



Speaking Hope to the World®

TRANS WORLD RADIO and
TRANS WORLD RADIO PACIFIC

Combined Financial Statements
With Independent Auditors' Report

September 30, 2020 and 2019

**TRANS WORLD RADIO
AND
TRANS WORLD RADIO PACIFIC**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Trans World Radio and Trans World Radio Pacific
Cary, North Carolina

We have audited the accompanying combined financial statements of Trans World Radio and Trans World Radio Pacific (a nonprofit corporation), which comprise the combined statements of financial position as of September 30, 2020 and 2019, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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
Trans World Radio and Trans World Radio Pacific
Cary, North Carolina

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Trans World Radio and Trans World Radio Pacific as of September 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Lawrenceville, Georgia
April 23, 2021

**TRANS WORLD RADIO
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Combined Statements of Financial Position

	September 30,	
	2020	2019
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 13,707,923	\$ 8,781,497
Receivables–net (Note 4)	3,068,227	4,567,105
Prepaid expenses and other current assets (Note 5)	1,181,397	1,166,899
Investments (Note 6)	8,538,141	8,611,189
	26,495,688	23,126,690
Long-term investments and other assets (Note 7)	943,362	1,161,176
Trust assets (Note 11)	3,352,901	3,933,921
Land, buildings, and equipment, at cost–net (Note 8)	15,068,367	15,690,276
Perpetual trust held by others and endowment (Note 2)	4,756,918	4,465,726
	\$ 50,617,236	\$ 48,377,789
Total Assets	\$ 50,617,236	\$ 48,377,789
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Trade payables	\$ 1,628,803	\$ 1,537,143
Accrued expenses	992,652	997,922
Current portion of:		
Notes payable (Note 9)	1,611,546	33,557
Annuities payable (Note 10)	805,946	796,749
Trust obligations (Note 11)	203,768	218,441
Employee benefit obligations (Note 15)	558,037	604,262
Deferred revenue	279,609	40,491
	6,080,361	4,228,565
Long-term liabilities:		
Notes payable (Note 9)	3,060	13,522
Annuities payable (Note 10)	3,823,084	3,743,835
Trust obligations (Note 11)	2,228,425	2,405,677
Employee benefit obligations (Note 15)	3,734,410	4,061,199
	15,869,340	14,452,798

(continued)

See notes to combined financial statements

**TRANS WORLD RADIO
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**Combined Statements of Financial Position
(continued)**

	September 30,	
	2020	2019
LIABILITIES AND NET ASSETS, continued:		
Net assets (Note 12):		
Without donor restrictions:		
Undesignated	885,331	(1,926,285)
Designated	5,162,029	5,435,754
Equity in land, buildings, and equipment	15,062,961	15,668,197
	21,110,321	19,177,666
With donor restrictions:		
Restricted for purpose or time:		
Specified purpose	7,959,949	8,958,677
Life income	920,708	1,322,922
Restricted in perpetuity:		
Perpetual trust and endowment	4,756,918	4,465,726
	13,637,575	14,747,325
	34,747,896	33,924,991
Total Liabilities and Net Assets	\$ 50,617,236	\$ 48,377,789

See notes to combined financial statements

**TRANS WORLD RADIO
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Combined Statements of Activities

	Year Ended September 30,							
	2020				2019			
	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total
OPERATING SUPPORT AND REVENUE:								
Support:								
Missionary support	\$ 5,246,142	\$ 995,112	\$ -	\$ 6,241,254	\$ 5,555,038	\$ 994,170	\$ -	\$ 6,549,208
General	5,278,763	5,111,132	200,000	10,589,895	4,730,645	5,401,377	-	10,132,022
Legacies and bequests	1,080,528	-	-	1,080,528	3,172,361	-	-	3,172,361
Contributed services	1,425,347	-	-	1,425,347	1,218,179	-	-	1,218,179
Gift portion of new split interest agreements	346,451	-	-	346,451	295,993	-	-	295,993
	<u>13,377,231</u>	<u>6,106,244</u>	<u>200,000</u>	<u>19,683,475</u>	<u>14,972,216</u>	<u>6,395,547</u>	<u>-</u>	<u>21,367,763</u>
Revenue:								
Media services	16,215,718	-	-	16,215,718	17,416,521	-	-	17,416,521
Investments (Note 6)	337,292	867	91,192	429,351	305,424	812	(93,173)	213,063
Change in value of split interest agreements (Note 10)	78,086	99,547	-	177,633	150,920	1,962	-	152,882
Other	952,841	-	-	952,841	437,877	-	-	437,877
	<u>17,583,937</u>	<u>100,414</u>	<u>91,192</u>	<u>17,775,543</u>	<u>18,310,742</u>	<u>2,774</u>	<u>(93,173)</u>	<u>18,220,343</u>
Total Operating Support and Revenue	<u>30,961,168</u>	<u>6,206,658</u>	<u>291,192</u>	<u>37,459,018</u>	<u>33,282,958</u>	<u>6,398,321</u>	<u>(93,173)</u>	<u>39,588,106</u>
RECLASSIFICATIONS:								
Net assets released from restriction:								
Satisfaction of purpose restrictions	7,607,600	(7,607,600)	-	-	6,023,300	(6,023,300)	-	-

(continued)

