Total Current Assets	656,566
FCC Broadcasting Licenses	392,207
Property and Equipment, Net	199,148
Deposit	3,300
Total Assets	$ 1,251,221

LIABILITIES AND EQUITY

Liabilities:	
Current Liabilities	
Accounts Payable	$ 22,278
Total Current Liabilities	22,278
Total Liabilities	22,278
Net Assets:	
Without Donor Restrictions	
Available for Operations	1,016,875
Invested in Property and Equipment	199,148
Total Without Donor Restrictions	1,216,023
With Donor Restrictions	12,920
Total Net Assets	1,228,943
Total Liabilities and Net Position	$ 1,251,221

The accompanying notes are an integral part of this statement.

MARFA PUBLIC RADIO CORPORATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenue, Support, and Gains			
Membership Contributions and Gifts	$ 345,483	$ -	$ 345,483
Donated Services	15,870	-	15,870
Grants	487,327	2,000	489,327
Program Underwriting	53,577	10,920	64,497
Gross Special Events Revenue	103,898	-	103,898
Less Costs of Direct Benefits to Donors	(25,978)	-	(25,978)
Net Special Events Revenue	77,920	-	77,920
Rental Income	10,800	-	10,800
Interest and Dividends	903	-	903
Gain from Merchandise Sales	10,560	-	10,560
Gain on Disposal of Equipment	17,498	-	17,498
Net Assets Released from Restrictions	19,993	(19,993)	-
Total Revenue, Support, and Gains	1,039,931	(7,073)	1,032,858
Expenses			
Program Services Expenses:			
Programming and Production	421,870	-	421,870
Broadcasting	209,237	-	209,237
Total Program Services Expenses	631,107	-	631,107
Supporting Services Expenses:			
Management and General	232,492	-	232,492
Fundraising and Membership Development	112,600	-	112,600
Total Supporting Services Expenses	345,092	-	345,092
Total Expenses	976,199	-	976,199
Change in Net Assets	63,732	(7,073)	56,659
Net Assets, Beginning of Year, Restated	1,152,291	19,993	1,172,284
Net Assets, End of Year	$ 1,216,023	$ 12,920	$ 1,228,943

The accompanying notes are an integral part of this statement.

MARFA PUBLIC RADIO CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services			
	Programming and Production	Broadcasting	Total	Management and General	Fundraising and Membership Development	Cost of Direct Benefits to Donors	Total
Payroll and Related Expenses							
Salaries	$ 233,654	$ 25,539	$ 259,193	$ 70,451	$ 40,448	$ -	$ 370,092
Employee Benefits	19,322	4,442	23,764	6,920	7,197	-	37,881
Payroll Taxes	17,878	1,954	19,832	5,234	3,094	-	28,160
Total Payroll and Related Expenses	270,854	31,935	302,789	82,605	50,739	$ -	436,133
Advertising	-	-	-	-	8,462	-	8,462
Contract Services	4,777	17,575	22,352	13,961	11,118	3,000	50,431
Depreciation	1,852	72,616	74,468	906	906	-	76,280
Dues, Licences and Subscriptions	4,673	-	4,673	1,056	2,842	-	8,571
Equipment Parts, Repair and Maintenance	-	21,927	21,927	817	-	-	22,744
Event Expenses	-	-	-	-	7,043	-	7,043
Insurance	-	-	-	26,132	-	-	26,132
Interest Expense	-	-	-	467	-	-	467
Meals and Entertainment	-	-	-	-	-	22,978	22,978
Miscellaneous Expenses	249	-	249	1,617	5	-	1,871
Office Expenses and Other Supplies	291	2,110	2,401	26,261	12,536	-	41,198
Printing and Postage	-	-	-	334	10,547	-	10,881
Professional Fees	-	-	-	33,670	-	-	33,670
Programming	128,953	-	128,953	-	-	-	128,953
Rent	-	29,552	29,552	21,980	-	-	51,532
Travel and Meetings	10,221	2,407	12,628	9,518	8,402	-	30,548
Utilities	-	31,115	31,115	13,168	-	-	44,283
Total Expenses by Function	421,870	209,237	631,107	232,492	112,600	25,978	1,002,177
Less expenses included with revenues on the statement of activities:							
Cost of direct benefits to donors	-	-	-	-	-	(25,978)	(25,978)
Total expenses included in the expenses section in the statement of activities	$ 421,870	$ 209,237	$ 631,107	$ 232,492	$ 112,600	$ -	$ 976,199

The accompanying notes are an integral part of this statement.

