



WAY MEDIA, INC.

Financial Statements  
With Independent Auditors' Report

June 30, 2021 and 2020

# WAY MEDIA, INC.

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses for the year ended June 30, 2021	5
Statement of Functional Expenses for the year ended June 30, 2020	6
Statements of Cash Flows	7
Notes to Financial Statements	8

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
WAY Media, Inc.  
Colorado Springs, Colorado

We have audited the accompanying financial statements of WAY Media, Inc., which comprise the statements of financial position as of June 30, 2021 and 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

Board of Directors  
WAY Media, Inc.  
Colorado Springs, Colorado

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WAY Media, Inc., as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Colorado Springs, Colorado  
November 18, 2021

# WAY Media, Inc.

## Statements of Financial Position

	June 30,	
	<u>2021</u>	<u>2020</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 6,640,469	\$ 6,895,304
Prepaid expenses and other assets	534,528	338,510
Note receivable	111,751	112,188
Radio broadcast licenses	16,650,485	16,650,485
Land, buildings, and equipment–net	<u>2,882,430</u>	<u>3,002,202</u>
 Total Assets	 <u>\$ 26,819,663</u>	 <u>\$ 26,998,689</u>
 <b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and other liabilities	\$ 487,267	\$ 414,687
Accrued expenses	930,967	675,468
Deferred revenue	196,181	117,873
Deferred lease incentive-net	215,367	255,749
Notes payable–net	<u>3,301,041</u>	<u>7,514,489</u>
Total liabilities	<u>5,130,823</u>	<u>8,978,266</u>
 <b>Net assets:</b>		
Without donor restrictions	21,688,840	18,001,261
With donor restrictions	-	19,162
Total net assets	<u>21,688,840</u>	<u>18,020,423</u>
 Total Liabilities and Net Assets	 <u>\$ 26,819,663</u>	 <u>\$ 26,998,689</u>

See notes to financial statements

## WAY Media, Inc.

### Statements of Activities

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 16,913,172	\$ -	\$ 16,913,172	\$ 15,525,374	\$ 23,819	\$ 15,549,193
Broadcast and digital media	1,930,450	-	1,930,450	1,507,643	-	1,507,643
Government grant revenue	-	-	-	1,317,483	-	1,317,483
Trade revenue	275,695	-	275,695	384,814	-	384,814
Concert series	53,114	-	53,114	225,090	-	225,090
Other income	302,040	-	302,040	110,539	-	110,539
<b>Total Support and Revenue</b>	<b>19,474,471</b>	<b>-</b>	<b>19,474,471</b>	<b>19,070,943</b>	<b>23,819</b>	<b>19,094,762</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	19,162	(19,162)	-	19,657	(19,657)	-
<b>EXPENSES:</b>						
Program services	10,385,754	-	10,385,754	9,982,189	-	9,982,189
Supporting activities:						
General and administrative	3,415,648	-	3,415,648	3,634,440	-	3,634,440
Fund-raising	2,004,652	-	2,004,652	2,095,013	-	2,095,013
<b>Total Expenses</b>	<b>15,806,054</b>	<b>-</b>	<b>15,806,054</b>	<b>15,711,642</b>	<b>-</b>	<b>15,711,642</b>
Change in Net Assets	3,687,579	(19,162)	3,668,417	3,378,958	4,162	3,383,120
Net Assets, Beginning of Year	18,001,261	19,162	18,020,423	14,622,303	15,000	14,637,303
Net Assets, End of Year	<b>\$ 21,688,840</b>	<b>\$ -</b>	<b>\$ 21,688,840</b>	<b>\$ 18,001,261</b>	<b>\$ 19,162</b>	<b>\$ 18,020,423</b>

See notes to financial statements

## WAY Media, Inc.

### Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Supporting Activities		Total Expenses
		General and Administrative	Fund- Raising	
Personnel	\$ 5,419,758	\$ 1,879,149	\$ 1,050,957	\$ 8,349,864
Rent	1,357,837	74,707	45,928	1,478,472
Advertising and promotion	651,909	72,434	-	724,343
Postage and printing	34,670	64,065	506,015	604,750
Professional services	170,361	200,181	207,278	577,820
Telephone and utilities	437,467	53,992	33,912	525,371
Depreciation and amortization	397,002	13,650	5,391	416,043
Information technology	237,242	117,944	47,949	403,135
Outsourced digital media	-	388,407	-	388,407
Credit card fees	-	372,600	-	372,600
Repairs and maintenance	294,663	39,371	15,944	349,978
Taxes and licenses	348,324	796	312	349,432
Travel and entertainment	172,105	71,531	50,402	294,038
General and office	196,463	56,174	36,383	289,020
Program and satellite services	254,446	-	-	254,446
Interest	159,661	5,438	2,139	167,238
Insurance	153,320	5,209	2,042	160,571
Contributions	57,031	-	-	57,031
Concert series	43,495	-	-	43,495
<b>Total Expenses</b>	<b>\$ 10,385,754</b>	<b>\$ 3,415,648</b>	<b>\$ 2,004,652</b>	<b>\$ 15,806,054</b>
	66%	22%	12%	100%