See notes to combined financial statements

**TRANS WORLD RADIO
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Combined Statements of Activities
(continued)

	Year Ended September 30,							
	2020				2019			
	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total
OPERATING EXPENSES:								
Program services:								
Media services	29,574,404	-	-	29,574,404	31,277,574	-	-	31,277,574
Missions awareness	1,593,309	-	-	1,593,309	1,684,039	-	-	1,684,039
	<u>31,167,713</u>	<u>-</u>	<u>-</u>	<u>31,167,713</u>	<u>32,961,613</u>	<u>-</u>	<u>-</u>	<u>32,961,613</u>
Supporting activities:								
Management and general	2,261,969	-	-	2,261,969	2,244,473	-	-	2,244,473
Fundraising	3,288,285	-	-	3,288,285	2,843,913	-	-	2,843,913
	<u>5,550,254</u>	<u>-</u>	<u>-</u>	<u>5,550,254</u>	<u>5,088,386</u>	<u>-</u>	<u>-</u>	<u>5,088,386</u>
Total Operating Expenses	<u>36,717,967</u>	<u>-</u>	<u>-</u>	<u>36,717,967</u>	<u>38,049,999</u>	<u>-</u>	<u>-</u>	<u>38,049,999</u>
Change in Net Assets from Operations before Translation Adjustment	1,850,801	(1,400,942)	291,192	741,051	1,256,259	375,021	(93,173)	1,538,107
Translation Adjustment	81,854	-	-	81,854	(319,935)	-	-	(319,935)
Change in Net Assets	1,932,655	(1,400,942)	291,192	822,905	936,324	375,021	(93,173)	1,218,172
Net Assets, Beginning of Year	19,177,666	10,281,599	4,465,726	33,924,991	18,241,342	9,906,578	4,558,899	32,706,819
Net Assets, End of Year	<u>\$ 21,110,321</u>	<u>\$ 8,880,657</u>	<u>\$ 4,756,918</u>	<u>\$ 34,747,896</u>	<u>\$ 19,177,666</u>	<u>\$10,281,599</u>	<u>\$ 4,465,726</u>	<u>\$ 33,924,991</u>

See notes to combined financial statements

**TRANS WORLD RADIO
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Combined Statements of Cash Flows

	Year Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 822,905	\$ 1,218,172
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,187,464	1,231,578
Unrealized/realized gain on investments	(291,192)	(7,977)
Gain on sale of land, buildings, and equipment	(439,852)	(59,288)
Change in value of charitable trusts	(99,547)	(1,962)
Actuarial change in charitable gift annuities	(223,486)	(249,635)
Maturities of charitable gift annuities	(771,360)	(245,054)
Payments on charitable gift annuities	695,347	722,775
Changes in operating assets and liabilities:		
Receivables	1,498,878	(2,088,298)
Prepaid expenses and other current assets	(14,498)	(85,517)
Trade payables	91,660	201,761
Accrued expenses	(5,270)	75,510
Deferred revenue	239,118	(33,560)
Employee benefit obligations	(373,014)	(498,390)
Net Cash Provided by Operating Activities	2,317,153	180,115
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of land, buildings, and equipment	(603,740)	(1,030,261)
Change in long-term investments and other assets	217,814	(147,731)
Proceeds from sale of land, buildings, and equipment	464,930	32,727
Change in land, buildings, and equipment due to currency translation	13,107	227,021
Proceeds from sale of investments	4,787,484	4,155,834
Acquisitions of investments	(3,644,773)	(4,033,413)
Net Cash Provided (Used) by Investing Activities	1,234,822	(795,823)

(continued)

See notes to combined financial statements

**TRANS WORLD RADIO
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Combined Statements of Cash Flows
(continued)

	Year Ended September 30,	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of notes payable	(16,673)	(25,574)
Proceeds from note payable	1,584,200	-
Proceeds from new annuities and trusts	941,100	605,420
Gift portion of new charitable gift annuities	(346,451)	(295,993)
Payments on annuities and trusts	(904,985)	(948,870)
Investment income from charitable trusts	117,260	224,682
Net Cash Provided (Used) by Financing Activities	1,374,451	(440,335)
Net Change in Cash and Cash Equivalents	4,926,426	(1,056,043)
Cash and Cash Equivalents, Beginning of Year	8,781,497	9,837,540
Cash and Cash Equivalents, End of Year	\$ 13,707,923	\$ 8,781,497
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 1,367	\$ 2,537

See notes to combined financial statements

**TRANS WORLD RADIO
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Notes to Combined Financial Statements

September 30, 2020 and 2019

1. NATURE OF ORGANIZATION:

Trans World Radio and Trans World Radio Pacific are collectively known as Trans World Radio (TWR), which is an independent evangelical association of churches. TWR is exempt from state and federal income taxes under Sections 501(c)(3) and 170(b)(1)(A)(i) of the U.S. Internal Revenue Code and is classified as an entity that is not a private foundation. Contributions by the public may be deductible for income tax purposes.

The primary focus of TWR is to proclaim the Gospel of our Lord and Savior Jesus Christ in areas of the world where other forms of Christian witness may not be possible. TWR also eagerly supports the work of evangelism and Christian nurturing in countries where church activity is permissible, working in harmony with Christian missionaries and evangelical churches worldwide. TWR accomplishes this goal through program services described below:

Media Services—TWR broadcasts Gospel programs in more than 275 languages and dialects to over 190 countries. Programs air from 2,000 worldwide broadcasting outlets, including major international sites, satellite, internet, and local AM and FM stations.

Missions Awareness—The costs of *TWR* magazine and other publications and activities are used to raise public awareness of God's work through missions.

In its endeavor to fulfill its religious, educational, and evangelistic objectives, TWR works with thousands of churches and hundreds of cooperating program producers. In addition, independent groups, known as national partners, have been formed legally in numerous countries for the express purpose of working with TWR in program production and distribution, training, transmission of broadcasts, and listener follow-up.

TWR is organizationally structured to reflect its fraternal relationship with the national partners, cooperating program producers, and supporting churches. In some cases, interlocking board relationships exist between TWR and its national partners and cooperating program producers. The primary sources of funding for TWR are donations and airtime sponsorship from individuals, churches, national partners, and cooperating program producers.

Incorporation:

	<u>Trans World Radio</u>	<u>Trans World Radio Pacific</u>
State:	New Jersey	North Carolina
Date:	February 1, 1960	May 2, 1952

Location of International Headquarters:

300 Gregson Drive
Cary, North Carolina 27511

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Notes to Combined Financial Statements

September 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

TWR maintains its accounts and prepares its combined financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the combined financial statements to the reader.

