

**COMMUNITY WIRELESS OF PARK CITY, INC.  
(OPERATING AS KPCW-FM)**

Financial Statements for the Year  
Ended August 31, 2016  
and Independent Auditors' Report

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Stayner Bates & Jensen P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **INDEPENDENT AUDITORS' REPORT**

To The Board of Trustees  
Community Wireless of Park City, Inc.  
Park City, Utah

We have audited the accompanying financial statements of Community Wireless of Park City, Inc. (the Station) (a nonprofit corporation) which comprise the statement of financial position as of August 31, 2016 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Station's 2015 financial statements, and in our report dated January 19, 2016, we expressed an unqualified opinion on those 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 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 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 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 auditors' 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 Community Wireless of Park City, Inc. as of August 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Stayner, Bates & Jensen, PC*

Stayner, Bates & Jensen, PC  
Salt Lake City, Utah  
January 17, 2017

**COMMUNITY WIRELESS OF PARK CITY, INC.**

(Operating as KPCW-FM)

(A Non-Profit Organization)

Statement of Financial Position

August 31, 2016

	<u>2016</u>	<u>2015</u> <u>(Memorandum</u> <u>Only)</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 505,325	\$ 360,406
Pledges receivable, net (Note 2)	22,254	21,595
Accounts receivable, net (Note 2)	47,790	34,322
Asset held for sale (Note 3)	1,750,000	-
Prepaid expenses	4,542	2,277
Total Current Assets	<u>2,329,911</u>	<u>418,600</u>
PROPERTY AND EQUIPMENT, NET (Notes 2 and 4)	<u>950,947</u>	<u>896,020</u>
<b>OTHER ASSETS</b>		
Deposits	<u>21,288</u>	<u>19,650</u>
Total Other Assets	<u>21,288</u>	<u>19,650</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,302,146</u></u>	<u><u>\$ 1,334,270</u></u>

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

**COMMUNITY WIRELESS OF PARK CITY, INC.**  
 (Operating as KPCW-FM)  
 (A Non-Profit Organization)  
 Statement of Financial Position (Continued)  
 August 31, 2016

LIABILITIES AND NET ASSETS

	2016	2015 (Memorandum Only)
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 53,276	\$ 38,504
Current portion - equipment lease (Note 6)	2,462	-
Deferred revenue (Note 2)	93,508	53,866
Total Current Liabilities	149,246	92,370
<b>LONG-TERM LIABILITIES</b>		
Equipment lease (Note 6)	10,650	-
Total Liabilities	159,896	92,370
<b>NET ASSETS - Unrestricted</b>		
Undesignated	2,345,920	420,813
Net investment in property and equipment (Note 4)	796,330	821,087
Total Net Assets - Unrestricted	3,142,250	1,241,900
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,302,146</b>	<b>\$ 1,334,270</b>

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

**COMMUNITY WIRELESS OF PARK CITY, INC.**

(Operating as KPCW-FM)

(A Non-Profit Organization)

Statement of Activities

For the Year Ended August 31, 2016

	<u>2016</u>	<u>2015</u> (Memorandum Only)
<b>SUPPORT AND REVENUE</b>		
Underwriting revenue	\$ 565,216	\$ 484,715
Contributions and grants	2,274,465	545,968
Corporation for Public Broadcasting - Community Service Grant	169,874	157,050
In-kind contributions (Note 2)	255,478	183,022
Interest income	846	305
Other income	183,686	3,959
	<u>3,449,565</u>	<u>1,375,019</u>
<b>Total Unrestricted Operating Revenues</b>		
	<u>3,449,565</u>	<u>1,375,019</u>
<b>OPERATING EXPENSES</b>		
Program services -		
Programming and production	533,483	452,374
Engineering	66,794	95,753
	<u>600,277</u>	<u>548,127</u>
<b>Total Program Services</b>		
	<u>600,277</u>	<u>548,127</u>
Support services -		
Fund-raising, development and underwriting	440,519	341,658
Management and administration	508,419	469,212
	<u>948,938</u>	<u>810,870</u>
<b>Total Support Services</b>		
	<u>948,938</u>	<u>810,870</u>
<b>Total Unrestricted Operating Expenses</b>		
	<u>1,549,215</u>	<u>1,358,997</u>
<b>CHANGE IN NET ASSETS</b>	1,900,350	16,022
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,241,900</u>	<u>1,225,878</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,142,250</u>	<u>\$ 1,241,900</u>

