



Speaking Hope to the World®

TRANS WORLD RADIO and  
TRANS WORLD RADIO PACIFIC

Combined Financial Statements  
With Independent Auditors' Report

September 30, 2021 and 2020

**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, 2021 and 2020, 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, 2021 and 2020, 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 28, 2022

**TRANS WORLD RADIO  
AND  
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**Combined Statements of Financial Position**

	September 30,	
	2021	2020
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 18,464,893	\$ 13,707,923
Receivables–net (Note 4)	2,000,013	3,068,227
Prepaid expenses and other current assets (Note 5)	1,133,669	1,181,397
Investments (Note 6)	10,485,260	8,538,141
	32,083,835	26,495,688
Long-term investments and other assets (Note 7)	733,430	943,362
Trust assets (Note 11)	3,707,201	3,352,901
Land, buildings, and equipment, at cost–net (Note 8)	15,092,651	15,068,367
Perpetual trust held by others and endowment (Note 2)	5,702,652	4,756,918
	\$ 57,319,769	\$ 50,617,236
Total Assets	\$ 57,319,769	\$ 50,617,236
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Current liabilities:		
Trade payables	\$ 1,890,979	\$ 1,595,429
Accrued expenses	1,118,727	1,049,378
Current portion of:		
Notes payable (Note 9)	27,661	1,611,546
Annuities payable (Note 10)	805,178	805,946
Trust obligations (Note 11)	207,282	203,768
Employee benefit obligations (Note 15)	554,713	558,037
Deferred revenue	139,648	275,169
	4,744,188	6,099,273
Long-term liabilities:		
Notes payable (Note 9)	400	3,060
Annuities payable (Note 10)	3,847,744	3,823,084
Trust obligations (Note 11)	2,476,120	2,228,425
Employee benefit obligations (Note 15)	3,434,214	3,715,498
Total liabilities	14,502,666	15,869,340

(continued)

See notes to combined financial statements

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

	September 30,	
	2021	2020
LIABILITIES AND NET ASSETS, continued:		
Net assets (Note 12):		
Without donor restrictions:		
Undesignated	7,704,795	885,331
Designated	5,253,704	5,162,029
Equity in land, buildings, and equipment	15,089,590	15,062,961
	28,048,089	21,110,321
With donor restrictions:		
Restricted for purpose or time:		
Specified purpose	8,042,563	7,959,949
Life income	1,023,799	920,708
Restricted in perpetuity:		
Perpetual trust and endowment	5,702,652	4,756,918
	14,769,014	13,637,575
Total net assets	42,817,103	34,747,896
Total Liabilities and Net Assets	\$ 57,319,769	\$ 50,617,236

See notes to combined financial statements

**TRANS WORLD RADIO  
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**Combined Statements of Activities**

	Year Ended September 30,							
	2021				2020			
	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
<b>SUPPORT AND REVENUE:</b>								
Support:								
Missionary support	\$ 5,479,845	\$ 1,377,319	\$ -	\$ 6,857,164	\$ 5,246,142	\$ 995,112	\$ -	\$ 6,241,254
General	5,657,375	8,610,794	-	14,268,169	5,275,513	5,111,132	200,000	10,586,645
Legacies and bequests	1,383,730	-	-	1,383,730	1,080,528	-	-	1,080,528
Contributed services	1,969,791	-	-	1,969,791	1,425,347	-	-	1,425,347
Gift portion of new split interest agreements	687,727	-	-	687,727	346,451	-	-	346,451
	<u>15,178,468</u>	<u>9,988,113</u>	<u>-</u>	<u>25,166,581</u>	<u>13,373,981</u>	<u>6,106,244</u>	<u>200,000</u>	<u>19,680,225</u>
Revenue:								
Media services	15,907,716	-	-	15,907,716	16,215,718	-	-	16,215,718
Investments (Note 6)	452,910	914	945,734	1,399,558	337,292	867	91,192	429,351
Change in value of split interest agreements (Note 11)	1,392,670	132,701	-	1,525,371	78,086	99,547	-	177,633
Other	2,243,202	-	-	2,243,202	956,091	-	-	956,091
	<u>19,996,498</u>	<u>133,615</u>	<u>945,734</u>	<u>21,075,847</u>	<u>17,587,187</u>	<u>100,414</u>	<u>91,192</u>	<u>17,778,793</u>
Total Support and Revenue	<u>35,174,966</u>	<u>10,121,728</u>	<u>945,734</u>	<u>46,242,428</u>	<u>30,961,168</u>	<u>6,206,658</u>	<u>291,192</u>	<u>37,459,018</u>
<b>RECLASSIFICATIONS:</b>								
Net assets released from restriction:								
Satisfaction of purpose restrictions	9,936,023	(9,936,023)	-	-	7,607,600	(7,607,600)	-	-