PRINCIPLES OF COMBINATION

These combined financial statements include Trans World Radio and Trans World Radio Pacific. These two organizations share management and headquarters facilities. Trans World Radio Pacific owns and operates the broadcasting facilities in Guam. All significant intercompany transactions and balances have been eliminated from these combined financial statements. International entities controlled by TWR are likewise included in the combined financial statements.

TWR is also affiliated with organizations in over 70 countries which are not under TWR's control. The financial position and results of operations of these entities are not combined nor presented in these combined financial statements.

USE OF ESTIMATES

The preparation of combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FUND ACCOUNTING AND NET ASSETS

In order to ensure observance of limitations and restrictions placed on the use of resources available to TWR, the accounts of TWR are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified into funds established according to their nature and purpose. Separate accounts are maintained for each fund. All financial transactions have been recorded and reported by fund group and separately by class of net assets.

Net assets without donor restrictions are currently available for ministry purposes under the direction of the board, designated by the board for specific use, or resources invested in land, buildings, and equipment.

Net assets with donor restrictions for purpose or time are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

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Notes to Combined Financial Statements

September 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUND ACCOUNTING AND NET ASSETS, continued

Net assets with donor restrictions in perpetuity consist of one perpetual trust held by others and one endowment held and administered directly by TWR. The perpetual trust held by others fair market value as of September 30, 2020 and 2019, was \$4,444,973 and \$4,342,186 respectively. The endowment consists of common stock with a fair market value as of September 30, 2020 and 2019, of \$312,125 and \$123,540, respectively. Substantially all of the net asset balance is comprised of the perpetual trust held by others. Therefore, the disclosure requirements related to net assets with donor restrictions in perpetuity as prescribed by the *Endowment* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) are not included due to immateriality.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand; checking, savings, and money market accounts; and certificates of deposit with original maturities of three months or less. The amounts held at the bank may, at times, exceed federally insured deposit levels. TWR has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At September 30, 2020 and 2019, TWR's cash balances exceeded federally insured limits by \$9,703,341, and \$5,687,152, respectively.

RECEIVABLES—NET

Accounts receivable are reported net of any anticipated losses due to uncollectible accounts. TWR's policy for determining when receivables are past due or delinquent is 30 days after invoicing. Uncollectible accounts are reported as additions to the allowance for bad debts when it is determined the amounts are uncollectible.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions.

PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses, including recoverable investments in unowned broadcast facilities and spare parts inventory, are recognized as expense when placed in service or used in operations.

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Notes to Combined Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Interest and dividend income and the realized and unrealized gain or loss on investments is reported as investment revenue without donor restrictions in the accompanying combined statements of activities unless a donor or law restricts its use. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is adequately diversified among many issuers.

LAND, BUILDINGS, EQUIPMENT, AND DEPRECIATION

Items capitalized as land, buildings, and equipment are recorded at cost. Donated assets are recorded at fair value on the date of gift. Purchases of property and equipment valued at \$2,000 or more are capitalized. Fixed assets include expenditures for major renewals and betterment. Repairs and maintenance are expensed as incurred. Cost and accumulated depreciation applicable to assets retired or disposed of are eliminated from the accounts, and any resulting gains or losses are included in other revenue.

TWR accounts for land, buildings, and equipment in foreign locations in accordance with the functional currency provisions of the *Foreign Currency Matters* topic of the FASB ASC. This has resulted in a translation adjustment loss of \$(13,107) and \$(227,021) for the years ended September 30, 2020 and 2019, respectively, to land, buildings, and equipment with functional currencies that differ from the reporting currency.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to 30 years.

PERPETUAL TRUST HELD BY OTHERS

Perpetual trust held by others consists of a one-eighth beneficial interest. The trust assets consist of cash and cash equivalents and marketable securities. The trust assets are carried at fair value as of the date of the combined financial statements. When possible, the fair value of investments held as trustee or agent are determined by reference to quoted market prices. When quoted market prices are not available, fair value is estimated by reference to market values for similar securities or by discounting cash flows at an appropriate risk rate, taking into consideration the varying degrees of risk specific to each financial asset. Interest income of \$154,287 and \$196,236 received during the years ended September 30, 2020 and 2019, respectively, is included in investment revenue without donor restrictions in the accompanying combined statements of activities.

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Notes to Combined Financial Statements

September 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Noncash gifts are recorded at their estimated fair market value on the date of donation.

Media services revenue is recorded when earned, which is when broadcasts are aired or when media services are provided. TWR enters into agreements with media partners for broadcasting. Although terms of the agreements vary, the price charged to the media partners is based on the number of on-air spots the media partner receives. Media partners 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. The portion of gain or loss on sale of assets presented in other revenue is recorded as earned and recognized in the fund owning the asset or as directed by donor restrictions. All other exchange revenue is recognized when earned.

Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. 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 combined statements of activities as reclassifications.

TWR reports donations of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, TWR reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses, including advertising and promotion costs of \$1,116,989 and \$905,237 for the years ended September 30, 2020 and 2019, respectively, are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities of TWR have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

In connection with promotional mailings, missionary furloughs, and other informational activities, TWR incurred joint costs of \$3,758,351 and \$3,001,096 for the years ended September 30, 2020 and 2019, respectively. Of those costs, \$1,872,456 and \$1,404,993 were allocated to program services, \$16,981 and \$14,299 were allocated to management and general, and \$1,868,914 and \$1,581,804 were allocated to fundraising for the years ended September 30, 2020 and 2019, respectively.

TWR has entered into foreign currency exchange contracts to hedge exposure to future spending activity denominated in foreign currencies in areas where it conducts significant business. As of September 30, 2020, TWR has varying monthly commitment amounts through March 2021 for notional amounts approximating \$992,871 for the African Rand, \$1,161,251 for the Singapore Dollar, and \$1,228,938 for the European Union Euro.

