



Consolidated Financial Statements
June 30, 2017 and 2016

Spokane Public Radio, Inc.

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Independent Auditor's Report

To the Board of Directors
Spokane Public Radio, Inc.
Spokane, Washington

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Spokane Public Radio, Inc. (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Spokane Public Radio, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Spokane, Washington
December 19, 2017

Spokane Public Radio, Inc.
Consolidated Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 483,954	\$ 681,999
Certificate of deposit	10,108	10,093
Promises to give, net		
Subscription and membership	51,560	69,857
Capital campaign restricted for long-term purposes	86,347	136,454
Underwriting receivable	29,130	50,374
Prepaid expenses	15,609	877
Property and equipment, net	4,705,188	4,908,193
Cash surrender value of life insurance policy	22,225	21,372
	<u>\$ 5,404,121</u>	<u>\$ 5,879,219</u>
Liabilities and Net Assets		
Accounts payable	\$ 5,717	\$ 10,344
Accrued expenses	67,585	69,876
Advance from related party	140,000	140,000
Notes payable	578,757	845,577
	<u>792,059</u>	<u>1,065,797</u>
Net Assets		
Unrestricted		
Undesignated	3,891,514	3,987,018
Noncontrolling interest	475,857	497,912
Temporarily restricted	244,691	328,492
	<u>4,612,062</u>	<u>4,813,422</u>
Total net assets	<u>4,612,062</u>	<u>4,813,422</u>
Total liabilities and net assets	<u>\$ 5,404,121</u>	<u>\$ 5,879,219</u>

Spokane Public Radio, Inc.
Consolidated Statement of Activities
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Support, and Gains			
Corporation for Public Broadcasting			
Community Service Grant (CSG)	\$ 308,580	\$ -	\$ 308,580
Foundation grants	6,000	-	6,000
Total grants	314,580	-	314,580
Subscriptions and memberships	950,858	41,252	992,110
Underwriting and services	379,863		379,863
Capital campaign	14,458	-	14,458
Gross special events revenue	93,705	-	93,705
Less cost of direct benefits to donors	(34,302)	-	(34,302)
Net special events revenue	59,403	-	59,403
In-kind professional services and contributions	116,905	-	116,905
Donated equipment	5,068	-	5,068
Interest and royalty income	9,263	-	9,263
Rent	6,900	-	6,900
Other income	251	-	251
Gain on sale of property and equipment	295	-	295
Net assets released from restrictions	125,053	(125,053)	-
Total revenue, support, and gains	1,982,897	(83,801)	1,899,096
Expenses			
Program services expense			
Programming, public relations, and program guide	1,172,418	-	1,172,418
Engineering and equipment	344,916	-	344,916
Total program expenses	1,517,334	-	1,517,334
Supporting services expense			
Management and general	336,937	-	336,937
Fundraising and membership development	238,185	-	238,185
Total supporting services expenses	575,122	-	575,122
Total expenses	2,092,456	-	2,092,456
Change in Net Assets	(109,559)	(83,801)	(193,360)
Noncontrolling Interest			
Distributions	(8,000)	-	(8,000)
Net Assets, Beginning of Year	4,484,930	328,492	4,813,422
Net Assets, End of Year	<u>\$ 4,367,371</u>	<u>\$ 244,691</u>	<u>\$ 4,612,062</u>