See notes to financial statements

## WAY Media, Inc.

### Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services	Supporting Activities		Total Expenses
		General and Administrative	Fund- Raising	
Personnel	\$ 5,271,539	\$ 2,146,056	\$ 995,447	\$ 8,413,042
Rent	1,310,907	95,107	48,191	1,454,205
Postage and printing	30,572	95,594	779,003	905,169
Telephone and utilities	446,767	74,575	39,075	560,417
Advertising and promotion	487,997	54,222	-	542,219
Depreciation and amortization	428,819	21,025	9,071	458,915
Professional services	134,380	256,479	-	390,859
Repairs and maintenance	312,273	49,987	17,531	379,791
Travel and entertainment	185,488	97,996	94,957	378,441
Information technology	199,552	127,138	42,988	369,678
Interest	312,278	15,499	6,705	334,482
Credit card fees	-	317,090	-	317,090
General and office	159,331	79,513	37,727	276,571
Taxes and licenses	243,455	1,077	466	244,998
Program and satellite services	216,029	-	-	216,029
Insurance	67,122	71,215	23,852	162,189
Concert series	152,296	-	-	152,296
Outsourced digital media	-	131,867	-	131,867
Contributions	23,384	-	-	23,384
	<b>\$ 9,982,189</b>	<b>\$ 3,634,440</b>	<b>\$ 2,095,013</b>	<b>\$ 15,711,642</b>
	64%	23%	13%	100%

See notes to financial statements



# WAY Media, Inc.

## Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 3,668,417	\$ 3,383,120
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of capitalized loan fees	421,053	463,470
Forgiveness of Paycheck Protection Program loan	-	(1,317,483)
Change in operating assets and liabilities:		
Prepaid expenses and other assets	(196,018)	534,640
Accounts payable and other liabilities	72,580	(187,884)
Accrued expenses	255,499	169,725
Deferred revenue	78,308	91,844
Deferred lease incentive-net	(40,382)	255,749
Net Cash Provided by Operating Activities	4,259,457	3,393,181
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of land, buildings, and equipment	(296,271)	(238,500)
Purchases of radio broadcast licenses	-	(3,628,090)
Collection of note receivable	437	229
Net Cash Used by Investing Activities	(295,834)	(3,866,361)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	-	1,500,000
Payments of capitalized loan fees	-	(8,487)
Principal payments on notes payable	(4,218,458)	(736,546)
Proceeds from Paycheck Protection Program loan	-	1,317,483
Net Cash Provided (Used) by Financing Activities	(4,218,458)	2,072,450
Net Change in Cash and Cash Equivalents	(254,835)	1,599,270
Cash and Cash Equivalents, Beginning of Year	6,895,304	5,296,034
Cash and Cash Equivalents, End of Year	\$ 6,640,469	\$ 6,895,304
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	\$ 167,574	\$ 330,403
Non-cash transactions to recognize loan forgiveness	\$ -	\$ 1,317,483

See notes to financial statements

# WAY Media, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

### 1. NATURE OF ORGANIZATION:

WAY Media, Inc. (WAY Media) is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, WAY Media is subject to federal income tax on any unrelated business taxable income. In addition, WAY Media is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

WAY Media was organized for the purpose of establishing and operating Christian radio stations across America as well as internet radio offerings, podcasts, and videos that extend our reach online. At June 30, 2021, WAY Media operated the following radio stations:

