

CARBONDALE COMMUNITY ACCESS RADIO

FINANCIAL STATEMENTS

December 31, 2015 and 2014

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**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, 2015 and 2014, 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, 2015 and 2014, 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 31, 2016

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and Cash Equivalents	\$ 122,976	\$ 116,250
Investments	167,051	176,233
Accounts Receivable	15,957	13,672
Grants Receivable	28,781	29,407
Prepaid Expenses and Other Current Assets	<u>25,171</u>	<u>25,458</u>
Total Current Assets	<u>359,936</u>	<u>361,020</u>
Property and Equipment,		
Building, Furniture and Equipment	524,983	502,228
Less: Accumulated Depreciation	<u>(242,087)</u>	<u>(228,511)</u>
Total Property and Equipment, Net	<u>282,896</u>	<u>273,717</u>
Other Assets		
Investments - Long Term	<u>77,552</u>	<u>83,534</u>
TOTAL ASSETS	<u>\$ 720,384</u>	<u>\$ 718,271</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Expenses	\$ 26,456	\$ 7,890
Current Portion of Mortgage Payable	<u>9,496</u>	<u>9,040</u>
Total Current Liabilities	<u>35,952</u>	<u>16,930</u>
Non Current Liabilities		
Mortgage Payable	<u>81,950</u>	<u>91,446</u>
Total Liabilities	<u>117,902</u>	<u>108,376</u>
NET ASSETS		
Unrestricted	<u>602,482</u>	<u>609,895</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 720,384</u>	<u>\$ 718,271</u>

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

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
REVENUES, GAINS AND OTHER SUPPORT		
Corporation for Public Broadcasting Grants	\$ 120,319	\$ 128,027
Underwriting	110,013	125,573
Membership Dues	132,376	154,004
Fundraising	34,539	39,678
Other Grants and Contributions	65,079	34,732
Unrealized (Loss) on Investments	(5,156)	3,728
Other Income	-	150
	<u>457,170</u>	<u>485,892</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT		
EXPENSES		
Program Services		
Programming and Production	234,868	228,173
Broadcasting and Engineering	19,624	20,930
	<u>254,492</u>	<u>249,103</u>
Supporting Services		
General and Administrative	128,569	127,376
Fundraising	19,306	24,447
Underwriting	62,216	64,905
	<u>210,091</u>	<u>216,728</u>
TOTAL EXPENSES	<u>464,583</u>	<u>465,831</u>
CHANGE IN NET ASSETS	(7,413)	20,061
UNRESTRICTED NET ASSETS, Beginning	<u>609,895</u>	<u>589,834</u>
UNRESTRICTED NET ASSETS, Ending	<u>\$ 602,482</u>	<u>\$ 609,895</u>

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

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF CASH FLOWS
Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (7,413)	\$ 20,061
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	13,575	8,677
Unrealized (Gain)/Loss on Investments	5,164	(3,658)
Changes in Assets and Liabilities		
Accounts Receivable	(1,659)	(7,719)
Prepaid Expenses	288	10,267
Accrued Expenses	18,566	2,989
	<u>28,521</u>	<u>30,617</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Property and Equipment	(22,755)	(6,413)
Loan Payments	(9,040)	(8,594)
	<u>(31,795)</u>	<u>(15,007)</u>
Net Cash Used by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(4,020)	(16,534)
Sale of Investments	10,000	12,470
Interest on Investments	4,020	4,064
	<u>10,000</u>	<u>-</u>
Net Cash Provided by Investing Activities		
NET INCREASE (DECREASE) IN CASH	6,726	15,610
CASH, Beginning	<u>116,250</u>	<u>100,640</u>
CASH, Ending	<u>\$ 122,976</u>	<u>\$ 116,250</u>

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

CARBONDALE COMMUNITY ACCESS RADIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015 and 2014

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, 2015 and 2014.

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, 2015, 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, 2015 and 2014

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 31, 2016, 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>2015</u>	<u>2014</u>
Mutual Funds	\$ 167,051	\$ 176,233
Investment in Sunlight Peak, LLC	<u>77,552</u>	<u>83,534</u>
Total Investments	<u>\$ 244,603</u>	<u>\$ 259,767</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.

NOTE 3: PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 41,022	\$ 41,022
Building	254,193	231,438
Studio Equipment	194,898	194,898
Office Equipment	20,775	20,775
CD’s, Tapes, Albums	<u>14,095</u>	<u>14,095</u>
Total	524,983	502,228
Less: Accumulated Depreciation	<u>(242,087)</u>	<u>(228,511)</u>
Total Property and Equipment	<u>\$ 282,896</u>	<u>\$ 273,717</u>

CARBONDALE COMMUNITY ACCESS RADIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 3: PROPERTY AND EQUIPMENT (Continued)

Depreciation expense of \$13,575 and \$8,678 is included in the statement of activities for the years ended December 31, 2015 and 2014, 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, 2015:

	Balance <u>12/31/2014</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/2015</u>	Due In <u>One Year</u>
Mortgage Payable	\$ <u>100,486</u>	\$ <u>-</u>	\$ <u>9,040</u>	\$ <u>91,446</u>	\$ <u>9,496</u>

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>
2016	\$ 9,496	\$ 4,429	\$ 13,925
2017	10,001	3,924	13,925
2018	10,520	3,405	13,925
2019	11,066	2,859	13,925
2020	11,633	2,292	13,925
Thereafter	<u>38,730</u>	<u>3,105</u>	<u>41,835</u>
Total	\$ <u>91,446</u>	\$ <u>20,014</u>	\$ <u>111,460</u>