See Notes to Consolidated Financial Statements

Spokane Public Radio, Inc.
Consolidated Statement of Activities
Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Support, and Gains			
Corporation for Public Broadcasting			
Community Service Grant (CSG)	\$ 251,940	\$ -	\$ 251,940
Foundation grants	18,000	-	18,000
Total grants	269,940	-	269,940
Subscriptions and memberships	871,630	60,793	932,423
Underwriting and services	369,061	-	369,061
Capital campaign	142,246	-	142,246
Gross special events revenue	145,765	-	145,765
Less cost of direct benefits to donors	(39,416)	-	(39,416)
Net special events revenue	106,349	-	106,349
In-kind professional services and contributions	154,708	-	154,708
Interest and royalty income	4,586	-	4,586
Rent	6,325	-	6,325
Distribution from and change in value of beneficial interest in trust held by others	16,287	(33,067)	(16,780)
Gain on sale of property and equipment	200	-	200
Net assets released from restrictions	507,858	(507,858)	-
Total revenue, support, and gains	2,449,190	(480,132)	1,969,058
Expenses			
Program services expense			
Programming, public relations, and program guide	1,066,986	-	1,066,986
Engineering and equipment	348,830	-	348,830
Total program expenses	1,415,816	-	1,415,816
Supporting services expense			
Management and general	231,097	-	231,097
Fundraising and membership development	248,615	-	248,615
Total supporting services expenses	479,712	-	479,712
Total expenses	1,895,528	-	1,895,528
Change in Net Assets	553,662	(480,132)	73,530
Noncontrolling Interest			
Capital contributions	533,426	-	533,426
Net Assets, Beginning of Year	3,397,842	808,624	4,206,466
Net Assets, End of Year	\$ 4,484,930	\$ 328,492	\$ 4,813,422

See Notes to Consolidated Financial Statements

Spokane Public Radio, Inc.
Consolidated Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services			Management and General	Fundraising and Membership Development	Total
	Programming, Public Relations and Program Guide	Engineering and Equipment	Total			
Payroll and employee benefits	\$ 392,618	\$ 67,713	\$ 460,331	\$ 240,094	\$ 167,026	\$ 867,451
Professional services	73,392	26,925	100,317	56,929	17,551	174,797
Supplies and postage	8,693	1,249	9,942	4,204	9,698	23,844
Utilities and telephone	22,085	49,075	71,160	462	5,389	77,011
Rental space	16,336	21,344	37,680	-	400	38,080
Repairs and maintenance	8,690	25,777	34,467	408	-	34,875
Network programming fees	483,838	-	483,838	-	-	483,838
Marketing and development	36,331	4,543	40,874	5,381	2,911	49,166
Insurance	21,929	1,431	23,360	5,288	-	28,648
Bank fees	25	25	50	2,860	14,504	17,414
Printing	-	-	-	-	1,478	1,478
Direct fundraising costs	-	-	-	-	32,324	32,324
Depreciation	88,726	136,956	225,682	16,371	16,268	258,321
Interest	14,021	7,011	21,032	3,505	3,505	28,042
Other	5,734	2,867	8,601	1,435	1,433	11,469
Total expenses by function	1,172,418	344,916	1,517,334	336,937	272,487	2,126,758
Less expenses included with revenue on the statement of activities						
Cost of direct benefits to donors	-	-	-	-	(34,302)	(34,302)
Total expenses	\$ 1,172,418	\$ 344,916	\$ 1,517,334	\$ 336,937	\$ 238,185	\$ 2,092,456

Spokane Public Radio, Inc.
Consolidated Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services			Management and General	Fundraising and Membership Development	Total
	Programming, Public Relations and Program Guide	Engineering and Equipment	Total			
Payroll and employee benefits	\$ 284,229	\$ 59,589	\$ 343,818	\$ 81,000	\$ 181,755	\$ 606,573
Professional services	66,308	28,410	94,718	103,040	12,837	210,595
Supplies and postage	5,561	1,198	6,759	5,556	7,721	20,036
Utilities and telephone	31,344	59,946	91,290	4,229	5,378	100,897
Rental space	19,933	44,057	63,990	3,421	2,400	69,811
Repairs and maintenance	10,769	11,897	22,666	25	10	22,701
Network programming fees	488,505	-	488,505	-	-	488,505
Marketing and development	38,577	2,975	41,552	5,508	890	47,950
Insurance	23,252	2,598	25,850	5,849	615	32,314
Bank fees	-	-	-	-	12,669	12,669
Printing	-	-	-	-	5,445	5,445
Direct fundraising costs	-	-	-	-	39,416	39,416
Depreciation	72,428	125,108	197,536	12,272	12,281	222,089
Interest	19,390	9,695	29,085	4,847	4,848	38,780
Other	6,690	3,357	10,047	5,350	1,766	17,163
Total expenses by function	1,066,986	348,830	1,415,816	231,097	288,031	1,934,944
Less expenses included with revenue on the statement of activities						
Cost of direct benefits to donors	-	-	-	-	(39,416)	(39,416)
Total expenses	\$ 1,066,986	\$ 348,830	\$ 1,415,816	\$ 231,097	\$ 248,615	\$ 1,895,528