Location and Stations	
Charleston, SC - 100.9/101.3	Columbia, TN - 99.3
Anniston, AL - 107.3	Auburn, AL - 91.9
Huntsville, AL - 88.1/99.5	Chattanooga, TN - 90.9/104.7
Gadsden, AL - 91.1	Montgomery, AL - 99.7/102.3
Birmingham, AL - 89.9/106.3	Owensboro, KY - 91.3
Denver, CO - 101.9	Ft. Morgan, CO - 89.1
Colorado Springs, CO - 99.3	Sterling, CO - 107.7
Fort Myers/Naples, FL - 100.5/89.5	Loveland, CO - 93.9
Florence, AL - 99.5	Pueblo, CO - 90.9
Monument, CO - 93.9	Trinidad, CO - 89.7
Louisville, KY - 105.9/104.3	Rome, GA - 90.3
Evansville, IN - 91.9/91.5	Spokane, WA - 89.1
Nashville, TN - 88.7/89.9	Cleveland, TN - 89.3
Clarksville, TN - 88.3	Central City, KY - 88.1
Bowling Green, KY - 88.1	Murray, KY - 106.1
Tallahassee, FL - 88.1/99.5/95.7	Muscle Shoals, AL - 98.7
Panama City, FL - 88.3/106.9	West Palm Beach, FL - 88.1/90.3/96.7
Portland, OR - 104.5/96.3	Dallas/Ft Worth, TX - 89.7
Wichita, KS - 90.7	Longview/Kelso, WA - 95.1
Madisonville, KY - 90.3	Cookeville, TN - 90.5
Hendersonville, TN - 89.9	Vancouver, WA - 104.5
Weldona, CO - 103.1	Jackson, TN - 89.3

# WAY Media, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

WAY Media is a non-profit, faith-based and donor-supported organization that uses media in a culturally relevant WAY to influence this generation to love and follow Jesus. Since 1987, WAY Media has remained a leader in the radio and media industry. We accomplish our mission primarily with award-winning on-air communicators, today's best contemporary Christian music, compelling social media content and online listening formats. WAY Media's contemporary Christian music radio stations are intentional about challenging this generation of listeners and users to live out their faith in authentic and practical WAYs and to make a difference in their communities. Our results are best demonstrated by our local involvement that positively and tangibly impacts every community's youth and young adult culture in which we serve.

Using on-air FM communicators and online listening formats, some of WAY Media's specific programs include:

### **1: Discipleship**

World's Biggest Small Group: Three times annually WAY Media provides The World's Biggest Small Group. This devotional appears online, with support information on air, via social media and podcasts. This feature, centering around a biblical theme, includes daily devotional messages by well-known personalities to help our content users grow in their faith. Well over 50,000 participants join this program each time it is offered.

Word on the WAY: WAY Media offers a daily scripture to email subscribers who request it. This mirrors an on-air feature and is supported by social media.

Bibles: Through a partnership with Tyndale House Publishers, WAY Media offers a free bible to all those who request one. Thousands of bibles are mailed out by our staff each year. Recipients include those listeners that are incarcerated, destitute or those new to, or seeking, faith.

### **2: Mission**

LIVE Concerts and Events: WAY Media, through its local stations, produces LIVE concerts and events annually whereby thousands of listeners and guests come to a venue to hear the music we play on air performed LIVE. Not only does this make the connection between the stations, the music, and personalities that listeners hear the ministry we provide, but these activities generate tens of thousands of dollars for the ministry each year.

LIVE (it) OUT Activities: Every year, WAY Media encourages our listeners to join our staff members in various service projects in each of our communities. This may include projects like building homes for Habitat for Humanity, feeding the homeless, playing games with children in hospitals, and painting public school facilities. We have hundreds around the country who participate with us.

Free Air Time for Non-Profit organizations: Each WAY Media station offers at least fifty free announcements for non-profit organizations each month. Many of these groups are small and have little marketing budgets and these announcements promote those organization's various activities.

# WAY Media, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

**2: Mission, continued**

Prayer Wall: WAY Media provides an online prayer wall. Listeners and guests can go to this page and enter their prayer requests, or pray for others. This feature is used by tens of thousands. Over 150,000 prayers are expected to be made this year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

WAY Media maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of short-term, highly liquid investments with an original maturity term of three months or less. These accounts from time to time exceed federally insured limits. As of June 30, 2021 and 2020, the amounts in excess of the federally insured limits were approximately \$6,003,000 and \$5,690,000, respectively. However, WAY Media has not experienced any losses on these accounts and does not believe it is exposed to any significant risk.

### RADIO BROADCAST LICENSES

Radio broadcast licenses are intangible assets that are recorded at cost, net of impairment. Since the useful life of the licenses is determined to be indefinite, WAY Media tests the licenses on an annual basis for impairment, and no amortization is being recorded. Management has evaluated the radio broadcast licenses for impairment and no impairment was identified as of June 30, 2021 and 2020.

