PARTNERS FOR CHRISTIAN MEDIA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS FOR CHRISTIAN MEDIA, INC.

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CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Partners for Christian Media, Inc.
Chattanooga, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Partners for Christian Media, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partners for Christian Media, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Chattanooga, Tennessee
June 20, 2019

Henderson Hutcherson
& McCullough, PLLC

PARTNERS FOR CHRISTIAN MEDIA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash	$ 244,643	$ 265,889
Unconditional promises to give, net of estimated uncollectible of $10,000 and $10,000, respectively	32,056	54,731
Accounts receivable, net of estimated uncollectible of $25,000 and $25,000, respectively	151,962	74,665
Barter receivables	22,629	5,639
Other receivables	350	4,681
Prepaid expenses	2,879	706
Other assets	832	832
Total current assets	455,351	407,143
PROPERTY AND EQUIPMENT, NET	716,542	785,886
INTANGIBLES		
Broadcast license, net	1,032,848	1,032,848
OTHER ASSETS		
Deposits	4,594	4,594
TOTAL ASSETS	$ 2,209,335	$ 2,230,471

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 29,745	$ 34,288
Accounts payable	52,226	69,263
Accrued liabilities	58,384	58,007
Deferred barter	-	6,179
Total current liabilities	140,355	167,737
LONG-TERM LIABILITIES		
Long-term debt less current maturities	395,996	444,083
Total liabilities	536,351	611,820
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,557,026	1,469,428
NET ASSETS WITH DONOR RESTRICTIONS	115,958	149,223
Total net assets	1,672,984	1,618,651
TOTAL LIABILITIES AND NET ASSETS	$ 2,209,335	$ 2,230,471

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

PARTNERS FOR CHRISTIAN MEDIA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Advertising income	$ 859,746	$ -	$ 859,746
Barter income	344,602	-	344,602
Contributions	931,383	51,376	982,759
Special events income	89,334	-	89,334
Net assets released	84,641	(84,641)	-
Other income	21,865	-	21,865
Gain on disposal of assets	11,641	-	11,641
Royalty income	52	-	52
Sponsorship income	293,436	-	293,436
Total support and revenue	2,636,700	(33,265)	2,603,435
FUNCTIONAL EXPENSES			
Program services	1,589,522	-	1,589,522
Fundraising	289,059	-	289,059
Management and general	670,521	-	670,521
Total functional expenses	2,549,102	-	2,549,102
CHANGES IN NET ASSETS	87,598	(33,265)	54,333
Net assets, beginning	1,469,428	149,223	1,618,651
Net assets, ending	$ 1,557,026	$ 115,958	$ 1,672,984

PARTNERS FOR CHRISTIAN MEDIA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Advertising income	$ 842,683	$ -	$ 842,683
Barter income	346,271	-	346,271
Contributions	816,367	90,009	906,376
Special events income	164,585	-	164,585
Net assets released	108,962	(108,962)	-
Other income	28,050	-	28,050
Royalty income	51	-	51
Sponsorship income	270,517	-	270,517
Total support and revenue	2,577,486	(18,953)	2,558,533
FUNCTIONAL EXPENSES			
Program services	1,596,077	-	1,596,077
Fundraising	313,182	-	313,182
Management and general	612,078	-	612,078
Total functional expenses	2,521,337	-	2,521,337
CHANGES IN NET ASSETS	56,149	(18,953)	37,196
Net assets, beginning	1,413,279	168,176	1,581,455
Net assets, ending	$ 1,469,428	$ 149,223	$ 1,618,651

PARTNERS FOR CHRISTIAN MEDIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services	Fundraising	Management and General	Total
FUNCTIONAL EXPENSES				
Personnel expenses				
Salaries, wages and commissions	$ 743,263	$ 58,989	$ 377,530	$ 1,179,782
Payroll taxes	50,476	4,006	25,639	80,121
	793,739	62,995	403,169	1,259,903
Other expenses				
Automobile expense	5,342	-	-	5,342
Bad debt expense		-	31,930	31,930
Bank and financing fees	12,285	-	12,285	24,570
Building	59	4	12	75
Contract services	30,001	-	26,604	56,605
Contributions	9,152	-	-	9,152
Depreciation	24,361	-	33,641	58,002
Engineering services	19,935	-	-	19,935
Fundraising	-	180,098	-	180,098
Insurance	58,944	-	-	58,944
Interest expense	20,667	-	-	20,667
Lease expense	128,271	2,730	5,458	136,459
Meals and entertainment	21,447	7,150	19,064	47,661
Miscellaneous	20,099	-	20,099	40,198
Office expense	81,750	-	-	81,750
Postage and freight	-	8,732	3,743	12,475
Printing and supplies	5,366	13,417	5,610	24,393
Professional services	-	-	56,600	56,600
Programming services and licenses	53,132	-	-	53,132
Promotion and advertising	195,089	-	-	195,089
Property taxes	3,736	933	1,557	6,226
Repairs and maintenance	33,780	2,138	6,841	42,759
Sales department expense	405	136	360	901
Telephone and communications	49,607	6,842	29,080	85,529
Travel expense	10,872	2,300	7,736	20,908
Utilities	11,483	1,584	6,732	19,799
Total functional expenses	$ 1,589,522	$ 289,059	$ 670,521	$ 2,549,102