Spokane Public Radio, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ (193,360)	\$ 73,530
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	258,321	222,089
Imputed interest expense	15,397	16,213
Gain on sale of property and equipment	(295)	(200)
Contributed property and equipment capitalized	(5,068)	-
Change in beneficial interest in charitable trust held by others	-	33,067
Contributions restricted to building project	(14,458)	(142,246)
Cash surrender value of donated life insurance policy	(853)	(21,372)
Changes in operating assets and liabilities		
Promises to give, net	18,297	(77)
Underwriting receivable	21,244	(3,250)
Prepaid expenses	(14,747)	(95)
Accounts payable	(4,627)	1,565
Accrued expenses	(2,291)	21,066
Net Cash from Operating Activities	77,560	200,290
Investing Activities		
Proceeds from sale of property and equipment	295	200
Maturity of certificate of deposit	10,108	10,093
Purchase of certificate of deposit	(10,108)	(10,093)
Purchase of property and equipment	(50,248)	(631,517)
Final distribution of beneficial interest in charitable trust held by others	-	296,944
Net Cash used for Investing Activities	(49,953)	(334,373)

Spokane Public Radio, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Financing Activities		
Collections of contributions restricted to building project	64,565	276,231
Contributions from noncontrolling interest	-	533,426
Distributions	(8,000)	-
Net change in line of credit	-	(239,874)
Principal payments on long-term debt	(282,217)	(83,963)
Net Cash from (used for) Financing Activities	(225,652)	485,820
Net Change in Cash and Cash Equivalents	(198,045)	351,737
Cash and Cash Equivalents, Beginning of Year	681,999	330,262
Cash and Cash Equivalents, End of Year	\$ 483,954	\$ 681,999
Supplemental Disclosure of Cash Flow Information		
Total cash payments for interest	\$ 12,645	\$ 30,966
Less amounts capitalized	-	(8,399)
Net cash payments for interest	\$ 12,645	\$ 22,567

Note 1 - Principal Business Activity and Significant Accounting Policies

Organization

Spokane Public Radio, Inc. (the Organization) is a Washington nonprofit organization operating three noncommercial public radio stations in Spokane, Washington (KPBZ-FM 90.3, KPBX-FM 91.1, and KSFC-FM 91.9). The stations serve parts of Eastern Washington, Northern Idaho, Western Montana, Eastern Oregon, and British Columbia, Canada, through ten full power radio repeater stations and three translator stations. Management estimates that the stations reach between sixty and seventy thousand listeners, based upon published radio listener surveys.

Spokane Public Radio, Inc. offers a variety of classical music, jazz, and blues, as well as current news and public affairs programming. Spokane Public Radio, Inc. is supported primarily by listener contributions, local business underwriting, foundation grants, and grants from the Corporation of Public Broadcasting for program activities.

Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of Spokane Public Radio, Inc. and its wholly owned subsidiary, SPR Manager, LLC, which owns an interest in SPR Landlord, LLC, and SPR Master Tenant, LLC. The consolidated entities are collectively referred to as “the Organization”. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. SPR Manager, LLC, SPR Landlord, LLC, and SPR Master Tenant, LLC are for profit supporting organizations organized during October 2015 in connection with the financing, rehabilitation, and ownership of the Monroe firehouse property, which was completed and placed in service in October 2015. (Note 2)

The accompanying consolidated financial statements of the Organization have been prepared using the accrual method of accounting.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

The Organization’s policy is to invest cash in excess of operating requirements in income producing money market investments with high credit quality financial institutions. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds held at financial institutions. Management does not believe excess cash investments are exposed to any significant credit risk.

Certificates of deposit are recorded at cost, which approximates fair market value. The interest rate on the certificate is 0.15% and the CD will mature during 2018.

Promises to Give

The Organization records unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Underwriting Receivable

Underwriting receivable consists of amounts due under various underwriting contracts. Management determines the allowance for uncollectable accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. No allowance for doubtful accounts was considered necessary at June 30, 2017 and 2016.

Property and Equipment

Property and equipment additions over \$250 are recorded at cost, or if donated, at the fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over their estimated useful lives ranging from two to twenty years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2017 and 2016.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time.