### LAND, BUILDINGS, AND EQUIPMENT—NET

Land, buildings, and equipment—net are recorded at cost if purchased or fair value if contributed and include improvements that significantly add to utility or extend useful lives. Costs of maintenance and repairs are charged to expenses as incurred. Depreciation is recorded using the straight-line method to allocate cost over the estimated useful lives, which range from five to thirty-nine years. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in support and revenue for the period. Purchases in excess of \$5,000 are capitalized.

# WAY Media, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS

The net assets of WAY Media are reported in the following classes:

*Net assets without donor restrictions* are currently available at the discretion of the board for use in WAY Media's operations.

*Net assets with donor restrictions* are stipulated by donors for specific operating purposes. As of June 30, 2020, \$19,162 of net assets were restricted for the purpose of studio upgrades. As of June 30, 2021, there were no net assets with donor restrictions.

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. WAY Media reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Broadcast and digital media revenue are recorded when earned, which is when commercial advertisements are aired or when digital media services are provided. WAY Media enters into agreements with business sponsors for advertising. Although terms of the agreements vary, the price charged to the business is based on the number of on-air spots the business receives. Businesses typically pay monthly and prepayments are deferred at fiscal year-end. Contracts vary in length from several months to a year, and are structured with monthly payment terms.

Trade revenue consists of airtime traded for other goods or services and are recognized at their estimated fair value on the date they are received. The goods or services are also recognized as expenses in the statement of activities according to the functional category benefited. Concert series income is recognized when earned, which is when the concerts are held.

Other income consists of gain on sale of licenses, interest income and other miscellaneous revenue. Other income is recognized when earned.

#### CONTRIBUTED SERVICES

Many individuals volunteer their time and perform a variety of tasks that assist WAY Media with its fund-raising campaigns and daily operations. WAY Media receives numerous hours per year that have not been recorded in the statements of activities, since these tasks do not meet the accounting criteria to record as contributed services.

# WAY Media, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FUNCTIONAL ALLOCATION OF EXPENSES

The statement of functional expenses reports certain categories of expenses that are attributable to program or supporting activities of WAY Media. These expenses include depreciation and amortization, rents, and utilities, which were all allocated based on square footage occupancy. Costs of other categories were allocated on estimates of time and effort. WAY Media had no joint costs during the years ended June 30, 2021 and 2020.

Program expenses of WAY Media include costs incurred in conjunction with WAY Media's discipleship and mission programs as listed in Note 1.

#### ADVERTISING

WAY Media uses advertising to promote its programs and recruit potential employees among the audience it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2021 and 2020 was approximately \$724,000 and \$542,000, respectively.

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects WAY Media's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	June 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 6,640,469	\$ 6,895,304
Note receivable	111,751	112,188
Financial assets at year-end	<u>6,752,220</u>	<u>7,007,492</u>
Less those unavailable for general expenditures within one year due to:		
Long-term portion of note receivable	(110,283)	(111,751)
Restricted by donor with purpose restrictions	<u>-</u>	<u>(19,162)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,641,937</u>	<u>\$ 6,876,579</u>

# WAY Media, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE continued:

WAY Media manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. WAY Media has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. WAY Media, Inc. has a policy to target a year-end balance of reserves of undesignated net assets without donor restrictions at 60-90 days of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended June 30, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

4. NOTE RECEIVABLE:

Note receivable consists of a receivable from an individual, due in monthly principal and interest payments of \$300 through April 2021, with interest calculated at 3%, at which time the monthly payment amount gradually increases until maturity in April 2031. Management has reviewed for collectability and no allowance has been recorded as of June 30, 2021 and 2020. Future minimum collections are:

<u>Year Ending June 30,</u>	
2022	\$ 1,468
2023	1,512
2024	1,558
2025	1,606
2026	1,855
Thereafter	<u>103,752</u>
	<u>\$ 111,751</u>

# WAY Media, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

5. LAND, BUILDINGS, AND EQUIPMENT-NET:

Land, buildings, and equipment–net consist of the following:

	June 30,	
	2021	2020
Equipment and furnishings	\$ 6,580,653	\$ 6,345,041
Buildings and improvements	846,613	817,918
Leasehold improvements	495,187	495,187
Vehicles	325,339	325,339
Land and improvements	127,399	127,399
	<u>8,375,191</u>	<u>8,110,884</u>
Accumulated depreciation and amortization	(5,607,501)	(5,191,458)
	<u>2,767,690</u>	<u>2,919,426</u>
Construction in progress	114,740	82,776
	<u><u>\$ 2,882,430</u></u>	<u><u>\$ 3,002,202</u></u>

