

**CARBONDALE COMMUNITY ACCESS RADIO**

**FINANCIAL STATEMENTS**

**December 31, 2011 and 2010**

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**JOHN CUTLER**  
& ASSOCIATES

Board of Directors  
Carbondale Community Access Radio  
Carbondale, Colorado

**Independent Auditors' Report**

We have audited the accompanying statement of financial position of Carbondale Community Access Radio as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Carbondale Community Access Radio's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carbondale Community Access Radio as of December 31, 2011 and 2010, and its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*John Cutler & Associates, LLC*

June 5, 2012

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF FINANCIAL POSITION

December 31, 2011 and 2010

<b>ASSETS</b>	<u>2011</u>	<u>2010</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 35,298	\$ 112,542
Accounts Receivable	8,432	18,495
Grants Receivable	<u>96,085</u>	<u>96,085</u>
Total Current Assets	<u>139,815</u>	<u>227,122</u>
<b>Property and Equipment,</b>		
Furniture and Equipment	449,587	224,915
Less: Accumulated Depreciation	<u>(202,696)</u>	<u>(198,836)</u>
Total Property and Equipment, Net	<u>246,891</u>	<u>26,079</u>
<b>Other Assets</b>		
Investments - Long Term	<u>280,777</u>	<u>274,637</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 667,483</u></u>	<u><u>\$ 527,838</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ -	\$ 5,582
Accrued Expenses	8,915	8,977
Deferred Revenue	3,508	-
Current Portion of Mortgage Payable	<u>7,750</u>	<u>-</u>
Total Current Liabilities	<u>20,173</u>	<u>14,559</u>
<b>Non Current Liabilities</b>		
Mortgage Payable	<u>117,250</u>	<u>-</u>
Total Liabilities	<u>137,423</u>	<u>14,559</u>
<b>NET ASSETS</b>		
Unrestricted	<u>530,060</u>	<u>513,279</u>
Total Net Assets	<u>530,060</u>	<u>513,279</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 667,483</u></u>	<u><u>\$ 527,838</u></u>

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

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Corporation for Public Broadcasting Grants	\$ 130,919	\$ 140,669
Underwriting	98,319	116,155
Membership Dues	122,400	126,911
Fundraising	37,201	28,505
Other Grants and Contributions	47,690	52,588
Unrealized Gain on Investments	4,244	10,679
Other Income	6,129	77
	<u>446,902</u>	<u>475,584</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>		
<b>EXPENSES</b>		
<b>Program Services</b>		
Programming and Production	193,107	192,675
Broadcasting and Engineering	25,428	27,264
	<u>218,535</u>	<u>219,939</u>
<b>Supporting Services</b>		
General and Administrative	118,302	135,870
Fundraising	30,202	53,246
Underwriting	63,082	68,791
	<u>211,586</u>	<u>257,907</u>
<b>TOTAL EXPENSES</b>	<u>430,121</u>	<u>477,846</u>
<b>CHANGE IN NET ASSETS</b>	16,781	(2,262)
<b>UNRESTRICTED NET ASSETS, Beginning</b>	<u>513,279</u>	<u>515,541</u>
<b>UNRESTRICTED NET ASSETS, Ending</b>	<u>\$ 530,060</u>	<u>\$ 513,279</u>

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

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 16,781	\$ (2,262)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	3,860	3,663
Unrealized Gain on Investments	(5,371)	-
Changes in Assets and Liabilities		
Accounts Receivable	10,063	8,543
Accounts Payable	(5,582)	4,004
Deferred Revenue	3,508	-
Accrued Expenses	(62)	(723)
	<u>23,197</u>	<u>13,225</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Property and Equipment	(224,672)	(3,944)
Loan Proceeds	125,000	-
	<u>(99,672)</u>	<u>(3,944)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(50,000)	(10,679)
Sale of Investments	44,459	-
Interest on Investments	4,772	-
	<u>(769)</u>	<u>(10,679)</u>
<b>NET DECREASE IN CASH</b>	(77,244)	(1,398)
<b>CASH, Beginning</b>	<u>112,542</u>	<u>113,940</u>
<b>CASH, Ending</b>	<u>\$ 35,298</u>	<u>\$ 112,542</u>

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

CARBONDALE COMMUNITY ACCESS RADIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – Carbondale Community Access Radio (the “Organization”) is a Colorado nonprofit corporation incorporated in 1981 as community access radio created by and for its listeners to provide diverse and innovative programming that reflects the concerns and interest of the communities it serves. The Organization is supported primarily by funding from the Corporation for Public Broadcasting, underwriting, memberships, and fund-raising.