CONTRIBUTED SERVICES

Contributed services represent donated skilled services and includes the cost of salary, benefits, and work expenses for approximately 35 individuals involved in engineering, broadcast operations, and broadcast administration. Contributed services are reported as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by TWR. During the years ended September 30, 2020 and 2019, contributed services meeting the criteria for recognition in the combined financial statements totaled \$1,425,347 and \$1,218,179, respectively.

INTENTIONS TO GIVE

TWR receives indications of intent to support ministries that are commitments to provide monthly, quarterly, or annual gifts of a specified amount. These commitments are open-ended and subject to unilateral change by the donor. Because the commitments do not express a term or period, the amount of the commitment is not measurable. Considering these factors, the commitments are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FOREIGN OPERATIONS

In connection with its worldwide ministry, TWR maintains broadcasting stations and other supporting facilities in various countries outside the United States. As of September 30, 2020 and 2019, respectively, current assets in other countries, including cash, securities, receivables, prepaid expenses, and inventories, totaled \$3,217,003 and \$3,178,383; noncurrent assets, other than land, buildings, and equipment, were \$866,341 and \$1,076,503; property and equipment, net of accumulated depreciation, amounted to \$7,595,890 and \$7,774,354; and liabilities in other countries were \$1,365,912 and \$1,233,666. Total overseas support and revenue received from foreign sources amounted to \$6,493,110 and \$5,638,947 for the years ended September 30, 2020 and 2019, respectively. Account balances relating to foreign operations are reflected in the combined financial statements in United States dollars.

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. TWR adopted the provisions of this new standard during the year ended September 30, 2020. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Analysis of various provisions of this standard resulted in no significant changes in the way that TWR recognizes revenue, and therefore no changes to the previously issued audited combined financial statements were required on a retrospective basis. Adoption of this standard had no effect on change in net assets or net assets in total.

In 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. TWR adopted the provisions of this new standard during the year ended September 30, 2020. The new standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. Adoption of this standard had no effect on change in net assets or net assets in total.

In 2017, FASB issued ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. TWR adopted the provisions of this new standard during the year ended September 30, 2020. Adoption of this standard had no effect on change in net assets or net assets in total.

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3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects TWR's financial assets as of September 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. TWR considers general expenditures to be all expenditures related to its ongoing activities to proclaim the Gospel of our Lord and Savior Jesus Christ in areas of the world where other forms of Christian witness may not be possible as well as the conduct of services undertaken to support those activities to be general expenditures.

	September 30,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 13,707,923	\$ 8,781,497
Receivables-net	3,068,227	4,567,105
Investments	8,538,141	8,611,189
Trust assets	3,352,901	3,933,921
Perpetual trust held by others and endowment	4,756,918	4,465,726
Financial assets, at year-end	33,424,110	30,359,438
Less those not available for general expenditure within one year, due to:		
Perpetual trust held by others and endowment not convertible to cash within next 12 months	(4,756,918)	(4,465,726)
Life income net assets	(920,708)	(1,322,922)
Board designated for various purposes	(1,878,197)	(2,481,728)
Minimum state required annuity reserves	(5,162,029)	(5,435,754)
	(12,717,852)	(13,706,130)
Financial assets available to meet cash needs for general expenditures within one year	\$ 20,706,258	\$ 16,653,308

As part of TWR's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Prepaid expenses on the combined statement of financial position will reduce cash needed for general expenditures in the subsequent year. At September 30, 2020, TWR has \$7,959,949, in net assets with donor restrictions for missionary and project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

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3. LIQUIDITY AND FUNDS AVAILABLE, continued:

TWR considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and program service commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during TWR's fiscal year.

TWR maintains a line of credit at a North Carolina financial institution. As of September 30, 2020, this line permitted TWR to borrow up to \$1,500,000 and is secured by real property in Cary, North Carolina. No commitment fees or compensating balances are required. This line of credit bears interest at a rate equal to LIBOR plus 175 basis points (or 1.83% and 3.57% at September 30, 2020 and 2019, respectively). As of September 30, 2020 and 2019, TWR had no outstanding borrowings against this line of credit.

4. RECEIVABLES—NET:

Receivables—net consist of:

	September 30,	
	2020	2019
Broadcasters—net of allowance for uncollectible accounts of \$150,000 for both September 30, 2020 and 2019	\$ 1,557,585	\$ 1,663,432
Advances to employees	132,637	251,956
Due from suppliers/affiliates	1,378,005	2,651,717
	\$ 3,068,227	\$ 4,567,105

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

Prepaid expenses and other current assets consist of:

	September 30,	
	2020	2019
Spare parts inventory	\$ 644,824	\$ 505,777
Rents and deposits	71,720	69,190
Other prepaids	464,853	591,932
	\$ 1,181,397	\$ 1,166,899

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6. INVESTMENTS:

Investments consist of:

	September 30,	
	2020	2019
Operating and specified purpose:		
Equity securities	\$ 4,694	\$ 6,195
Certificates of deposit	10,047	10,048
Precious metals	-	38,486
Mutual funds	1,376,034	1,379,998
	1,390,775	1,434,727
Life income:		
Equity securities	3,775,482	3,555,658
Fixed income securities	1,693,867	1,866,237
Mortgage-backed securities	610,093	767,994
Mutual funds	1,067,924	986,573
	7,147,366	7,176,462
	\$ 8,538,141	\$ 8,611,189

7. LONG-TERM INVESTMENTS AND OTHER ASSETS:

Long-term investments and other assets consist of:

	September 30,	
	2020	2019
Cash surrender value of life insurance	\$ 25,749	\$ 24,267
Prepayment of airtime	-	60,406
Currency exchange contract asset	51,272	-
Broadcasting facility development costs—net of amortization of \$850,752 and \$691,205, respectively	866,341	1,076,503
	\$ 943,362	\$ 1,161,176

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7. LONG-TERM INVESTMENTS AND OTHER ASSETS, continued:

Broadcast facilities development costs represent amounts invested in the development of new and improved broadcast facilities in Central Asia. The funds advanced to the station owners will be recovered through reduced airtime charges to TWR for the programs broadcast by TWR.