PARTNERS FOR CHRISTIAN MEDIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services	Fundraising	Management and General	Total
FUNCTIONAL EXPENSES				
Personnel expenses				
Salaries, wages and commissions	$ 684,880	$ 54,355	$ 347,876	$ 1,087,111
Payroll taxes	47,166	3,744	23,957	74,867
	732,046	58,099	371,833	1,161,978
Other expenses				
Automobile expense	23,037	-	-	23,037
Bad debt expense	-	-	58,617	58,617
Bank and financing fees	10,979	-	10,979	21,957
Building	107	6	22	135
Contract services	20,839	-	18,479	39,318
Contributions	11,676	-	-	11,676
Depreciation	26,415	-	36,477	62,892
Engineering services	19,375	-	-	19,375
Fundraising	-	203,712	-	203,712
Insurance	54,316	-	-	54,316
Interest expense	22,370	-	-	22,370
Lease expense	129,160	2,748	5,496	137,404
Meals and entertainment	19,356	6,452	17,206	43,014
Miscellaneous	10,231	-	10,230	20,462
Office expense	80,415	-	-	80,415
Postage and freight	-	16,383	7,022	23,405
Printing and supplies	6,043	15,107	6,318	27,468
Professional services	-	-	29,228	29,228
Programming services and licenses	76,351	-	-	76,351
Promotion and advertising	279,437	-	-	279,437
Property taxes	3,785	946	1,577	6,308
Repairs and maintenance	10,167	644	2,059	12,870
Sales department expense	196	65	174	435
Telephone and communications	38,205	5,269	22,396	65,870
Travel expense	10,531	2,228	7,493	20,252
Utilities	11,040	1,523	6,472	19,035
Total functional expenses	$ 1,596,077	$ 313,182	$ 612,078	$ 2,521,337

PARTNERS FOR CHRISTIAN MEDIA, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 54,333	$ 37,196
Adjustment to reconcile change in net assets to net cash from operating activities:		
Gain on disposal of property and equipment	(11,641)	(14,430)
Depreciation	58,002	62,892
(Increase) decrease in:		
Unconditional promises to give	22,675	5,967
Accounts receivable	(77,297)	32,806
Barter receivables	(16,990)	(2,191)
Other receivables	4,331	(4,331)
Prepaid expenses	(2,173)	(706)
Increase (decrease) in:		
Accounts payable	(17,037)	30,957
Deferred barter	(6,179)	928
Accrued liabilities	377	(11,791)
Net cash from operating activities	8,401	137,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of vehicle	30,418	12,636
Purchase of equipment	(7,435)	(14,504)
Net cash from investing activities	22,983	(1,868)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(52,630)	(38,659)
Net cash from financing activities	(52,630)	(38,659)
NET CHANGE IN CASH	(21,246)	96,770
Cash - beginning of year	265,889	169,119
Cash - end of year	$ 244,643	$ 265,889
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 20,667	$ 22,370

NOTE 1 – ORGANIZATION

Partners for Christian Media, Inc. (the "Organization") is a Tennessee tax-exempt organization that operates WBDX 102.7 FM and WJLJ 103.1 FM radio stations, JFest, JRadio, and Come on Let's Go in the Chattanooga, Tennessee, market area. The Organization broadcasts contemporary Christian music and other Christian programming on a continuous basis reaching portions of Tennessee, Alabama, Georgia, and North Carolina. The Organization receives approximately 38% of its support directly from donor contributions (for which the donors receive no material goods or services in return) and approximately 58% of its support from sponsors of radio programming (sponsorship income, advertising income and barter income).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

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

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

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization receives revenues for advertisements broadcast on the radio station. Advertising revenues are recognized when the advertisement is broadcast. Sponsorship revenues include funds received from churches and other organizations for events organized by the Organization. Sponsorship revenues are recognized when the sponsorship is received.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. All allocations are determined by management and allocated based on time and effort.