Basis of Reporting – The Organization’s financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation – The Organization reports its financial position and activities in three classes of net assets; unrestricted, temporarily restricted and permanently restricted. The Organization does not have any temporarily or permanently restricted net assets as of December 31, 2011 and 2010.

Cash and Cash Equivalents – For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables – Accounts Receivable consists primarily of amounts due for underwriting. As of December 31, 2011, management has deemed all accounts to be collectable; therefore no allowance for uncollectible accounts is necessary.

Property and Equipment – Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. The Organization capitalizes all property and equipment with a useful life of more than one year. Depreciation is calculated using the straight line method over estimated useful lives between 5 - 39 years. If donors stipulate the use of property and equipment, it is recorded as restricted.

Contributions – Contributions received are recognized in the period received. Collectible unconditional promises to give are recognized in the period granted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Support that is restricted by the donor is reported as unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Temporary restricted net assets are reclassified to unrestricted net assets when the donor restriction is satisfied. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CARBONDALE COMMUNITY ACCESS RADIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Tax Status – The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Estimates – Preparation of the Organization’s financial statements in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – The management of the Organization has performed an evaluation of subsequent events through June 5, 2012, and has considered any relevant matters in the preparation of the financial statements

**NOTE 2: INVESTMENTS**

Investments are reported at fair value and are summarized as follows:

	<u>2011</u>	<u>2010</u>
Mutual Funds	\$ 170,915	\$ 112,191
Investment in Sunlight Peak, LLC	109,862	117,987
Investment in Community Non-Profit Center, LLC	<u>-</u>	<u>44,459</u>
Total Investments	<u><b>\$ 280,777</b></u>	<u><b>\$ 274,637</b></u>

The Organization is a one third owner of Sunlight Peak, LLC. The purpose of Sunlight Peak is to operate broadcast transmission facilities primarily to enhance the non-commercial activities of each member.

The Organization had a 50% owner interest in the Community Non-Profit Center, LLC. This LLC owned the building that the Organization occupies in Carbondale. The Community Profit Center LLC ceased operations as of December 31, 2011 when the Organization purchased the remaining 50% owner interest.



CARBONDALE COMMUNITY ACCESS RADIO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2011 and 2010

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and Equipment consists of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 41,022	\$ -
Building	183,650	-
Studio Equipment	190,045	190,045
Office Equipment	20,775	20,775
CD's, Tapes, Albums	<u>14,095</u>	<u>14,095</u>
Total	449,587	224,915
Less: Accumulated Depreciation	<u>(202,696)</u>	<u>(198,836)</u>
Total Property and Equipment	<b><u>\$ 246,891</u></b>	<b><u>\$ 26,079</u></b>

Depreciation expense of \$3,860 and \$3,663 is included in the statement of activities for the years ended December 31, 2011 and 2010, respectively. This expense is categorized as a general and administrative expense.

The Organization was a 50% owner in the Community Non-Profit Center, LLC. On December 30, 2011, the Organization purchased the remaining owner interest. The assets of the LLC which consisted of land and a building are now owned by the Organization and were capitalized as of December 31, 2011.

**NOTE 4: LONG TERM DEBT**

Following is a summary of the Organization's long-term debt transactions for the year ended December 31, 2011:

	Balance <u>12/31/2010</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/2011</u>	Due In <u>One Year</u>
<b>Mortgage Payable</b>	\$ <u>          </u> -	\$ <u>125,000</u>	\$ <u>          </u> -	\$ <u>125,000</u>	\$ <u>7,750</u>

CARBONDALE COMMUNITY ACCESS RADIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

**NOTE 4: LONG TERM DEBT** (Continued)

The Organization obtained a mortgage loan in the amount of \$125,000. The mortgage loan is secured by interest in real property and accrues interest at a rate of 5% per year. Monthly principal and interest payments in the amount of \$1,160 are due through December 2023.

Future debt service requirements are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 7,750	\$ 6,175	\$ 13,925
2013	8,170	5,755	13,925
2014	8,594	5,331	13,925
2015	9,040	4,885	13,925
2016	9,496	4,429	13,925
Thereafter	<u>81,950</u>	<u>15,585</u>	<u>97,535</u>
Total	<u>\$ 125,000</u>	<u>\$ 42,160</u>	<u>\$ 167,160</u>

**NOTE 5: COMMITMENTS AND CONTINGENCIES**

The Organization pays rent and utilities to the Community Non-Profit Center, LLC for occupancy of the radio station offices through December 31, 2011.