MARFA PUBLIC RADIO CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows from Operating Activities		
Change in Net Assets	$	56,659
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation		76,280
Realized Gain on Disposal of Equipment		(17,498)
(Increases) Decreases in Operating Assets		
Contributions Receivable		14,785
Prepaid Expenses		(7,225)
Increases (Decreases) in Operating Liabilities		
Accounts Payable		5,685
Net Cash Provided by Operating Activities		128,686
Cash Flows from Investing Activities		
Purchases of Equipment		(66,583)
Proceeds from Disposal of Equipment		17,498
Net Cash Used For Investing Activities		(49,085)
Cash Flows from Financing Activities		
Payments on Note Payable		(82,282)
Net Cash Used for Financing Activities		(82,282)
Net Decrease in Cash and Cash Equivalents		(2,681)
Cash and Cash Equivalents, Beginning of Year		638,102
Cash and Cash Equivalents, End of Year	$	635,421
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	$	485

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Marfa Public Radio Corporation (Station, we, us, our) is a Texas nonprofit 501(c)(3) corporation chartered in February 2005. The Station's purpose is to furnish public FM radio broadcasting service in the Texas Big Bend area (KRTS-FM) and the Permian Basin (KXWT-FM). Its mission is to be a public service and a lifeline for the community, to unify and promote cultural enrichment through presentation and focus on the importance of art, education, science, quality of life, and the local economy. We fulfill our mission by focusing our efforts in two primary areas.

Programming and Production: The Station purchases national programming and produces local programs of high quality, diversity, creativity, excellence, and innovation in accordance with its mission to be a public service and a lifeline for the community.

Broadcasting: The Station broadcasts the purchased and locally produced programs over five FM radio frequencies with radio towers in Marfa/Fort Davis, Alpine, Marathon, Presidio and Midland/ Odessa.

Basis of Accounting Presentation

The accompanying financial statements have been prepared and presented on the accrual basis of accounting and conform with the accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when they are earned. Expenses are recognized when the related liability for payments is incurred.

Disclosures about the Fair Value of Financial Instruments

Due to the short-term nature of the accounts, certain assets and liabilities such as cash, contributions receivable, prepaid expenses, and accounts payable, are carried at values that management believes approximate fair value.

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 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, and those differences could be material.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors or grantors for long term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Credit Risk
We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, we have not experienced any losses in any of these accounts.

The Station maintains cash balances at financial institutions whose cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. Management believes that no significant credit risk exists with respect to cash.

As of December 31, 2019, total cash was $635,421, with $101,662 at a separate financial institution. Applicable FDIC insurance was $250,000 at each financial institution.

Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because the outstanding amount is due from an organization supportive of our mission.

Contributions Receivable
We record contributions that are expected to be collected within one year at net realizable value. As of December 31, 2019, all contributions receivable are due within one year and deemed to be collectible and as such, no allowance for doubtful accounts has been recorded. During the year, uncollectible receivables were accounted for under the direct charge-off method, which approximates the allowance for doubtful accounts method.

FCC Broadcasting Licenses
Federal Communications Commission (FCC) broadcasting licenses are valued at cost or at the estimated fair value at the date of donation. FCC broadcasting licenses are determined to be renewed indefinitely and are therefore not subject to amortization but are reviewed for impairment at least annually. Costs to renew the licenses, if any, are expensed in the period incurred.

Property and Equipment
We record property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 15 years (see detail below), or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Radio Towers	15 yrs
Equipment	5 yrs
Vehicle	5 yrs
Leasehold Improvements	5 yrs

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions of property and equipment or cash restricted for acquisition of property and equipment are reported as net assets with donor restrictions, if the donor has restricted the use of the property or equipment to a particular program. If the donor specifies a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Station considers the restriction met when the assets are placed in service. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

Analysis for Impairment

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. Indefinite-lived assets, are reviewed for impairment at least annually. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There are no indicators of asset impairment during the year ended December 31, 2019.

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.

Net Assets With Donor Restrictions - We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. 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.

Operating revenues and expenses are directly related to providing public radio programming and broadcasting.

Revenue and Revenue Recognition

Our revenue comes primarily from contributions, grants, and underwriting.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Underwriting - Contributions and underwriting revenue 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. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-imposed restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net asset with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same year in which the contributions are received are classified as support without donor restrictions.

Grants - Grants can be either contributions or exchange transactions. Grants that are exchange transaction recognize revenue when the expenses are incurred, service delivery has been made, or when matches have been made in accordance with the related agreement.

Donated Services and In- kind Contributions - Donated service and in-kind contributions are defined as donations of services or donations of goods that would have to be purchased in order for us to operate if not donated. Contributed goods are recorded at fair value at the date of donation. Donated services are recorded at the fair value of the services received.

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include salaries, benefits and payroll taxes, which are allocated on the basis of estimates of time and effort.

