PARTNERS FOR CHRISTIAN MEDIA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

HHM

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS FOR CHRISTIAN MEDIA, INC.

INDEX TO REPORT

DECEMBER 31, 2019 AND 2018

CERTIFIED PUBLIC ACCOUNTANTS
CHATTANOOGA | MEMPHIS

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, 2019 and 2018, 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.

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, 2019 and 2018, 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
July 3, 2020

Henderson Hutcherson
& McCullough, PLLC

PARTNERS FOR CHRISTIAN MEDIA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash	$ 197,395	$ 244,643
Unconditional promises to give, net of estimated uncollectible of $10,000 and $10,000, respectively	16,817	32,056
Accounts receivable, net of estimated uncollectible of $25,000 and $25,000, respectively	147,587	151,962
Barter receivables	18,335	22,629
Other receivables	350	350
Prepaid expenses	2,879	2,879
Other assets	832	832
Total current assets	384,195	455,351
PROPERTY AND EQUIPMENT, NET	672,545	716,542
INTANGIBLES		
Broadcast license, net	1,032,848	1,032,848
OTHER ASSETS		
Deposits	4,594	4,594
TOTAL ASSETS	$ 2,094,182	$ 2,209,335

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 31,111	$ 29,745
Accounts payable	47,207	52,226
Accrued liabilities	74,791	58,384
Total current liabilities	153,109	140,355
LONG-TERM LIABILITIES		
Long-term debt less current maturities	365,161	395,996
Total liabilities	518,270	536,351
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,479,933	1,557,026
NET ASSETS WITH DONOR RESTRICTIONS	95,979	115,958
Total net assets	1,575,912	1,672,984
TOTAL LIABILITIES AND NET ASSETS	$ 2,094,182	$ 2,209,335

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Advertising income	$ 987,790	$ -	$ 987,790
Barter income	408,922	-	408,922
Contributions	955,565	95,979	1,051,544
Special events income	156,642	-	156,642
Net assets released	115,958	(115,958)	-
Other income	16,583	-	16,583
Loss on disposal of assets	(1,818)	-	(1,818)
Sponsorship income	289,385	-	289,385
Total support and revenue	2,929,027	(19,979)	2,909,048
FUNCTIONAL EXPENSES			
Program services	1,911,011	-	1,911,011
Fundraising	427,009	-	427,009
Management and general	668,100	-	668,100
Total functional expenses	3,006,120	-	3,006,120
CHANGES IN NET ASSETS	(77,093)	(19,979)	(97,072)
Net assets, beginning	1,557,026	115,958	1,672,984
Net assets, ending	$ 1,479,933	$ 95,979	$ 1,575,912

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	21,917	-	21,917
Gain on disposal of assets	11,641	-	11,641
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

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

PARTNERS FOR CHRISTIAN MEDIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services	Fundraising	Management and General	Total
FUNCTIONAL EXPENSES				
Personnel expenses				
Salaries, wages and commissions	$ 833,444	$ 66,146	$ 423,337	$ 1,322,927
Payroll taxes	55,460	4,402	28,169	88,031
	888,904	70,548	451,506	1,410,958
Other expenses				
Automobile expense	6,369	-	-	6,369
Bad debt expense	-	-	37,106	37,106
Bank and financing fees	14,054	-	14,053	28,107
Contract services	57,463	-	19,154	76,617
Contributions	11,164	-	-	11,164
Depreciation	21,787	-	30,086	51,873
Engineering services	18,425	-	-	18,425
Fundraising	-	307,488	140	307,628
Insurance	76,324	-	-	76,324
Interest expense	18,556	-	-	18,556
Lease expense	129,958	2,765	5,530	138,253
Meals and entertainment	16,558	5,519	14,718	36,795
Miscellaneous	10,169	-	6,779	16,948
Office expense	95,155	-	-	95,155
Postage and freight	2,776	7,774	555	11,105
Printing and supplies	6,411	16,027	6,702	29,140
Professional services	20,385	-	20,384	40,769
Programming services and licenses	102,586	-	-	102,586
Promotion and advertising	281,264	-	-	281,264
Property taxes	3,977	994	1,658	6,629
Repairs and maintenance	23,375	1,479	4,735	29,589
Sales department expense	393	131	350	874
Telephone and communications	78,523	10,831	46,030	135,384
Travel expense	14,922	1,865	1,865	18,652
Utilities	11,513	1,588	6,749	19,850
Total functional expenses	$ 1,911,011	$ 427,009	$ 668,100	$ 3,006,120

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.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (97,072)	$ 54,333
Adjustment to reconcile change in net assets to net cash from operating activities:		
(Gain) loss on disposal of property and equipment	1,818	(11,641)
Depreciation	51,873	58,002
(Increase) decrease in operating assets:		
Unconditional promises to give	15,239	22,675
Accounts receivable	4,375	(77,297)
Barter receivables	4,294	(16,990)
Other receivables	-	4,331
Prepaid expenses	-	(2,173)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,019)	(17,037)
Deferred barter	-	(6,179)
Accrued liabilities	16,407	377
Net cash from operating activities	(8,085)	8,401
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of vehicle	-	30,418
Purchase of equipment	(9,694)	(7,435)
Net cash from investing activities	(9,694)	22,983
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(29,469)	(52,630)
Net cash from financing activities	(29,469)	(52,630)
NET CHANGE IN CASH	(47,248)	(21,246)
Cash - beginning of year	244,643	265,889
Cash - end of year	$ 197,395	$ 244,643
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 18,556	$ 20,667

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 36% 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

Method of Accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The Financial Accounting Standards Board (FASB) establishes GAAP in the Accounting Standards Codification (ASC). Updates to the ASC are done through the issuance of Accounting Standards Updates (ASU).