The Organization reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the unrestricted expenditure of the income.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Program underwriting revenue is recorded on a pro-rata basis over the period of the related underwriting agreement.

Donated Services and In-Kind Contributions

The value of contributed services meeting the requirements for recognition in the financial statements are recorded as revenue and expense when received. Contributed professional services and advertising are valued according to estimates provide by the donor (Note 9). In addition, other volunteers contribute significant amounts of time to the Organizations' program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising Costs

Advertising costs are expensed as incurred and were \$34,473 and \$35,310 during the years ended June 30, 2017 and 2016, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Spokane Public Radio, Inc. is organized as a Washington nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and qualifying for the charitable contribution deduction under Section 170(b)(1)(A)(vi). Spokane Public Radio, Inc. has been determined not to be a private foundation under Section 509(a)(1) and is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Spokane Public Radio, Inc. is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Spokane Public Radio, Inc. has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

SPR Landlord, LLC and SPR Master Tenant, LLC are organized as for profit Washington limited liability companies. As a limited liability company, each entity's taxable income or loss is allocated to members in accordance with their formation documents. 90% of the income or loss attributable to SPR Landlord, LLC and 1% of the income or loss attributable to SPR Master Tenant, LLC is allocated to SPR Manager, LLC. The remaining income or loss is allocated to the noncontrolling interest. SPR Manager, LLC is organized as a for profit Washington limited liability company, but, for income tax purposes, has elected to be treated as a corporation. No current or deferred tax provision has been recorded in the consolidated financial statements as the corporation incurred losses during the fiscal years ended June 30, 2017 and 2016 and the timing of any tax benefit to be realized from the losses is uncertain.

The Organization evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of June 30, 2017 and 2016, the unrecognized tax benefit accrual was zero. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Noncontrolling Interest

Included in unrestricted net assets is the noncontrolling interest in SPR Master Tenant, LLC. The SPR Master Tenant, LLC noncontrolling interest represents its ownership of the firehouse property included in the consolidated financial statements. There are no liabilities included in the consolidated financial statements associated with SPR Master Tenant, LLC. A reconciliation of the net assets of SPR Master Tenant, LLC attributable to SPR Manger, LLC and the noncontrolling interest is as follows:

	SPR Manager, LLC	Noncontrolling Interest	Total
	<u> </u>	<u> </u>	<u> </u>
Net assets at June 30, 2015	\$ -	\$ -	\$ -
Capital contributions	5,338	533,426	538,764
SPR Master Tenant, LLC net loss	<u>(358)</u>	<u>(35,514)</u>	<u>(35,872)</u>
Net assets at June 30, 2016	4,980	497,912	502,892
SPR Master Tenant, LLC net loss	(95)	(14,055)	(14,150)
Distribution	<u>-</u>	<u>(8,000)</u>	<u>(8,000)</u>
Net assets at June 30, 2017	<u>\$ 4,885</u>	<u>\$ 475,857</u>	<u>\$ 480,742</u>

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on the change in net assets or net assets.

Subsequent Events

The Company has evaluated subsequent events through December 19, 2017, the date which the consolidated financial statements were available to be issued.

Note 2 - Federal Historic Tax Credit Program

In connection with the construction of the Monroe firehouse property, the Organization obtained additional funding by utilizing the Federal Historic Tax Credit Program (FHTC). In September, 2015, as part of the process to monetize these credits, certain for-profit limited liability companies (LLCs) were formed to hold and lease or lease and sublease the property. The LLC holding the property, SPR Landlord, LLC, is owned 90% by SPR Manager, LLC, an entity owned 100% by Spokane Public Radio, Inc., and 10% by SPR Master Tenant, LLC, an entity owned 99% by outside investors (Investors) and 1% by SPR Manager, LLC. SPR Manager, LLC, SPR Landlord, LLC, and SPR Master Tenant, LLC are collectively known as the "HTC Entities". The various lease agreements between the entities ultimately result in Spokane Public Radio, Inc. leasing substantially all of the property from SPR Master Tenant, LLC under a sublease agreement.