Unless a cost is specifically attributable to a specific radio station, we split costs evenly between KRTS-FM and KXWT-FM.

Advertising Costs
We expense all advertising costs as incurred. Advertising costs were $8,462 for the year ended December 31, 2019.

Federal Income Taxes
Marfa Public Radio Corporation is organized as a Texas nonprofit corporation and has been recognized by the IRS as exempt for federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Tax return (Form 990-T) with the IRS for the year ended December 31, 2019. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Station's tax returns are subject to examination by federal taxing authorities. The tax laws, rules and regulations governing these returns are complex, technical, and subject to varying interpretations. If an examination required the Station to make adjustments, the profits or losses would be adjusted accordingly. No examination is currently in process. The Station's IRS Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Uncertain Tax Positions - We have adopted FASB ASC 740-10-25, Accounting for Uncertainty of Income Taxes. The accounting standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, an organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status for an organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. We continually evaluate expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. Our evaluation as of December 31, 2019 revealed no uncertain tax positions that would have a material impact on the financial statements, and therefore, there were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2019. We do not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

2. LIQUIDITY AND AVAILABILITY

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

Financial Assets:	
Cash and cash equivalents	$ 635,421
Contributions receivable	10,920
Prepaid expenses	10,225
Financial assets available to meet cash needs for general expenditures within one year	$ 656,566

Due to the size of the Station, we monitor cash flow and liquidity through budget analysis to ensure funds are available as needed. See Note 13 Subsequent Events for additional information on funding in 2020.

(Continued)

3. FCC BROADCASTING LICENSES

A Federal Communications Commission (FCC) broadcasting license, with a cost of $230,634, was donated in 2007 for KRTS, Marfa and Fort Davis. Additionally, a FCC license was acquired in 2011 for KXWT, Midland and Odessa, at a cost of $142,543. In 2015, a FCC license was acquired at a cost of $19,030 for the Presidio expansion. We reviewed the FCC licenses for impairment and determined that they were not impaired.

4. PROPERTY AND EQUIPMENT

At December 31, 2019, property and equipment consisted of the following:

Radio Towers	$	858,683
Broadcast Equipment		217,831
Leasehold Improvements		156,847
Vehicle		18,133
		1,251,494
Accumulated Depreciation		(1,052,346)
Property and Equipment, Net	$	199,148

Depreciation expense for the year ended December 31, 2019 was $76,280.

5. NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2019:

Subject to the passage of time	$	10,920
Subject to expenditure for specified purpose:		
Mini visitor podcast		2,000
	$	12,920

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows:

Satisfaction of purpose restrictions:		
Equipment	$	19,993

(Continued)

6. DONATED SERVICES AND IN-KIND CONTRIBUTIONS

We received contributed on-air services during the year ended December 31, 2019 with an estimated fair value on the dates of donation of $15,870. The related expense is reported within Programming.

The Station is also provided with the use of an office in Midland. However, the in-kind rent for this office is not recorded as the amount was not readily determinable.

7. LEASE COMMITMENTS

Facilities - The Station conducts its operations from facilities that are leased under a ten-year operating lease, scheduled to expire in May 2025, with an optional five-year extension. There are scheduled rent escalations on each anniversary of the commencement date in 2018, 2021, and 2024.

Tower Rent - The Station leases broadcasting tower space for the transmission of its radio signals under several operating leases. Certain leases include escalation clauses ranging from the inflation rate to 5% annually and include automatic or optional extension terms. The Station is subleasing a portion of the tower property for $10,800 annually on a year to year basis.

Future minimum lease payments are as follows:

Year ended December 31	Amount
2020	$ 53,534
2021	37,428
2022	38,898
2023	35,057
2024	36,031
2025	12,000
	$ 212,948

Rent Expense for the year ended December 31, 2019 totaled $51,532 and sublease rental income amounted to $10,800.

(Continued)

8. COMMITMENTS AND CONTINGENCIES

During 2016, a dispute arose between the station and a broadcasting tower lessor who alleges that the Station did not properly pay for electricity pursuant to the agreement. A lawsuit has not been filed. Management has indicated it will settle all past electric payments and has recorded an estimated amount due in accounts payable. Management believes that a loss, if any, resulting from this dispute will not have a material impact on the Station's financial position, statement of activities, or cash flows in future years.

The Station participates in grants which are subject to additional audit and review by the granting agencies. These grants have complex compliance requirements and should audits discover areas of material noncompliance, those funds may be subject to refund if so determined by the grantor. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. In our opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

9. LITIGATION

During the normal course of business the Station may be subject to various claims and litigation. As of December 31, 2019, we are not aware of any claim or potential claim that would have a material adverse effect on the financial statement.