8. LAND, BUILDINGS, AND EQUIPMENT, AT COST-NET:

Land, buildings, and equipment, at cost-net consist of:

	September 30,			September 30,
	2020		2019	
	United States	Other Countries	Total	Total
Land	\$ 1,230,407	\$ 644,214	\$ 1,874,621	\$ 1,892,380
Buildings	8,155,355	3,976,373	12,131,728	12,017,311
Transmitting, generating, and testing equipment	3,497,717	7,266,772	10,764,489	9,891,092
Furniture and equipment	5,381,977	1,460,733	6,842,710	6,489,750
	18,265,456	13,348,092	31,613,548	30,290,533
Less accumulated depreciation	(10,887,290)	(6,028,430)	(16,915,720)	(16,070,156)
	7,378,166	7,319,662	14,697,828	14,220,377
Construction in progress	94,311	276,228	370,539	1,469,899
	7,472,477	7,595,890	15,068,367	15,690,276
Less related capital lease obligations and note payable	(5,406)	-	(5,406)	(22,079)
	\$ 7,467,071	\$ 7,595,890	\$ 15,062,961	\$ 15,668,197

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9. NOTES PAYABLE:

Notes payable consist of:

	September 30,	
	2020	2019
Unsecured notes:		
Promissory notes payable to individuals, due on demand, with an interest rate of 0%; principal becomes property of TWR upon death of holder.	\$ 25,000	\$ 25,000
Paycheck Protection Program Loan (PPP), administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act; bears interest at a fixed rate of 1.0% through maturity in April 2022 (see Note 19).	1,584,200	-
Secured note:		
Equipment note payable; collateralized by certain real property; bears interest at a fixed rate of 4.0%; monthly payment of principal and interest in the amount of \$922, with all unpaid principal and accrued interest due at maturity in May 2020. This note was paid in full during the year ending September 30, 2020.	-	8,109
Capitalized lease obligations (see Note 14)	5,406	13,970
	1,614,606	47,079
Less current portion	(1,611,546)	(33,557)
Long-term portion of notes payable	\$ 3,060	\$ 13,522

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10. ANNUITIES PAYABLE:

TWR has established a gift annuity plan whereby donors may contribute assets to TWR in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes.

The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a gift without donor restrictions for long-term purposes.

The annuity liability is revalued annually based upon actuarially computed present values and is carried at the present value of future cash payments. The resulting actuarial gain or loss is included with change in value of split interest agreements in the accompanying combined statements of activities.

Annuities payable consist of:

	September 30,	
	2020	2019
Computed present value	\$ 4,629,030	\$ 4,540,584
Less current portion	(805,946)	(796,749)
	\$ 3,823,084	\$ 3,743,835

Several states have specific requirements for calculating the investment assets TWR must hold to provide resources for paying obligations to annuitants. TWR holds these reserves as designated net assets without donor restrictions in the accompanying combined statements of financial position.

11. TRUST ASSETS, OBLIGATIONS, AND NET ASSETS:

TWR administers charitable remainder trusts. These trusts provide the payment of lifetime distributions to the grantor or other designated beneficiaries. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated remaindermen. The present value of the portion of the trusts attributable to the remainder interest of TWR is recorded on the combined statements of activities as a contribution with donor restrictions in the period received, as net assets with donor restrictions, and as a reclassification to the without donor restrictions fund when released. Certain trusts contain provisions to distribute assets to remaindermen other than TWR. The portion attributable to others is reflected as a liability on the combined statements of financial position.

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11. TRUST ASSETS, OBLIGATIONS, AND NET ASSETS, continued:

	September 30,	
	2020	2019
Trust assets—at fair value:		
Cash and cash equivalents	\$ 251,155	\$ 316,009
Equity securities	1,017,402	1,839,202
Mutual funds	2,084,344	1,778,710
	<u>\$ 3,352,901</u>	<u>\$ 3,933,921</u>
Trust obligations and net assets:		
Trust obligations:		
Current portion of irrevocable trusts	\$ 203,768	\$ 218,441
Irrevocable trusts, net of current portion	2,228,425	2,405,677
	<u>2,432,193</u>	<u>2,624,118</u>
Trust net assets	<u>920,708</u>	<u>1,309,803</u>
	<u>\$ 3,352,901</u>	<u>\$ 3,933,921</u>

An actuarial adjustment is recognized in the combined statements of activities for changes in the value of annuities and trusts. These changes include:

	Year Ended September 30,	
	2020	2019
Investment income—interest and dividends	\$ 422,367	\$ 502,283
Realized and unrealized gains	103,649	146,525
Actuarial adjustments	698,127	608,644
Advisory fees and other expenses	(141,525)	(155,700)
Payments to income beneficiaries	(904,985)	(948,870)
	<u>\$ 177,633</u>	<u>\$ 152,882</u>

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12. NET ASSETS:

Net assets consist of:

	September 30,	
	2020	2019
Without donor restrictions:		
Undesignated:		
Available for ministry purposes	\$ 5,177,778	\$ 2,739,176
Unfunded employee benefit obligations (Note 15)	(4,292,447)	(4,665,461)
	885,331	(1,926,285)
Designated:		
Board designated for various purposes	1,878,197	2,481,728
Minimum state required annuity reserves	3,283,832	2,954,026
	5,162,029	5,435,754
Equity in land, buildings, and equipment	15,062,961	15,668,197
	\$ 21,110,321	\$ 19,177,666

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12. NET ASSETS, continued:

	September 30,	
	2020	2019
With donor restriction:		
Restricted for purpose or time:		
Specified purpose:		
Restricted for future ministry activities:		
Missionary equipment	\$ 862,038	\$ 1,097,591
Women's ministry	622,711	665,552
Children and youth ministry	306,897	423,239
HIV/AIDS and health issues ministry	106,487	142,555
Leadership and communicators ministry	761,210	784,071
Extending the Reach	3,013,692	3,919,147
Other	2,286,914	1,926,522
	7,959,949	8,958,677
Life income:		
Charitable remainder trusts (Note 11)	920,708	1,309,803
Other	-	13,119
	920,708	1,322,922
Restricted in perpetuity:		
Perpetual trust and endowment	4,756,918	4,465,726
	\$ 13,637,575	\$ 14,747,325