(continued)

See notes to combined financial statements

**TRANS WORLD RADIO  
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**Combined Statements of Activities**

(continued)

	Year Ended September 30,							
	2021				2020			
	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
EXPENSES:								
Program services:								
Media services	30,531,953	-	-	30,531,953	29,574,404	-	-	29,574,404
Missions awareness	2,052,655	-	-	2,052,655	1,593,309	-	-	1,593,309
	<u>32,584,608</u>	<u>-</u>	<u>-</u>	<u>32,584,608</u>	<u>31,167,713</u>	<u>-</u>	<u>-</u>	<u>31,167,713</u>
Supporting activities:								
Management and general	2,311,870	-	-	2,311,870	2,261,969	-	-	2,261,969
Fundraising	3,490,933	-	-	3,490,933	3,288,285	-	-	3,288,285
	<u>5,802,803</u>	<u>-</u>	<u>-</u>	<u>5,802,803</u>	<u>5,550,254</u>	<u>-</u>	<u>-</u>	<u>5,550,254</u>
Total Expenses	<u>38,387,411</u>	<u>-</u>	<u>-</u>	<u>38,387,411</u>	<u>36,717,967</u>	<u>-</u>	<u>-</u>	<u>36,717,967</u>
Change in Net Assets								
before Translation Adjustment	6,723,578	185,705	945,734	7,855,017	1,850,801	(1,400,942)	291,192	741,051
Translation Adjustment	214,190	-	-	214,190	81,854	-	-	81,854
Change in Net Assets	6,937,768	185,705	945,734	8,069,207	1,932,655	(1,400,942)	291,192	822,905
Net Assets, Beginning of Year	21,110,321	8,880,657	4,756,918	34,747,896	19,177,666	10,281,599	4,465,726	33,924,991
Net Assets, End of Year	<u>\$ 28,048,089</u>	<u>\$ 9,066,362</u>	<u>\$ 5,702,652</u>	<u>\$ 42,817,103</u>	<u>\$ 21,110,321</u>	<u>\$ 8,880,657</u>	<u>\$ 4,756,918</u>	<u>\$ 34,747,896</u>

See notes to combined financial statements



**TRANS WORLD RADIO  
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**Combined Statements of Cash Flows**

	Year Ended September 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 8,069,207	\$ 822,905
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,223,330	1,187,464
Unrealized/realized gain on investments	(945,734)	(291,192)
Gain on sale of land, buildings, and equipment	(201,697)	(439,852)
Change in value of charitable trusts	(132,701)	(99,547)
Gain on extinguishment of debt	(1,584,200)	-
Actuarial change in charitable gift annuities	(236,763)	(223,486)
Maturities of charitable gift annuities	(520,450)	(771,360)
Payments on charitable gift annuities	665,142	695,347
Changes in operating assets and liabilities:		
Receivables	1,068,214	1,498,878
Prepaid expenses and other current assets	47,728	(14,498)
Trade payables	295,550	91,660
Accrued expenses	69,349	(5,270)
Deferred revenue	(135,521)	239,118
Employee benefit obligations	(284,608)	(373,014)
Net Cash Provided by Operating Activities	7,396,846	2,317,153
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of land, buildings, and equipment	(685,447)	(603,740)
Change in long-term investments and other assets	209,932	217,814
Proceeds from sale of land, buildings, and equipment	10,472	464,930
Change in land, buildings, and equipment due to currency translation	(370,942)	13,107
Proceeds from sale of investments	3,760,273	4,787,484
Acquisitions of investments	(6,032,084)	(3,644,773)
Net Cash Provided (Used) by Investing Activities	(3,107,796)	1,234,822