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

**COMMUNITY WIRELESS OF PARK CITY, INC.**  
(Operating as KPCW-FM)  
(A Non-Profit Organization)  
Statement of Functional Expenses  
For the Year Ended August 31, 2016

	Programming & Production	Engineering	Fundraising, Development & Underwriting	Management & Administration	Total Expenses
Salaries	\$ 301,974	\$ -	\$ 182,113	\$ 225,627	\$ 709,714
Payroll taxes	21,699	-	14,299	18,318	54,316
Employee benefits	53,575	-	8,539	12,520	74,634
Workers compensation	1,182	-	352	652	2,186
Marketing	-	-	-	51,726	51,726
Purchased programming	82,633	-	-	-	82,633
Professional fees	-	-	3,461	38,732	42,193
Outside services	12,554	25,700	8,484	8,104	54,842
Premiums	-	-	136,266	-	136,266
Transmitter rental	45,382	-	-	-	45,382
Channel change	-	-	-	27,433	27,433
Internet & computer	-	-	-	18,785	18,785
Licenses & dues	-	-	-	12,336	12,336
Utilities	-	6,533	-	4,539	11,072
Telephone	4,675	-	520	8,657	13,852
Bank & credit card fees	-	-	18,431	91	18,522
Supplies	302	298	581	2,506	3,687
Printing & reproduction	-	-	49	4,939	4,988
Travel & auto	200	-	1,345	2,292	3,837
Purchased production	8,493	-	-	-	8,493
Insurance	-	-	-	8,761	8,761
Events	-	-	50,983	-	50,983
Miscellaneous	312	-	248	4,526	5,086
Software	-	-	7,220	330	7,550
Meals & entertainment	-	-	1,440	12,243	13,683
Postage & delivery	502	-	1,379	1,669	3,550
Maintenance	-	51	-	1,879	1,930
UBI tax	-	-	-	3,685	3,685
Advertising	-	-	4,809	3,815	8,624
Payroll processing fees	-	-	-	1,547	1,547
Interest	-	-	-	415	415
<b>Total Functional Expenses</b>	<b>533,483</b>	<b>32,582</b>	<b>440,519</b>	<b>476,127</b>	<b>1,482,711</b>
Depreciation	-	34,212	-	32,292	66,504
<b>Total Expenses</b>	<b>\$ 533,483</b>	<b>\$ 66,794</b>	<b>\$ 440,519</b>	<b>\$ 508,419</b>	<b>\$ 1,549,215</b>

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



**COMMUNITY WIRELESS OF PARK CITY, INC.**  
(Operating as KPCW-FM)  
(A Non-Profit Organization)  
Statement of Functional Expenses  
For the Year Ended August 31, 2015 (Memorandum Only)

	Programming & Production	Engineering	Fundraising, Development & Underwriting	Management & Administration	Total Expenses
Salaries	\$ 252,694	\$ -	\$ 183,739	\$ 199,780	\$ 636,213
Payroll taxes	18,503	-	12,982	15,124	46,609
Employee benefits	52,950	-	209	42,143	95,302
Workers compensation	1,377	-	4,448	730	6,555
Purchased programming	76,833	-	-	-	76,833
Outside services	6,495	47,511	9,558	6,863	70,427
Premiums	-	-	52,850	-	52,850
Professional fees	-	-	2,723	36,153	38,876
Events	-	-	34,272	-	34,272
Marketing	-	-	-	33,740	33,740
Transmitter rental	31,702	-	-	-	31,702
Advertising	-	-	5,177	16,626	21,803
Internet & computer	214	-	-	19,262	19,476
Bank & credit card fees	-	-	18,432	56	18,488
Utilities	-	10,463	-	5,293	15,756
Telephone	1,940	-	120	10,972	13,032
Software	1,400	-	9,148	283	10,831
Licenses & dues	-	-	-	10,203	10,203
Supplies	321	3,937	503	5,274	10,035
Insurance	-	-	-	9,315	9,315
Printing & reproduction	-	-	1,817	7,216	9,033
UBI tax	-	-	-	7,116	7,116
Purchased production	7,000	-	-	-	7,000
Meals & entertainment	-	-	547	4,286	4,833
Travel & auto	633	886	1,155	1,273	3,947
Postage & delivery	-	-	2,585	643	3,228
Payroll processing fees	-	-	-	1,681	1,681
Miscellaneous	312	-	1,393	6	1,711
Maintenance	-	1,334	-	-	1,334
Interest	-	-	-	102	102
<b>Total Functional Expenses</b>	<b>452,374</b>	<b>64,131</b>	<b>341,658</b>	<b>434,140</b>	<b>1,292,303</b>
Depreciation	-	31,622	-	35,072	66,694
<b>Total Expenses</b>	<b>\$ 452,374</b>	<b>\$ 95,753</b>	<b>\$ 341,658</b>	<b>\$ 469,212</b>	<b>\$ 1,358,997</b>