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13. EXPENSES BY BOTH NATURE AND FUNCTION:

The combined financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of TWR. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include depreciation, payroll, facilities, operations and other expenses. Depreciation is allocated based on square footage and the programmatic purpose of the asset being depreciated. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

Functional expenses by natural classification for the year ended September 30, 2020:

	Program	Management and General	Fundraising	Total Expenses
Payroll and personnel	\$ 14,145,021	\$ 1,434,584	\$ 1,594,729	\$ 17,174,334
Purchased airtime	5,318,153	-	-	5,318,153
Ministry grants and national partner development	5,034,319	36,422	18,564	5,089,305
General office	1,931,260	167,344	305,466	2,404,070
Broadcast operations	1,401,335	130	27,307	1,428,772
Travel	527,228	61,784	101,603	690,615
Depreciation	1,020,120	68,906	98,438	1,187,464
Fund development	81,858	-	1,035,133	1,116,991
Program production	636,704	2,092	7,882	646,678
Insurance	189,805	334,223	850	524,878
Consulting fees	239,291	106,606	56,520	402,417
Meetings	106,776	1,975	3,295	112,046
Finance	304,541	47,903	2,259	354,703
Missionary ministry funds	231,302	-	36,239	267,541
	<u>\$ 31,167,713</u>	<u>\$ 2,261,969</u>	<u>\$ 3,288,285</u>	<u>\$ 36,717,967</u>

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13. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification for the year ended September 30, 2019:

	Program	Management and General	Fundraising	Total Expenses
Payroll and personnel	\$ 14,035,864	\$ 1,389,798	\$ 1,612,364	\$ 17,038,026
Purchased airtime	5,729,893	-	-	5,729,893
Ministry grants and national partner development	5,476,947	1,675	8,396	5,487,018
General office	2,217,215	181,705	76,048	2,474,968
Broadcast operations	1,697,060	218	16,324	1,713,602
Travel	990,601	119,670	168,846	1,279,117
Depreciation	1,060,802	69,377	101,397	1,231,576
Fund development	159,972	940	744,324	905,236
Program production	551,230	995	5,105	557,330
Insurance	174,141	311,951	913	487,005
Consulting fees	222,208	130,409	52,133	404,750
Meetings	121,076	4,522	6,624	132,222
Finance	323,881	33,213	2,282	359,376
Missionary ministry funds	200,723	-	49,157	249,880
	<u>\$ 32,961,613</u>	<u>\$ 2,244,473</u>	<u>\$ 2,843,913</u>	<u>\$ 38,049,999</u>

14. COMMITMENTS:

LEASE AGREEMENTS

TWR maintains operating lease contracts for the use of missionary housing, office facilities, and property. Although the specific terms of these agreements vary, all are treated as operating leases, most contain renewal options ranging from one to five years, and some carry escalation provisions which are generally tied to the cost of living in the related field. TWR is obligated under capital leases for computer equipment and other equipment that expire at various dates through 2023. At September 30, 2020, the carrying value of the related equipment and the accumulated amortization recorded for the assets acquired via capital leases were:

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14. COMMITMENTS, continued:

LEASE AGREEMENTS, continued:

Equipment	\$	10,725
Less accumulated amortization		<u>(4,862)</u>
		<u>\$ 5,863</u>

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease obligation payments as of September 30, 2020, are as follows:

<u>Years Ending September 30,</u>	<u>Capital leases</u>	<u>Operating leases</u>
2021	\$ 2,905	\$ 95,136
2022	2,905	56,732
2023	485	27,424
2024	-	19,124
2025	-	<u>17,207</u>
	6,295	<u>\$ 215,623</u>
Less amount representing interest	<u>(814)</u>	
Present value of net minimum capital lease payments	5,481	
Less current installments of obligations under capital leases	<u>(2,345)</u>	
Obligations under capital leases, excluding current installments	<u>\$ 3,136</u>	

Rental expenses pertaining to the agreements noted above were \$93,863 and \$111,752 for the years ended September 30, 2020 and 2019, respectively.

AIRTIME COMMITMENTS

In addition to their own transmitting facilities, TWR has entered into contracts with various foreign corporations to purchase airtime in order to air international gospel programs. The agreements specify minimum levels of time usage at various rates and are subject to periodic review by the foreign corporations.

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15. EMPLOYEE BENEFIT OBLIGATIONS:

DEFINED CONTRIBUTION PLAN

Effective in 2009, TWR established a new 401(k) plan (the Plan) for U.S. staff and missionaries. TWR provides a 50% match for U.S. based employees contributing up to 6% of their base salary. For U.S. missionaries serving outside the U.S., TWR contributes 9% of the missionaries' U.S. base pay rate. U.S. missionaries and staff may make additional voluntary contributions which are not matched by TWR.

TWR contributed \$261,200 and \$259,691 in matching contributions to the Plan for the years ended September 30, 2020 and 2019, respectively. Employee contributions vest at time of payment into the Plan. TWR's contributions become fully vested after three years of service. All employees may start contributions from the date of employment. TWR begins matching U.S. staff contributions after the employee has one year of service.

AD HOC RETIREMENT PLAN

In recognition of years of service prior to TWR implementing its 401(k) plan described above, TWR provides a supplemental pension allowance and certain other retiree welfare benefits, including medical and life insurance benefits, to qualifying U.S. employees which qualifies as a defined benefit plan. In 2007, the board froze the plan to any additional participants. For the years ended September 30, 2020 and 2019, 49 and 52 employees or surviving spouses, respectively, were receiving these benefits.