(continued)

See notes to combined financial statements

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

	Year Ended September 30,	
	2021	2020
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments of notes payable	(2,345)	(16,673)
Proceeds from note payable	-	1,584,200
Proceeds from new annuities and trusts	1,512,712	941,100
Gift portion of new charitable gift annuities	(687,727)	(346,451)
Payments on annuities and trusts	(872,299)	(904,985)
Investment income from charitable trusts	517,579	117,260
Net Cash Provided by Financing Activities	467,920	1,374,451
Net Change in Cash and Cash Equivalents	4,756,970	4,926,426
Cash and Cash Equivalents, Beginning of Year	13,707,923	8,781,497
Cash and Cash Equivalents, End of Year	\$ 18,464,893	\$ 13,707,923
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Cash paid for interest	\$ 1,049	\$ 1,367

See notes to combined financial statements

**TRANS WORLD RADIO  
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**Notes to Combined Financial Statements**

September 30, 2021 and 2020

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 reach the world for Christ by mass media so that lasting fruit is produced. 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*—At TWR, we engage millions of people in 190 countries in more than 300 languages and dialects. The ministry encompasses a global network of partnerships, high-powered radio broadcasts, online streaming, portable media devices, satellite delivery, printed publications, and various digital platforms.

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

In its endeavor to fulfill its religious, educational, and evangelistic objectives, TWR works with thousands of churches and hundreds of cooperating media ministries. 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 media ministries.

Incorporation:

	<u>Trans World Radio</u>	<u>Trans World Radio Pacific</u>
State:	New Jersey	North Carolina
Date:	February 16, 1960	May 2, 1952

Location of International Headquarters:

300 Gregson Drive  
Cary, North Carolina 27511

**TRANS WORLD RADIO  
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**Notes to Combined Financial Statements**

September 30, 2021 and 2020

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.

**NET ASSETS**

The combined financial statements report amounts 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.

**TRANS WORLD RADIO  
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**Notes to Combined Financial Statements**

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2021 and 2020, was \$5,334,179 and \$4,444,973, respectively. The endowment consists of common stock with a fair market value as of September 30, 2021 and 2020, of \$368,473 and \$312,125, 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, 2021 and 2020, TWR's cash balances exceeded federally insured limits by \$14,379,844 and \$9,594,901, 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**

September 30, 2021 and 2020

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 \$5,000 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 in the accompanying combined statements of activities. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to 30 years.

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 gain (loss) of \$370,942 and \$(13,107) for the years ended September 30, 2021 and 2020, respectively, to land, buildings, and equipment with functional currencies that differ from the reporting currency.

**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 earned of \$220,230 and \$154,287 received during the years ended September 30, 2021 and 2020, 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, 2021 and 2020

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 \$1,324,373 and \$1,116,991 for the years ended September 30, 2021 and 2020, 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 \$4,316,976 and \$3,758,351 for the years ended September 30, 2021 and 2020, respectively. Of those costs, \$2,232,206 and \$1,872,456 were allocated to program services, \$15,963 and \$16,981 were allocated to management and general, and \$2,068,807 and \$1,868,914 were allocated to fundraising for the years ended September 30, 2021 and 2020, 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, 2021, TWR has varying monthly commitment amounts through June 2023 for notional amounts approximating \$1,044,749 for the African Rand, \$1,184,425 for the Singapore Dollar, and \$1,292,552 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, 2021 and 2020, contributed services meeting the criteria for recognition in the combined financial statements totaled \$1,969,791 and \$1,425,347, 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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**Notes to Combined Financial Statements**

September 30, 2021 and 2020

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, 2021 and 2020, current assets in other countries, including cash, securities, receivables, prepaid expenses, and inventories, totaled \$3,368,504 and \$3,217,003, respectively; noncurrent assets, other than land, buildings, and equipment, were \$645,747 and \$866,341, respectively; land, buildings, and equipment, at cost-net amounted to \$7,654,497 and \$7,595,890, respectively; and liabilities in other countries were \$1,419,744 and \$1,365,912, respectively. Total overseas support and revenue received from foreign sources amounted to \$7,699,761 and \$6,493,110 for the years ended September 30, 2021 and 2020, respectively. Account balances relating to foreign operations are reflected in the combined financial statements in United States dollars.