6. NOTES PAYABLE-NET:

Notes payable consist of the following:

	June 30,	
	2021	2020
Note payable to a financial institution, refinanced during the fiscal year ended June 30, 2017, due in monthly installments of \$54,163, including interest at 3.5%. Note matures April 2024 and is secured by investments in land, buildings, and equipment.	\$ 3,316,006	\$ 3,827,465
Note payable to a financial institution, with interest-only payments through April 2017. In May 2017, monthly payments due in installments of \$15,187 began. These installments include interest at 4%. Note matures September 2022 and is secured by investments in land, buildings, and equipment. The note was paid in full in September 2020.	-	1,090,697
Note payable to a financial institution, refinanced during the fiscal year ended June 30, 2017, with monthly installments of \$8,345, including interest at 4.15%. Note matures April 2022 and is secured by investments in land, buildings, and equipment. The note was paid in full in August 2020.	-	1,206,507



# WAY Media, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

6. NOTES PAYABLE-NET, continued:

Notes payable consist of the following, continued:

	June 30,	
	2021	2020
Note payable to a financial institution entered into in September 2019 with monthly installments of \$15,654, including interest at 4.65%. Note matures September 2026 and is secured by investments in land, buildings, and equipment. The note was paid in full in August 2020.	-	1,409,795
	3,316,006	7,534,464
Less capitalized loan fees-net	(14,965)	(19,975)
	<u>\$ 3,301,041</u>	<u>\$ 7,514,489</u>

Capitalized loan fees are amortized over the life of the associated notes payable. Amortization expense for the years ended June 30, 2021 and 2020 was \$5,010 and \$4,555, respectively. Accumulated amortization as of June 30, 2021 and 2020 was \$20,101 and \$15,091, respectively.

Future minimum payments are:

<u>Year Ending June 30,</u>	
2022	\$ 511,204
2023	531,589
2024	<u>2,273,213</u>
	<u>\$ 3,316,006</u>

### LETTER OF CREDIT

WAY Media holds a letter of credit with a financial institution for \$390,000, issued in September 2019, benefiting a lessor. The letter of credit matures in April 2022 and had an ending balance of \$0 for both years ended June 30, 2021 and 2020.

WAY Media was in compliance with all debt covenants, or obtained waivers, as of June 30, 2021 and 2020.

# WAY Media, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

7. PENSION PLAN:

WAY Media maintains a 401(k) defined contribution pension plan (the Plan) covering all employees who have completed one year of service. WAY Media matches up to 3% of each employee's salary, and half of each employee's contribution on the next 3% of their salaries. The Plan provides for discretionary contributions by WAY Media. Contributions to the Plan by WAY Media were \$170,417 and \$171,787, respectively, for the years ended June 30, 2021 and 2020.

8. OPERATING LEASE OBLIGATIONS:

WAY Media leases certain offices and broadcasting towers. Net rent expense for the years ended June 30, 2021 and 2020 amounted to approximately \$1,478,000 and \$1,454,000, respectively.

During the year ended June 30, 2020, WAY Media entered into a lease agreement with an unrelated third party vendor for use of office space. Per the agreement, the lessor agreed to pay for leasehold improvements up to \$296,130. This is considered a lease incentive. The total costs of the leasehold improvements were capitalized, and the amount reimbursed by the lessor, \$296,130, was recorded as a deferred lease incentive liability. The deferred lease incentive will be amortized at a rate of \$3,365 per month over the life of the lease as an offset against rent expense. For the years ended June 30, 2021 and 2020, the deferred lease incentive is stated net of amortization of \$80,763 and \$40,381, respectively.

Future minimum lease payments required under all operating leases in effect at June 30, 2021, are:

<u>Year Ending June 30,</u>	
2022	\$ 1,332,757
2023	1,049,988
2024	1,008,642
2025	911,390
2026	750,367
Thereafter	<u>5,051,379</u>
	<u>\$ 10,104,523</u>

9. COMMITMENTS:

During the year ended June 30, 2021, WAY Media entered into an agreement to purchase a radio broadcast license and related assets for \$350,000. As of June 30, 2021, \$35,000 of the purchase price was paid and is recorded on the statement of financial position as prepaid expenses and other assets. Subsequent to June 30, 2021, the purchase of the radio broadcast license and related assets was completed.

# WAY Media, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

10. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, or the impact on the financial position and results of WAY Media for future periods-including the effect on its revenue streams and contribution base. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 18, 2021, which is the date the financial statement were available to be issued.