Estimates

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

Cash and Cash Equivalents

The Organization considers cash currently on hand and demand deposits with financial institutions to be cash. The Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents. The Organization did not have any cash equivalents at December 31, 2018 and 2017.

Accounts Receivable

The balance in accounts receivable consists of uncollected sponsorship support, advertising income, and subleasing of broadcast rights income. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts and the aging of the accounts receivable, historical experience, and other currently available evidence. If there is a deterioration of a major customer's credit worthiness, or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Company could be adversely affected. No interest is accrued on delinquent receivables.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value when received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with the explicit restrictions regarding their use and contributions of cash that must be used to acquire, repair, or improve property and equipment are recorded as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of restrictions when the donor's specifications are fulfilled. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions when the donor's specifications are fulfilled. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets.

Intangibles

The Organization accounts for intangibles in accordance with the provisions of FASB Accounting Standards Codification (ASC) 350. The carrying value of intangibles is reviewed for impairment by the Organization at least annually.

Advertising

Advertising costs are expensed as incurred. Advertising expense was $195,089 and $279,437 for the years ended December 31, 2018 and 2017, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Promises to Give

The Organization has adopted ASC 958*, Not-for-Profit Entities* in accounting for promises to give, which requires (1) that unconditional promises to give be recognized as contributions and as assets in the period the promise is received, and (2) that unconditional promises to give which are expected to be received in more than one year be recorded at their estimated net realizable value. All promises to give are expected to be received within one year.

The Organization does not have any conditional promises to give as of December 31, 2018 and 2017.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Organization used the carrying amounts reported in the statement of financial position for cash, cash equivalents, promises to give and accounts receivable as approximating their fair value because of the short maturities of those instruments.

Contributed Service and Free Use of Assets

Many individuals and volunteers contribute their time and perform a variety of tasks and services that assist the Organization. The Organization received more than 8,000 hours in volunteer services in 2018. The value of these services is not reflected in the accompanying financial statements since such services are not susceptible to objective measurement or valuation.

The Organization obtained free usage of broadcasting equipment, facilities and licenses of WBDX 102.7 FM by exercising its right to acquire the station in August 1998 through issuance of a note payable to RAAD of Trenton (lessor). All payments made to the lessor (with the exception of specific cost reimbursements made to the seller) from November 1996 to station acquisition in August 1998, were applied as reductions to the face value of the note issued in August 1998.

NOTE 3 – NON-CASH TRANSACTIONS

The Organization had non-cash operating transactions (barter) during the years ended December 31, 2018 and 2017. Barter revenues of $344,602 and $346,271 for the years ended December 31, 2018 and 2017, respectively, were recorded at the estimated fair value of the advertisement or sponsorship broadcast provided. Barter expenses consisting primarily of meals, maintenance, communications, printing, rents, and promotion in the amount of $323,705 and $337,143 were also recorded during the years ended December 31, 2018 and 2017, respectively at the estimated fair value of the products or services received.

The Organization also broadcasts some advertisements or sponsorships bartered prior to receiving the goods or services. Therefore, a barter receivable of $22,629 and $5,639 existed at December 31, 2018 and 2017, respectively.

During 2017, the Organization was forgiven of $10,001 of debt due to Volkswagen Credit as part of Volkswagen's 2.0-Liter Settlement Claims Program.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Estimated Useful Life	2018	2017
Automobiles	5 years	$ 27,544	$ 57,993
Broadcast equipment	7-12 years	294,290	293,796
Office furniture, fixtures and equipment	5-7 years	156,048	149,108
Building	39 years	619,224	619,224
Building improvements	15 years	85,416	85,416
		1,182,522	1,205,537
Less: Accumulated depreciation		(465,980)	(419,651)
Property and equipment, net		$ 716,542	$ 785,886

Depreciation expense for the years ended December 31, 2018 and 2017, was $58,002 and $62,892 respectively.

Broadcast equipment includes a radio tower located in Lookout Mountain, Georgia, purchased by the Organization in 2005. The closing of this property has not been completed as of December 31, 2018. The delay in closing is primarily attributable to the existence of an unrecorded access right-of-way/easement to the property. As a result, the seller has been unable to meet the sales contract requirement between the two parties, which requires the seller to deliver “good and marketable title” to the property. Subsequent to December 31, 2018, no formal claim or litigation has been filed by the Organization, although written demand for the seller’s strict compliance with the sales contract has been delivered to the seller’s legal counsel.