**RECENTLY ISSUED ACCOUNTING STANDARDS**

During 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Changes to the Disclosure Requirements for Fair Value Measurement*. TWR adopted the provisions of this new standard during the year ended September 30, 2021. The new standard is designed to simplify the disclosures related to fair value measurements. Adoption of this standard had no effect on change in net assets or net assets in total.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects TWR's financial assets as of September 30, 2021 and 2020, 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.

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3. LIQUIDITY AND FUNDS AVAILABLE, continued:

	September 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 18,464,893	\$ 13,707,923
Receivables–net	2,000,013	3,068,227
Investments	10,485,260	8,538,141
Trust assets	3,707,201	3,352,901
Perpetual trust held by others and endowment	5,702,652	4,756,918
Financial assets, at year-end	40,360,019	33,424,110
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	(5,702,652)	(4,756,918)
Life income net assets	(1,023,799)	(920,708)
Board designated for various purposes	(1,537,171)	(1,878,197)
Minimum state required annuity reserves	(3,716,533)	(3,283,832)
	(11,980,155)	(10,839,655)
Financial assets available to meet cash needs for general expenditures within one year	\$ 28,379,864	\$ 22,584,455

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. Board designated reserves can be released upon resolution of the board and used for general expenditures. Prepaid expenses on the combined statements of financial position will reduce cash needed for general expenditures in the subsequent year. At September 30, 2021, TWR has \$8,042,563, 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.

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.

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3. LIQUIDITY AND FUNDS AVAILABLE, continued:

TWR maintains a line of credit at a North Carolina financial institution. As of September 30, 2021, 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% as of both September 30, 2021 and 2020). As of September 30, 2021 and 2020, TWR had no outstanding borrowings against this line of credit.

4. RECEIVABLES–NET:

Receivables–net consist of:

	September 30,	
	2021	2020
Broadcasters–net of allowance for uncollectible accounts of \$150,000 for both September 30, 2021 and 2020	\$ 1,361,219	\$ 1,557,585
Advances to employees	123,623	132,637
Due from suppliers/affiliates	515,171	1,378,005
	\$ 2,000,013	\$ 3,068,227

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

Prepaid expenses and other current assets consist of:

	September 30,	
	2021	2020
Spare parts inventory	\$ 669,064	\$ 644,824
Rents and deposits	74,990	71,720
Other prepaids	389,615	464,853
	\$ 1,133,669	\$ 1,181,397

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6. INVESTMENTS:

Investments, at fair value consist of:

	September 30,	
	2021	2020
Operating and specified purpose:		
Equity securities	\$ 10,510	\$ 4,694
Certificates of deposit	-	10,047
Mutual funds	2,612,929	1,376,034
	2,623,439	1,390,775
Life income:		
Equity securities	4,289,740	3,775,482
Fixed income securities	1,948,900	1,693,867
Mortgage-backed securities	723,200	610,093
Mutual funds	899,981	1,067,924
	7,861,821	7,147,366
	\$ 10,485,260	\$ 8,538,141

7. LONG-TERM INVESTMENTS AND OTHER ASSETS:

Long-term investments and other assets consist of:

	September 30,	
	2021	2020
Cash surrender value of life insurance	\$ 27,277	\$ 25,749
Currency exchange contract asset	-	51,272
Prepayment of airtime	60,406	-
Broadcasting facility development costs—net of amortization of \$1,161,492 and \$940,898, respectively	645,747	866,341
	\$ 733,430	\$ 943,362

Broadcasting facility 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.