10. RELATED PARTY TRANSACTIONS

From time to time, we may enter into transactions with related parties through the normal course of business. We are not aware of any material related party transactions that occurred during the year ended December 31, 2019.

11. CHANGE IN ACCOUNTING PRINCIPLES

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

(Continued)

11. CHANGE IN ACCOUNTING PRINCIPLES (Continued)

The Station's financial statements reflect the application of ASC 606 guidance. No cumulative-effect adjustment in net assets was recorded because adoption of ASU 2014-09 did not significantly impact the Station's reported historical revenue.

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-15, *Classification of Certain Cash Receipts and Cash Payments (Topic 230)*. The amendments in this ASU provide guidance on specific cash flow classification issues. The Station's financial statements reflect the application of ASU 2016-15 guidance.

In November 2016, FASB issued Accounting Standards Update (ASU) 2016-18, *Restricted Cash (Topic 230).* The amendments in this ASU require that a statement of cash flows include restricted cash and restricted cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The implementation of this standard had no impact on the Stations's financial statements.

Additionally, in June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The implementation of this standard had no impact on the Stations's financial statements.

12. NET ASSETS RESTATED

The beginning net assets were reduced by $141,554 and accumulated depreciation was increased by the same amount in order to reconcile the accumulated depreciation balance to the Station's depreciation schedule. The adjustment resulted in a restated beginning net assets without donor restrictions balance of $1,152,291 and a restated total net assets balance of $1,172,284. There was no effect on the change in net assets for the prior year.

13. SUBSEQUENT EVENTS

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. As the direct result of the pandemic, the Station developed a COVID Emergency Plan for the health and safety of its staff and cancelled its spring on-air fund drive and a special event scheduled for October 2020 and postponed its fall fund drive. Significant additional funding from the Corporation for Public Broadcasting (CPB) through the CARES Act was received in Spring 2020 and the station was able to secure a forgivable Payroll Protection Program (PPP) loan under the CARES Act. However, at this time, management has not been able to assess the full impact the pandemic will have on the Station's financial health.

We have evaluated subsequent events through August 10, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MARFA PUBLIC RADIO CORPORATION

SCHEDULE OF REVENUES AND EXPENSES - KRTS-FM

FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenue, Support, and Gains			
Membership Contributions and Gifts	$ 207,214	$ -	$ 207,214
Donated Services	7,935	-	7,935
Grants	229,014	2,000	231,014
Program Underwriting	27,041	-	27,041
Gross Special Events Revenue	36,755	-	36,755
Less Costs of Direct Benefits to Donors	(10,069)	-	(10,069)
Net Special Events Revenue	26,686	-	26,686
Rental Income	10,800	-	10,800
Interest and Dividends	903	-	903
Gain from Merchandise Sales	10,560	-	10,560
Gain on Disposal of Equipment	-	-	-
Total Revenue, Support, and Gains	520,153	2,000	522,153
Expenses			
Program Services Expenses:			
Programming and Production	209,674	-	209,674
Broadcasting	127,192	-	127,192
Total Program Services Expenses	336,866	-	336,866
Supporting Services Expenses:			
Management and General	117,835	-	117,835
Fundraising and Membership Development	54,619	-	54,619
Total Supporting Services Expenses	172,454	-	172,454
Total Expenses	509,320	-	509,320
Change in Net Assets	10,833	2,000	12,833

MARFA PUBLIC RADIO CORPORATION

SCHEDULE OF REVENUES AND EXPENSES - KXWT-FM

FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenue, Support, and Gains			
Membership Contributions and Gifts	$ 138,269	$ -	$ 138,269
Donated Services	7,935	-	7,935
Grants	258,313	-	258,313
Program Underwriting	26,536	10,920	37,456
Gross Special Events Revenue	67,143	-	67,143
Less Costs of Direct Benefits to Donors	(15,909)	-	(15,909)
Net Special Events Revenue	51,234	-	51,234
Rental Income	-	-	-
Interest and Dividends	-	-	-
Gain from Merchandise Sales	-	-	-
Gain on Disposal of Equipment	17,498	-	17,498
Total Revenue, Support, and Gains	499,785	10,920	510,705
Expenses			
Program Services Expenses:			
Programming and Production	212,196	-	212,196
Broadcasting	82,045	-	82,045
Total Program Services Expenses	294,241	-	294,241
Supporting Services Expenses:			
Management and General	114,657	-	114,657
Fundraising and Membership Development	57,981	-	57,981
Total Supporting Services Expenses	172,638	-	172,638
Total Expenses	466,879	-	466,879
Change in Net Assets	32,906	10,920	43,826