NOTE 5 – INTANGIBLES

The Organization has capitalized the excess of the amount paid for the WBDX 102.7 FM station over the fair market value of the broadcasting equipment acquired with the amortization amount reflected on the statement of activities as a broadcast license. Through the year 2001, the broadcast license was being amortized by the straight-line method over a period of 40 years. With the implementation of ASC Topic 350, *Intangibles – Goodwill and Other*, intangibles are no longer amortized but instead are tested for impairment. For the year ended December 31, 2018, the broadcast license was not impaired.

Amount paid for Station WBDX 102.7 FM	$ 1,189,395
Less: Fair market value of assets acquired	(61,371)
Amount recorded as broadcast license	1,128,024
Less: Accumulated amortization through 12/31/01	(95,176)
Broadcast license – WBDX 102.7, net	$ 1,032,848

NOTE 6 – DESCRIPTION OF LEASING ARRANGEMENTS

The Organization leases broadcasting rights for WJLJ 103.1 FM (in the Cleveland/Athens, Tennessee market area), and the related broadcasting facilities and equipment, under a cancelable operating lease. The monthly payment is $9,500 and the lease expires on December 31, 2019. In addition to the minimum lease payments, the Organization pays the lessor for certain monthly expenses periodically billed by the lessor, which are associated with the station's operation.

The Organization also has an operating lease for storage space in East Ridge, Tennessee. The monthly payment is $623 subject to a 2% annual increase. The lease term is through May 31, 2021.

Future minimum lease payments are as follows:

Year Ending December 31,	
2019	$ 121,699
2020	7,853
2021	3,299
Total future minimum lease payments	$ 132,851

Total rental expenses for all operating leases are as follows:

	2018	2017
Broadcasting rights	$ 114,000	$ 114,000
Building lease	7,548	7,400
Other leases	14,911	16,004
	$ 136,459	$ 137,404

NOTE 7 – LONG-TERM DEBT

A summary of long-term debt obligations at December 31, are as follows:

	2018	2017
Note payable to Gerald King, interest is at 4.50%; monthly installments of principal and interest of $4,002; matures April 2030.	$ 425,741	$ 453,916
Note payable to Audi Financial Services, with monthly installments of $567 including interest at 4.40%; matures November 2021; collateralized by a vehicle.	-	24,455
Total long-term debt	425,741	478,371
Less: current maturities of long-term debt	(29,745)	(34,288)
Long-term debt, net of current maturities	$ 395,996	$ 444,083

(Continued)

NOTE 7 – LONG-TERM DEBT (Continued)

Scheduled principal repayments on the long-term debt are as follows:

Year Ending December 31,

2019	$ 29,745
2020	31,111
2021	32,541
2022	34,036
2023	35,599
Thereafter	262,709
Total	$ 425,741

NOTE 8 – OFF-BALANCE SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at several financial institutions. Accounts at the institutions are secured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2018, there were no uninsured cash balances. However, the cash balance is subject to significant fluctuations throughout the year.

The Organization receives pledge commitments from its listeners. These pledge amounts are not secured and therefore may not be collected.

NOTE 9 – NET ASSETS

As of December 31, net assets with donor restrictions consisted of the following:

	2018	**2017**
Passage of Time		
Unconditional promises to give, net	$ 32,056	$ 54,731
Specific Purpose		
Come On Let's Go campaign	64,920	29,910
Building campaign	18,982	64,582
Total	$ 115,958	$ 149,223

NOTE 10 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31:

	2018	2017
Financial assets at year-end:		
Cash	$ 244,643	$ 265,889
Unconditional promises to give	32,056	54,731
Accounts receivable	151,962	74,665
Barter receivables	22,629	5,639
Other receivables	350	4,681
Other assets	832	832
Total financial assets	452,472	406,437
Less amounts not available to be used within one year:		
Net assets with donor restrictions	83,902	94,492
Less net assets with purpose restrictions to be met in less than a year	(83,902)	(94,492)
	-	-
Financial assets available to meet general expenditures over the next twelve months	$ 452,472	$ 406,437

Partners for Christian Media, Inc. is substantially supported by restricted and unrestricted contributions, as well as by sponsors of radio programming. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. However, all net assets with donor restrictions have purpose restrictions that are to be met in less than a year, therefore, financial assets should be available for general expenditure within one year.

As part of the Organization's cash management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has approximately 10% of its estimated annual functional expenditures in cash.

NOTE 11 – UNCERTAIN TAX POSITIONS

Partners for Christian Media, Inc. follows the accounting guidance for uncertainty in income taxes using the provisions of FASB ASC Topic 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

The Organization has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits. The Organization's evaluation was performed for tax years ended December 31, 2015 through December 31, 2018, the years that remain subject to examination by major tax jurisdictions as of December 31, 2018.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to December 31, 2018 through the date of the independent auditor's report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.