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with 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, whereby 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.

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.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 GAAP 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, 2019 and 2018.

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.

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.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangibles

The Organization accounts for intangibles in accordance with the provisions of FASB 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 $281,264 and $195,089 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018.

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 2019. 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, 2019 and 2018. Barter revenues of $408,922 and $344,602 for the years ended December 31, 2019 and 2018, 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 $390,962 and $323,705 were also recorded during the years ended December 31, 2019 and 2018, 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 $18,335 and $22,629 existed at December 31, 2019 and 2018, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated Useful Life	**2019**	**2018**
Automobiles	5 years	$ 27,544	$ 27,544
Broadcast equipment	7-12 years	279,852	294,290
Office furniture, fixtures and equipment	5-7 years	158,123	156,048
Building	39 years	619,224	619,224
Building improvements	15 years	85,416	85,416
		1,170,159	1,182,522
Accumulated depreciation		(497,614)	(465,980)
Property and equipment, net		$ 672,545	$ 716,542

Depreciation expense for the years ended December 31, 2019 and 2018, was $51,873 and $58,002 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, 2019. 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, 2019, 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, 2019, the broadcast license was not impaired.

Amount paid for Station WBDX 102.7 FM	$ 1,189,395
Fair market value of assets acquired	(61,371)
Amount recorded as broadcast license	1,128,024
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, 2024. The lease will automatically renew for a 3-year term unless either party notifies the other in writing. 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,	
2020	$ 121,853
2021	117,299
2022	114,000
2023	114,000
2024	114,000
Total future minimum lease payments	$ 581,152

Total rental expenses for all operating leases are as follows:

	2019	**2018**
Broadcasting rights	$ 114,000	$ 114,000
Building lease	7,699	7,548
Other leases	16,554	14,911
	$ 138,253	$ 136,459

NOTE 7 – LONG-TERM DEBT

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

	2019	2018
Note payable to Gerald King, interest is at 4.50%; monthly installments of principal and interest of $4,002; matures April 2030.	$ 396,272	$ 425,741
Current maturities of long-term debt	(31,111)	(29,745)
Long-term debt, net of current maturities	$ 365,161	$ 395,996

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

Year Ending December 31,

2020	$ 31,111
2021	32,541
2022	34,036
2023	35,599
2024	37,235
Thereafter	225,750
Total	$ 396,272

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, 2019, 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:

	2019	2018
Passage of time		
Unconditional promises to give, net	$ 16,817	$ 32,056
Specific purpose		
Come On Let’s Go campaign	79,162	64,920
Building campaign	-	18,982
Total	$ 95,979	$ 115,958

NOTE 10 – NEW ACCOUNTING PRONOUNCEMENTS

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) in May 2014. This ASU will supersede most of the current revenue recognition guidance, including industry-specific guidance. This ASU establishes a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. ASU 2014-09 will be effective for the Organization's financial statements for the year ended December 31, 2020. The Organization's management is currently evaluating the impact that the adoption of this standard will have on its financials.

The FASB issued ASU 2016-02, *Leases* (Topic 842), in February 2016. ASU 2016-02 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a lease term of 12 months or less. The lessee accounting model under ASU 2016-02 retains two types of leases: finance leases, which are to be accounted for in substantially the same manner as the existing accounting for capital leases, and operating leases, which are to be accounted for (both in the statement of activities and the statement of cash flows) in a manner consistent with existing accounting for operating leases. ASU 2016-02 also requires expanded qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 applies to the Organization's financial statements for the year ending December 31, 2022, with earlier implementation permitted. The Organization's management has not determined the impact on its financial statements as a result of implementing ASU 2016-02.

NOTE 11 – AVAILABILITY AND LIQUIDITY

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

	2019	2018
Financial assets at year-end:		
Cash	$ 197,395	$ 244,643
Unconditional promises to give	16,817	32,056
Accounts receivable	147,587	151,962
Barter receivables	18,335	22,629
Other receivables	350	350
Other assets	832	832
Total financial assets	381,316	452,472
Less amounts not available to be used within one year:		
Net assets with donor restrictions	79,162	83,902
Less net assets with purpose restrictions to be met in less than a year	(79,162)	(83,902)
	-	-
Financial assets available to meet general expenditures over the next twelve months	$ 381,316	$ 452,472

(Continued)

NOTE 11 – AVAILABILITY AND LIQUIDITY (Continued)

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 8% of its estimated annual functional expenditures in cash.

NOTE 12 – 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, 2016 through December 31, 2019, the years that remain subject to examination by major tax jurisdictions as of December 31, 2019.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to December 31, 2019 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. Other than what is noted below, management has not identified any items requiring recognition or disclosure.

Subsequent to December 31, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of July 3, 2020, management believes that a material impact on the Organization’s financial position and results of future operations is reasonably possible.

The Organization received a $230,248 Payment Protection Loan (PPP) in April 2020, from the U.S. Small Business Administration. The loan bears interest at 0.98% and is payable in installments beginning in October 2020. Under the terms of the PPP program, the loan may be forgiven if the funds are spent in accordance with the program.