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

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

	September 30,			September 30,
	2021			2020
	United States	Other Countries	Total	Total
Land	\$ 1,230,407	\$ 808,292	\$ 2,038,699	\$ 1,874,621
Buildings	8,155,355	4,186,131	12,341,486	12,131,728
Transmitting, generating, and testing equipment	3,490,915	7,517,749	11,008,664	10,764,489
Furniture and equipment	5,280,752	1,436,403	6,717,155	6,842,710
	18,157,429	13,948,575	32,106,004	31,613,548
Less accumulated depreciation	(11,218,399)	(6,636,263)	(17,854,662)	(16,915,720)
	6,939,030	7,312,312	14,251,342	14,697,828
Construction in progress	499,124	342,185	841,309	370,539
Net book value of land, buildings, and equipment	7,438,154	7,654,497	15,092,651	15,068,367
Less related capital lease obligations and note payable	(3,061)	-	(3,061)	(5,406)
Equity in land, buildings, and equipment	\$ 7,435,093	\$ 7,654,497	\$ 15,089,590	\$ 15,062,961

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9. NOTES PAYABLE:

Notes payable consist of:

	September 30,	
	2021	2020
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)—forgiven during the year ended September 30, 2021 (see Note 19).	-	1,584,200
Capitalized lease obligations (see Note 14)	3,061	5,406
	28,061	1,614,606
Less current portion	(27,661)	(1,611,546)
	\$ 400	\$ 3,060
Long-term portion of notes payable	\$ 400	\$ 3,060

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.

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10. ANNUITIES PAYABLE, continued:

Annuities payable consist of:

	September 30,	
	2021	2020
Computed present value	\$ 4,652,922	\$ 4,629,030
Less current portion	(805,178)	(805,946)
	\$ 3,847,744	\$ 3,823,084

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,	
	2021	2020
Trust assets—at fair value:		
Cash and cash equivalents	\$ 85,403	\$ 251,155
Equity securities	1,100,996	1,017,402
Mutual funds	2,520,802	2,084,344
	<u>\$ 3,707,201</u>	<u>\$ 3,352,901</u>
Trust obligations and net assets:		
Trust obligations:		
Current portion of irrevocable trusts	\$ 207,282	\$ 203,768
Irrevocable trusts, net of current portion	2,476,120	2,228,425
	<u>2,683,402</u>	<u>2,432,193</u>
Trust net assets	<u>1,023,799</u>	<u>920,708</u>
	<u>\$ 3,707,201</u>	<u>\$ 3,352,901</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,	
	2021	2020
Investment income—interest and dividends	\$ 339,212	\$ 422,367
Realized and unrealized gains	1,734,054	103,649
Actuarial adjustments	476,396	698,127
Advisory fees and other expenses	(151,992)	(141,525)
Payments to income beneficiaries	(872,299)	(904,985)
	<u>\$ 1,525,371</u>	<u>\$ 177,633</u>



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12. NET ASSETS:

Net assets consist of:

	September 30,	
	2021	2020
Without donor restrictions:		
Undesignated:		
Available for ministry purposes	\$ 11,693,722	\$ 5,158,866
Unfunded employee benefit obligations (Note 15)	(3,988,927)	(4,273,535)
	7,704,795	885,331
Designated:		
Board designated for various purposes	1,537,171	1,878,197
Minimum state required annuity reserves	3,716,533	3,283,832
	5,253,704	5,162,029
Equity in land, buildings, and equipment	15,089,590	15,062,961
	\$ 28,048,089	\$ 21,110,321

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12. NET ASSETS, continued:

	September 30,	
	2021	2020
With donor restrictions:		
Restricted for purpose or time:		
Specified purpose:		
Restricted for future ministry activities:		
Missionary equipment	\$ 855,220	\$ 862,038
Women's ministry	661,209	622,711
Children and youth ministry	312,590	306,897
HIV/AIDS and health issues ministry	136,183	106,487
Leadership and communicators ministry	718,741	761,210
Extending the Reach	2,969,798	3,013,692
Other	2,388,822	2,286,914
	8,042,563	7,959,949
Life income:		
Charitable remainder trusts (Note 11)	1,023,799	920,708
Restricted in perpetuity:		
Perpetual trust and endowment	5,702,652	4,756,918
	\$ 14,769,014	\$ 13,637,575

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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 programs 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, 2021:

	Program	Supporting Activities		Total Expenses
		Management and General	Fundraising	
Payroll and personnel	\$ 14,935,161	\$ 1,541,273	\$ 1,816,595	\$ 18,293,029
Purchased airtime	5,086,609	-	-	5,086,609
Ministry grants and national partner development	5,655,544	30,029	31,263	5,716,836
General office	2,260,766	167,364	292,558	2,720,688
Broadcast operations	1,422,197	500	23,142	1,445,839
Travel	231,743	16,806	70,394	318,943
Depreciation	1,087,518	51,515	84,297	1,223,330
Fund development	215,441	-	1,108,932	1,324,373
Program production	899,838	1,477	8,843	910,158
Insurance	196,851	342,205	677	539,733
Consulting fees	225,661	112,363	13,015	351,039
Meetings	59,553	3,583	10,128	73,264
Finance	91,480	43,600	892	135,972
Missionary ministry funds	216,246	1,155	30,197	247,598
	<u>\$ 32,584,608</u>	<u>\$ 2,311,870</u>	<u>\$ 3,490,933</u>	<u>\$ 38,387,411</u>

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13. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

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

	Program	Supporting Activities		Total Expenses
		Management and General	Fundraising	
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>

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, 2021, 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>(6,578)</u>
	\$	<u>4,147</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, 2021, are as follows:

<u>Years Ending September 30,</u>	<u>Capital leases</u>	<u>Operating leases</u>
2022	\$ 2,905	\$ 112,738
2023	485	60,519
2024	-	20,409
2025	-	20,409
2026	-	<u>16,107</u>
	3,390	<u>\$ 230,182</u>
Less amount representing interest	<u>(329)</u>	
Present value of net minimum capital lease payments	3,061	
Less current installments of obligations under capital leases	<u>(2,661)</u>	
Obligations under capital leases, excluding current installments	<u>\$ 400</u>	

Rental expenses pertaining to the agreements noted above were \$163,638 and \$93,863 for the years ended September 30, 2021 and 2020, 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 \$256,821 and \$261,200 in matching contributions to the Plan for the years ended September 30, 2021 and 2020, 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.

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	
	2021	2020	2021	2020
Change in benefit obligation:				
Benefit obligation, October 1	\$ 1,900,577	\$ 2,194,989	\$ 2,372,958	\$ 2,451,196
Interest cost	87,104	101,690	63,171	115,697
Actuarial gain/(loss)	9,659	(69,744)	(54,339)	83,969
Benefits paid	(257,542)	(326,358)	(132,661)	(277,904)
Benefit obligation, September 30	<u>\$ 1,739,798</u>	<u>\$ 1,900,577</u>	<u>\$ 2,249,129</u>	<u>\$ 2,372,958</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, 2021 and 2020, are as follows:

	Pension Benefits		Retiree Welfare Benefits	
	2021	2020	2021	2020
Components of net periodic benefit cost:				
Interest cost	\$ 87,104	\$ 101,690	\$ 63,171	\$ 115,697
Amortization of unrecognized prior service cost	-	-	-	-
Amortization of unrecognized net gain	136,748	118,660	(15,082)	(36,557)
Net periodic pension cost	\$ 223,852	\$ 220,350	\$ 48,089	\$ 79,140

Weighted-average assumptions and method disclosures as of September 30, 2021 and 2020, include:

	Pension Benefits		Retiree Welfare Benefits	
	2021	2020	2021	2020
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, 2021 and 2020.

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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,	
	2021	2020
Employee benefit obligation (including pension and retiree welfare benefits)	\$ 3,988,927	\$ 4,273,535
Less current portion	(554,713)	(558,037)
Employee benefit obligation—net of current portion	\$ 3,434,214	\$ 3,715,498

*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
2022	\$ 277,723	\$ 276,990
2023	261,015	272,186
2024	243,300	265,289
2025	224,881	256,348
2026	206,006	245,529
Thereafter	526,873	932,787
	\$ 1,739,798	\$ 2,249,129

16. CONCENTRATIONS:

Three broadcasters represent approximately 60% of total broadcast revenue for both years ended September 30, 2021 and 2020. 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 \$2,897,000 and \$2,368,000 plus approximately \$1,478,000 and \$1,139,000 in contributed services for the years ended September 30, 2021 and 2020, respectively.