The FHTC permits taxpayers to receive a credit against federal income taxes for making qualified rehabilitation expenditures (QRE) that were incurred in rehabilitating the Monroe firehouse. The HTC Entities were integrated into the FHTC transaction to generate qualified QREs that could then be sold to the Investors. By interposing the HTC Entities, the QREs and resulting tax credits are deemed for tax purposes to have been generated by a "for profit" entity and not by the nonprofit Spokane Public Radio, Inc., thus making them economically valuable to the Investors. In addition, the Investors have the right to require SPR Manager, LLC to purchase their entire interest in the property for the lesser of \$4,000 or the appraised value of such interest after five years.

Note 3 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2017 and 2016:

	2017	2016
Receivable due in less than one year	\$ 151,887	\$ 197,806
Receivable due in one to five years	12,323	54,385
	164,210	252,191
Total unconditional promises to give		
Less discount to net present value at 4%	(3,478)	(5,602)
Less allowance for uncollectable promises to give	(22,825)	(40,278)
	\$ 137,907	\$ 206,311
Net unconditional promises to give	\$ 137,907	\$ 206,311

Promises to give at June 30, 2017 and 2016 included \$30,800 and \$29,331, respectively, from members of the Board of Directors.

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2017 and 2016:

	2017	2016
Broadcast and production equipment	\$ 1,831,143	\$ 1,783,954
Furniture and fixtures	104,613	98,846
Transmitter buildings and other	32,939	32,939
Leasehold improvements	12,153	12,153
Vehicles	6,614	6,614
Monroe firehouse	4,159,578	4,157,218
	6,147,040	6,091,724
Less accumulated depreciation	(1,699,829)	(1,441,508)
	4,447,211	4,650,216
Monroe firehouse land	116,653	116,653
Property adjacent to Monroe firehouse	141,324	141,324
	\$ 4,705,188	\$ 4,908,193
	\$ 4,705,188	\$ 4,908,193

At June 30, 2017 and 2016, the Monroe firehouse property includes capitalized interest of \$42,544.

Liens are held by the U.S. Government on generators and broadcasting and studio equipment purchased with certain grant funds in the amount of \$246,156, which includes a lien applied for in August 2012. The liens cover ten-year periods following purchase of the equipment and expire between 2018 and 2021.

Note 5 - Advance from Related Party

In November 2014, an individual related to a member of the board of directors advanced \$140,000 to the Organization to fund the acquisition of the property adjacent to the Monroe firehouse. There are no defined repayment terms for this advance. For the years ended June 30, 2017 and 2016, no payments were made on the advance.

Note 6 - Notes Payable

Notes payable consist of the following at June 30, 2017 and 2016:

	2017	2016
Note payable to Washington Trust Bank, due in monthly installments of \$3,823, including interest at 4.5%, to September 15, 2020, secured by equipment and guaranteed by an individual related to a member of the Board of Directors	\$ 209,230	\$ 453,742
Noninterest bearing note payable, \$471,311 and \$509,016 principal amount at June 30, 2017 and 2016, respectively, less unamortized discount based on imputed interest rate of 4.0%, due in quarterly installments of \$9,426, to October 2029, to an individual related to a member of the Board of Directors, secured by real property ^(A)	369,527	391,835
	\$ 578,757	\$ 845,577

^(A)For the years ended June 30, 2017 and 2016, imputed interest related to the note of \$15,397 and \$16,213, respectively, was expensed. Unamortized discount on the note of \$101,784 and \$117,181 is included in temporarily restricted net assets at June 30, 2017 and 2016, respectively.

Interest capitalized on the note payable to Washington Trust Bank totaled \$0 and \$8,399 for the years ended June 30, 2017 and 2016, respectively.

Future maturities of notes payable are as follows:

Years Ending June 30,	Amount
2018	\$ 60,800
2019	63,158
2020	65,931
2021	118,255
2022	27,289
Thereafter	243,324
	\$ 578,757

Note 7 - Leases

The Organization leases translator and antenna systems under various operating leases expiring at various dates through 2021.

Future minimum lease payments are as follows:

Years Ending June 30,	Amount
2018	\$ 16,200
2019	10,800
2020	10,800
2021	5,400
	\$ 43,200

Rent expense for the years ended June 30, 2017 and 2016 totaled \$38,080 and \$69,811, respectively.

