

**CARBONDALE COMMUNITY ACCESS RADIO**

**FINANCIAL STATEMENTS**

**December 31, 2013 and 2012**

## TABLE OF CONTENTS

	<b>Page</b>
Independent Auditors' Report	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-7



**JOHN CUTLER  
& ASSOCIATES**

Board of Directors  
Carbondale Community Access Radio  
Carbondale, Colorado

**Independent Auditors' Report**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Carbondale Community Access Radio, which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Carbondale Community Access Radio as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*John Cutler & Associates, LLC*

May 6, 2014

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF FINANCIAL POSITION

December 31, 2013 and 2012

<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 100,640	\$ 28,321
Investments	162,828	172,515
Accounts Receivable	7,890	13,195
Grants Receivable	27,470	111,355
Prepaid Expenses and Other Current Assets	<u>35,725</u>	<u>27,699</u>
Total Current Assets	<u>334,553</u>	<u>353,085</u>
<b>Property and Equipment,</b>		
Building, Furniture and Equipment	495,815	449,587
Less: Accumulated Depreciation	<u>(219,834)</u>	<u>(211,265)</u>
Total Property and Equipment, Net	<u>275,981</u>	<u>238,322</u>
<b>Other Assets</b>		
Investments - Long Term	<u>93,281</u>	<u>101,933</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 703,815</u></u>	<u><u>\$ 693,340</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued Expenses	\$ 4,901	\$ 8,612
Deferred Revenue	-	3,508
Current Portion of Mortgage Payable	<u>8,594</u>	<u>8,170</u>
Total Current Liabilities	<u>13,495</u>	<u>20,290</u>
<b>Non Current Liabilities</b>		
Mortgage Payable	<u>100,486</u>	<u>109,080</u>
Total Liabilities	<u>113,981</u>	<u>129,370</u>
<b>NET ASSETS</b>		
Unrestricted	<u>589,834</u>	<u>563,970</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 703,815</u></u>	<u><u>\$ 693,340</u></u>

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

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Corporation for Public Broadcasting Grants	\$ 114,864	\$ 133,739
Underwriting	119,821	113,394
Membership Dues	143,102	140,028
Fundraising	45,780	44,232
Other Grants and Contributions	52,903	40,875
Unrealized Gain on Investments	1,661	4,500
Other Income	9,302	9,795
	<u>487,433</u>	<u>486,563</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>		
<b>EXPENSES</b>		
<b>Program Services</b>		
Programming and Production	208,707	225,969
Broadcasting and Engineering	19,059	23,040
	<u>227,766</u>	<u>249,009</u>
<b>Supporting Services</b>		
General and Administrative	130,970	140,410
Fundraising	36,685	30,481
Underwriting	66,148	32,753
	<u>233,803</u>	<u>203,644</u>
<b>TOTAL EXPENSES</b>	<u>461,569</u>	<u>452,653</u>
<b>CHANGE IN NET ASSETS</b>	25,864	33,910
<b>UNRESTRICTED NET ASSETS, Beginning</b>	<u>563,970</u>	<u>530,060</u>
<b>UNRESTRICTED NET ASSETS, Ending</b>	<u>\$ 589,834</u>	<u>\$ 563,970</u>

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

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 25,864	\$ 33,910
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	8,569	8,569
Unrealized Gain on Investments	(1,661)	(4,500)
Changes in Assets and Liabilities		
Accounts Receivable	89,190	(20,033)
Prepaid Expenses	(8,026)	(27,699)
Deferred Revenue	(3,508)	-
Accrued Expenses	(3,711)	(303)
	<u>106,717</u>	<u>(10,056)</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Property and Equipment	(46,228)	-
Loan Payments	(8,170)	(7,750)
	<u>(54,398)</u>	<u>(7,750)</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(74,341)	(65,414)
Sale of Investments	90,000	70,677
Interest on Investments	4,341	5,566
	<u>20,000</u>	<u>10,829</u>
<b>Net Cash Provided by Investing Activities</b>		
<b>NET INCREASE (DECREASE) IN CASH</b>	72,319	(6,977)
<b>CASH, Beginning</b>	<u>28,321</u>	<u>35,298</u>
<b>CASH, Ending</b>	<u>\$ 100,640</u>	<u>\$ 28,321</u>

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

CARBONDALE COMMUNITY ACCESS RADIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

**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, 2013 and 2012.

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, 2013, 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, 2013 and 2012

**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 May 6, 2014, 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>2013</u>	<u>2012</u>
Mutual Funds	\$ 162,828	\$ 172,515
Investment in Sunlight Peak, LLC	<u>93,281</u>	<u>101,933</u>
Total Investments	<b><u>\$ 256,109</u></b>	<b><u>\$ 274,448</u></b>

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.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and Equipment consists of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 41,022	\$ 41,022
Building	229,878	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	495,815	449,587
Less: Accumulated Depreciation	<u>(219,834)</u>	<u>(211,265)</u>
Total Property and Equipment	<b><u>\$ 275,981</u></b>	<b><u>\$ 238,322</u></b>



CARBONDALE COMMUNITY ACCESS RADIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

**NOTE 3: PROPERTY AND EQUIPMENT** (Continued)

Depreciation expense of \$8,569 and \$8,569 is included in the statement of activities for the years ended December 31, 2013 and 2012, respectively. This expense is categorized as a general and administrative expense.

**NOTE 4: LONG TERM DEBT**

Following is a summary of the Organization's long-term debt transactions for the year ended December 31, 2013:

	Balance <u>12/31/2012</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/2013</u>	Due In <u>One Year</u>
<b>Mortgage Payable</b>	<b>\$ <u>117,250</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>8,170</u></b>	<b>\$ <u>109,080</u></b>	<b>\$ <u>8,594</u></b>

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>
2014	\$ 8,594	\$ 5,331	\$ 13,925
2015	9,040	4,885	13,925
2016	9,496	4,429	13,925
2017	10,001	3,924	13,925
2018	10,520	3,405	13,925
Thereafter	<u>61,429</u>	<u>8,256</u>	<u>69,685</u>
Total	<b>\$ <u>109,080</u></b>	<b>\$ <u>30,230</u></b>	<b>\$ <u>139,310</u></b>