Grants to affiliated organizations and payments for services rendered and for other development costs totaled \$5,724,463 and \$5,099,784 for the years ended September 30, 2021 and 2020, 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, 2021:

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18. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2021			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Equity securities:				
International	\$ 228,009	\$ 228,009	\$ -	\$ -
Bond	447,664	447,664	-	-
Large cap	2,575,198	2,575,198	-	-
Mid cap	632,261	632,261	-	-
Small cap	204,401	204,401	-	-
REITs	182,291	182,291	-	-
Other	30,426	30,426	-	-
Fixed income securities:				
Bond	1,941,596	1,941,596	-	-
Municipal	7,304	-	7,304	-
Mortgage-backed securities:				
Intermediate bond	40,151	40,151	-	-
Long bond	683,049	683,049	-	-
Mutual funds:				
International	1,627,733	1,627,733	-	-
Intermediate bond	1,048,509	1,048,509	-	-
Small cap	789,550	789,550	-	-
REITs	37,136	37,136	-	-
Other	9,982	9,982	-	-
Total investments, at fair value	<u>\$ 10,485,260</u>	<u>\$ 10,477,956</u>	<u>\$ 7,304</u>	<u>\$ -</u>

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18. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2021			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Trust assets, at fair value:				
Cash and cash equivalents	\$ 85,403	\$ 85,403	\$ -	\$ -
Equity securities:				
Bond	120,864	120,864	-	-
Large cap	968,501	968,501	-	-
Small cap	1,749	1,749	-	-
Other	9,882	9,882	-	-
Mutual funds:				
International	696,675	696,675	-	-
High yield	44,767	44,767	-	-
Intermediate bond	1,266,467	1,266,467	-	-
Small cap	288,903	288,903	-	-
REITs	223,990	223,990	-	-
Total trust assets, at fair value	<u>\$ 3,707,201</u>	<u>\$ 3,707,201</u>	<u>\$ -</u>	<u>\$ -</u>

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18. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2021			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Assets held in perpetual trust and endowment assets, at fair value:				
Cash and cash equivalents	\$ 152,739	\$ 11,379	\$ -	\$ 141,360
Corporate stock	123,940	123,940	-	-
Equity securities:				
US large cap	1,337,951	-	-	1,337,951
US mid cap	736,047	-	-	736,047
US small cap	576,618	-	-	576,618
International developed	731,290	-	-	731,290
Emerging markets	390,804	-	-	390,804
Mutual funds:				
Large cap	68,959	68,959	-	-
Small cap	28,828	28,828	-	-
International	57,126	57,126	-	-
REIT	18,845	18,845	-	-
Bond	59,396	59,396	-	-
Fixed income bonds:				
Investment grade taxable	352,829	-	-	352,829
International developed	53,635	-	-	53,635
Global high yield taxable	52,004	-	-	52,004
Other:				
Hedge funds	651,145	-	-	651,145
Private equity fund	136,850	-	-	136,850
Commodities	173,646	-	-	173,646
Total assets held in perpetual trust and endowment assets, at fair value	<u>\$ 5,702,652</u>	<u>\$ 368,473</u>	<u>\$ -</u>	<u>\$ 5,334,179</u>

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**Notes to Combined Financial Statements**

September 30, 2021 and 2020

18. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2020			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
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	-	-
Total investments at fair value	<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:

	September 30, 2020			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Trust assets, at fair value:				
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	-	-
Total trust assets at fair value	<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, at fair value:				
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
Total assets held in perpetual trust and endowment assets, at fair value	<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, 2021 and 2020

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,	
	2021	2020
Beginning balance:	\$ 4,444,793	\$ 4,342,186
Contributions of beneficial interests	-	-
Distributions of beneficial interests	-	-
Change in value of beneficial interest in trusts held by others	889,386	102,607
Ending balance	\$ 5,334,179	\$ 4,444,793

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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September 30, 2021 and 2020

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 the loan had been forgiven and will not need to be repaid. As a result, the outstanding debt of \$1,584,200 reflected in the accompanying combined statement of financial position at September 30, 2020, was relieved and reflected as other income during the year ended September 30, 2021 in the accompanying combined statement of activities and as gain on extinguishment of debt in the accompanying statement of cash flows.

20. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 28, 2022, which represents the date the combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.