Note 8 - Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 and 2016, consist of:

	2017	2016
Promises to give, net		
Subscription and membership	\$ 51,560	\$ 69,857
Capital campaign restricted for long-term purposes	86,347	136,454
Restricted by donor for purpose	5,000	5,000
Noninterest bearing note payable discount	101,784	117,181
	\$ 244,691	\$ 328,492

Amounts are released from temporarily restricted net assets when capital campaign promises and subscription and membership promises to give are collected, donor purpose is satisfied, and interest expense is recognized related to noninterest bearing note payable discount.

Note 9 - Donated Professional Services and Materials

Donated professional services and materials received during the years ended June 30, 2017 and 2016 are as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>June 30, 2017</u>				
Accounting	\$ -	\$ 21,650	\$ -	\$ 21,650
Computer services	7,095	-	-	7,095
Other professional	575	789	-	1,364
Legal fees	-	953	-	953
Mailing	3,340	1,074	-	4,414
Facility rental	8,031	-	-	8,031
Janitorial	5,318	-	-	5,318
Advertising	29,085	-	-	29,085
Food	1,266	-	-	1,266
Production engineering	37,729	-	-	37,729
	<u>\$ 92,439</u>	<u>\$ 24,466</u>	<u>\$ -</u>	<u>\$ 116,905</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>June 30, 2016</u>				
Accounting	\$ -	\$ 21,650	\$ -	\$ 21,650
Computer services	8,222	-	-	8,222
Other professional	5,079	176	-	5,255
Professional dues	-	39,047	-	39,047
Mailing	1,207	-	-	1,207
Facility rental	11,400	-	-	11,400
Janitorial	6,222	-	-	6,222
Advertising	29,297	642	-	29,939
Food	1,231	798	-	2,029
Production engineering	29,737	-	-	29,737
	<u>\$ 92,395</u>	<u>\$ 62,313</u>	<u>\$ -</u>	<u>\$ 154,708</u>

The Organization received approximately 4,100 and 7,500 hours of non-specified volunteer hours for the years ended June 30, 2017 and 2016, respectively, for which the value has not been recorded.

During the year ended June 30, 2017, the Organization received and capitalized donations of computer software, engineering hardware, and speakers, valued at \$5,068.

Note 10 - Employee Benefits

Spokane Public Radio, Inc. sponsors a tax-deferred pension plan qualified under Section 403(b) of the Internal Revenue Code covering substantially all permanent employees. Employees can defer up to 20% of their annual compensation into their plan accounts. In addition, Spokane Public Radio, Inc. sponsors a tax-deferred Simplified Employee Pension Plan (SEP) covering all permanent employees. The plan provides that employees who have attained age 21 may contribute up to 15% of their earnings to the SEP, up to the maximum contribution allowed by the IRS. The Board of Directors approved contributions in the amount of 2% of eligible participant's compensation, with a minimum of \$25 per eligible participant for the years ended June 30, 2017 and 2016. Employer contributions were \$13,884 and \$13,272 for the years ended June 30, 2017 and 2016, respectively.

Note 11 - Fundraising Events

Revenue and direct expenses for the three largest fundraising events and a total for all other events during the years ended June 30, 2017 and 2016 are as follows:

	Year Ended June 30, 2017				
	Record and Video Sales	Paula Poundstone	Fall Concert	Other	Total
Revenue	\$ 38,963	\$ 31,905	\$ 19,237	\$ 3,600	\$ 93,705
Direct fundraising costs	7,762	16,219	9,431	890	34,302
Fundraising, net	<u>\$ 31,201</u>	<u>\$ 15,686</u>	<u>\$ 9,806</u>	<u>\$ 2,710</u>	<u>\$ 59,403</u>
	Year Ended June 30, 2016				
	A Prairie Home Companion	Record and Video Sales	Fall Lecture Series	Other	Total
Revenue	\$ 63,240	\$ 44,589	\$ 28,669	\$ 9,267	\$ 145,765
Direct fundraising costs	12,629	5,488	14,987	6,312	39,416
Fundraising, net	<u>\$ 50,611</u>	<u>\$ 39,101</u>	<u>\$ 13,682</u>	<u>\$ 2,955</u>	<u>\$ 106,349</u>