The ad hoc plan's current and future benefits are funded by undesignated net assets without donor restrictions of TWR (see Note 12). The following table sets forth the amounts recognized in the combined statements of financial position:

	Pension Benefits		Retiree Welfare Benefits	
	2020	2019	2020	2019
Change in benefit obligation:				
Benefit obligation, October 1	\$ 2,194,989	\$ 2,354,612	\$ 2,451,196	\$ 2,789,963
Interest cost	101,690	109,495	115,697	132,294
Actuarial gain/(loss)	(69,744)	64,357	83,969	(179,347)
Benefits paid	(326,358)	(333,475)	(277,904)	(291,714)
Benefit obligation, September 30	<u>\$ 1,900,577</u>	<u>\$ 2,194,989</u>	<u>\$ 2,372,958</u>	<u>\$ 2,451,196</u>

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15. EMPLOYEE BENEFIT OBLIGATIONS, continued:

AD HOC RETIREMENT PLAN, continued

Components of net periodic benefit costs for the years ended September 30, 2020 and 2019, are as follows:

	Pension Benefits		Retiree Welfare Benefits	
	2020	2019	2020	2019
Components of Net Periodic Benefit Cost:				
Interest cost	\$ 101,690	\$ 109,495	\$ 115,697	\$ 132,294
Amortization of unrecognized prior service cost	-	-	-	-
Amortization of unrecognized net gain	118,660	125,050	(36,557)	(7,113)
Net periodic pension cost	\$ 220,350	\$ 234,545	\$ 79,140	\$ 125,181

Weighted-average assumptions and method disclosures as of September 30, 2020 and 2019, include:

	Pension Benefits		Retiree Welfare Benefits	
	2020	2019	2020	2019
Discount rate	5.00%	5.00%	5.00%	5.00%
Average life expectancy of participants	10 years	10 years	10 years	10 years

Furthermore, for purposes of calculating the benefit obligation for the post-retirement other benefit component, TWR assumed an initial 10% health care cost trend for participants for the years ended September 30, 2020 and 2019.

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15. EMPLOYEE BENEFIT OBLIGATIONS, continued:

AD HOC RETIREMENT PLAN, continued

Based upon participants involved, TWR's expected contribution is as follows and accordingly classified on the combined statements of financial position:

	September 30,	
	2020	2019
Employee benefit obligation (including pension and retiree welfare benefits)	\$ 4,273,535	\$ 4,646,185
Less current portion	(558,037)	(604,262)
Employee benefit obligation—net of current portion	\$ 3,715,498	\$ 4,041,923

Estimated Future Benefit Payments—The following benefit payments, which reflect expected future service as appropriate, are expected to be paid:

Years Ending September 30,	Pension Benefits	Retiree Welfare Benefits
2021	\$ 278,522	\$ 279,515
2022	261,707	274,495
2023	243,861	267,329
2024	225,301	258,077
2025	206,286	246,941
Thereafter	684,900	1,046,601
	\$ 1,900,577	\$ 2,372,958

16. CONCENTRATIONS:

Three broadcasters represent approximately 60% of total broadcast revenue for both years ended September 30, 2020 and 2019. TWR's operations and program activities could be impacted if these relationships were to be terminated and could not be replaced by new ones with comparable amounts.

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17. RELATED PARTY TRANSACTIONS:

Income provided by affiliated organizations (as described in Note 1) approximated \$2,368,000 and \$2,968,000 plus approximately \$1,139,000 and \$826,000 in contributed services for the years ended September 30, 2020 and 2019, respectively.

Grants to affiliated organizations and payments for services rendered and for other development costs totaled \$5,099,784 and \$5,487,018 for the years ended September 30, 2020 and 2019, respectively.

18. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. TWR uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, TWR measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying combined statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020:

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18. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2020			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments:				
Certificates of deposit	\$ 10,047	\$ -	\$ 10,047	\$ -
Equity securities:				
International	202,290	202,290	-	-
Bond	147,267	147,267	-	-
Large cap	2,402,657	2,402,657	-	-
Mid cap	587,498	587,498	-	-
Small cap	119,651	119,651	-	-
REITs	109,068	109,068	-	-
Other	211,745	211,745	-	-
Fixed income securities:				
Bond	1,693,867	1,693,867	-	-
Mortgage-backed securities:				
Intermediate bond	55,679	55,679	-	-
Long bond	554,414	554,414	-	-
Mutual funds:				
International	1,293,439	1,293,439	-	-
Intermediate bond	498,504	498,504	-	-
Small cap	561,883	561,883	-	-
REITs	28,537	28,537	-	-
Other	61,595	61,595	-	-
	<u>\$ 8,538,141</u>	<u>\$ 8,528,094</u>	<u>\$ 10,047</u>	<u>\$ -</u>

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18. FAIR VALUE MEASUREMENTS, continued:

	Total	September 30, 2020		
		Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Trust assets:				
Cash and cash equivalents	\$ 251,155	\$ 251,155	\$ -	\$ -
Equity securities:				
Bond	69,383	69,383	-	-
Large cap	937,060	937,060	-	-
Small cap	2,090	2,090	-	-
Other	8,869	8,869	-	-
Mutual funds:				
International	612,949	612,949	-	-
High yield	41,482	41,482	-	-
Intermediate bond	1,021,874	1,021,874	-	-
Small cap	230,368	230,368	-	-
REITs	177,671	177,671	-	-
	<u>\$ 3,352,901</u>	<u>\$ 3,352,901</u>	<u>\$ -</u>	<u>\$ -</u>

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18. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2020			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Assets held in perpetual trust and endowment assets:				
Cash and cash equivalents	\$ 139,765	\$ 16,091	\$ -	\$ 123,674
Corporate stock	108,440	108,440	-	-
Equity securities:				
US large cap	1,126,473	-	-	1,126,473
US mid cap	701,480	-	-	701,480
US small cap	329,049	-	-	329,049
International developed	766,711	-	-	766,711
Emerging markets	189,873	-	-	189,873
Mutual funds:				
Large cap	57,728	57,728	-	-
Small cap	21,458	21,458	-	-
International	46,873	46,873	-	-
REIT	15,889	15,889	-	-
Bond	45,646	45,646	-	-
Fixed income bonds:				
Investment grade taxable	281,180	-	-	281,180
International developed	90,212	-	-	90,212
Global high yield taxable	41,481	-	-	41,481
Other:				
Hedge funds	535,372	-	-	535,372
Private equity fund	121,662	-	-	121,662
Commodities	137,626	-	-	137,626
	<u>\$ 4,756,918</u>	<u>\$ 312,125</u>	<u>\$ -</u>	<u>\$ 4,444,793</u>

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Notes to Combined Financial Statements

September 30, 2020 and 2019

18. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2019			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments:				
Certificates of deposit	\$ 10,048	\$ -	\$ 10,048	\$ -
Equity securities:				
International	230,035	230,035	-	-
Bond	171,421	171,421	-	-
Large cap	2,163,417	2,163,417	-	-
Mid cap	508,141	508,141	-	-
Small cap	227,315	227,315	-	-
REITs	93,913	93,913	-	-
Other	167,611	167,611	-	-
Fixed income securities:				
Bond	1,866,237	1,866,237	-	-
Mortgage-backed securities:				
Intermediate bond	69,822	69,822	-	-
Long bond	698,172	698,172	-	-
Mutual funds:				
International	1,286,129	1,286,129	-	-
Intermediate bond	365,702	365,702	-	-
Small cap	608,539	608,539	-	-
REITs	19,439	19,439	-	-
Other	86,762	86,762	-	-
Precious metals	38,486	38,486	-	-
	<u>\$ 8,611,189</u>	<u>\$ 8,601,141</u>	<u>\$ 10,048</u>	<u>\$ -</u>

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18. FAIR VALUE MEASUREMENTS, continued:

	Total	September 30, 2019		
		Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Trust assets:				
Cash and cash equivalents	\$ 316,009	\$ 316,009	\$ -	\$ -
Equity securities:				
Bond	803,721	803,721	-	-
Large cap	1,021,295	1,021,295	-	-
Small cap	2,308	2,308	-	-
Other	11,878	11,878	-	-
Mutual funds:				
International	696,792	696,792	-	-
High yield	42,864	42,864	-	-
Intermediate bond	517,519	517,519	-	-
Small cap	283,565	283,565	-	-
REITs	237,970	237,970	-	-
	<u>\$ 3,933,921</u>	<u>\$ 3,933,921</u>	<u>\$ -</u>	<u>\$ -</u>

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September 30, 2020 and 2019

18. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2019			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Assets held in perpetual trust and endowment assets:				
Cash and cash equivalents	\$ 263,069	\$ -	\$ -	\$ 263,069
Corporate stock	123,540	123,540	-	-
Equity securities:				
US large cap	1,056,628	-	-	1,056,628
US mid cap	672,651	-	-	672,651
US small cap	331,571	-	-	331,571
International developed	502,050	-	-	502,050
Emerging markets	190,218	-	-	190,218
Fixed income bonds:				
Investment grade taxable	459,102	-	-	459,102
Global high yield taxable	43,034	-	-	43,034
Other:				
Hedge funds	552,472	-	-	552,472
Private equity fund	151,329	-	-	151,329
Commodities	120,062	-	-	120,062
	<u>\$ 4,465,726</u>	<u>\$ 123,540</u>	<u>\$ -</u>	<u>\$ 4,342,186</u>

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Notes to Combined Financial Statements

September 30, 2020 and 2019

18. FAIR VALUE MEASUREMENTS, continued:

The following tables provide further details of the Level 3 fair value measurements for beneficial interest in trusts held by others:

	September 30,	
	2020	2019
Beginning balance	\$ 4,342,186	\$ 4,471,699
Contributions of beneficial interests	-	-
Distributions of beneficial interests	-	-
Change in value of beneficial interest in trusts held by others	102,607	(129,513)
Ending balance	<u>\$ 4,444,793</u>	<u>\$ 4,342,186</u>

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying combined statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Level 1 Fair Value Measurements

The fair values of cash and cash equivalents, corporate stock, equity securities, fixed income securities, mortgage-backed securities, and mutual funds are based on quoted market prices, when available.

Level 2 Fair Value Measurements

The fair values of the cash and cash equivalents, equity securities, mutual funds, and certificates of deposit are based on observable inputs other than the quoted prices included in Level 1 and thus are based on yields for securities of comparable maturity, quality, and type as obtained from market makers. The fair values of fixed income securities and mortgage-backed securities are based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of precious metals is estimated by reference to market values for similar securities. Currency exchange contract liability is the estimated amount that TWR would owe the financial institution if it terminated the contracts at the reporting date.

Level 3 Fair Value Measurements

The fair value of beneficial interest in perpetual trusts held by others is based on the value of TWR's proportional share of the overall assets held by the other organizations.

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Notes to Combined Financial Statements

September 30, 2020 and 2019

19. RISKS AND UNCERTAINTIES:

In December 2019, a novel strain of coronavirus was reported in Asia, which escalated into a global pandemic in a matter of months. The COVID-19 outbreak has cost more than 2.5 million lives to date, and disrupted economies, industries and charities all around the world.

As part of the uncertainties related to COVID-19, TWR received a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This loan covered TWR US payroll costs for several months, aiding TWR to take actions to preserve jobs and maintain the global media ministry. Furthermore, through the sacrificial giving of concerned supporters, TWR was able to expand our programming to meet Covid-related fears and concerns worldwide. At a time when the world was shutting down, God was enabling TWR to minister to hurting people wherever Covid was present.

In January 2021, TWR was informed by the SBA that our loan had been forgiven and will not need to be repaid. As a result, the outstanding debt of \$1,584,200 reflected in the accompany statement of financial position at September 30, 2020 was relieved and reflected as support without donor restrictions during the year ending September 30, 2021.

20. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 23, 2021, which represents the date the combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.