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

**COMMUNITY WIRELESS OF PARK CITY, INC.**

(Operating as KPCW-FM)

(A Non-Profit Organization)

Statement of Cash Flows

For the Year Ended August 31, 2016

	<u>2016</u>	<u>2015 (Memorandum Only)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,900,350	\$ 16,022
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	66,504	66,694
Donation of asset held for sale	(1,750,000)	-
(Increase) decrease in operating assets:		
Receivables	(14,127)	13,986
Prepays and deposits	(3,903)	18,310
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	14,772	6,513
Deferred revenue	39,642	(17,911)
	<u>253,238</u>	<u>103,614</u>
Net Cash Provided by Operating Activities		
	<u>253,238</u>	<u>103,614</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(107,520)</u>	<u>(21,970)</u>
Net Cash Used in Investing Activities	<u>(107,520)</u>	<u>(21,970)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments under capital lease obligation	<u>(799)</u>	<u>-</u>
Net Cash Used in Financing Activities	<u>(799)</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	144,919	81,644
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>360,406</u>	<u>278,762</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 505,325</u>	<u>\$ 360,406</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash Paid For:		
Interest	\$ 415	\$ 102
Income taxes	\$ -	\$ -
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Purchase of fixed assets through capital lease financing	\$ 13,911	\$ -

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

**COMMUNITY WIRELESS OF PARK CITY, INC.**

(Operating as KPCW-FM)

(A Non-Profit Organization)

Notes to the Financial Statements

August 31, 2016

**NOTE 1 - ORGANIZATION**

Community Wireless of Park City, Inc. (the Station) is a non-profit Utah corporation which operates a volunteer supported noncommercial public radio station in Park City, Utah (KPCW-FM) (a non-profit organization). The Station's mission is to educate, inform, entertain and provide access to a diverse community with quality local, national and international programming.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America and conform to Principles of Accounting and Financial Reporting for Public Telecommunications Entities published by the Corporation for Public Broadcasting (CPB). The following is a summary of the Station's more significant accounting policies:

Revenue Recognition

CPB grants are recognized as revenue when the related expenditures are recorded. Pledged contributions are recognized as revenue when evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as revenue until such time as the conditions are substantially met. Deferred revenue represents underwriting contracts collected in advance.

In-Kind Contributions

In-kind contributions consist of the following: (1) donated professional services - primarily legal, marketing and consulting services, (2) transmitter site rentals and other miscellaneous contributions, (3) donations of the use of facilities and other services related to special events held by the Station, (4) gifts in kind from local vendors of goods and services to be used as pledge premiums or donor thank-you gifts and (5) underwriting trade agreements in which goods or services are provided in exchange for on-air underwriting credits. Underwriting trades are recorded as revenue at the time of the donation, provided there is a clearly measurable and objective basis for determining the value. Donated professional services and other in-kind contributions are recorded as revenue with a corresponding charge to expense or capitalized cost at their estimated fair value when donated.

**COMMUNITY WIRELESS OF PARK CITY, INC.**  
 (Operating as KPCW-FM)  
 (A Non-Profit Organization)  
 Notes to the Financial Statements  
 August 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions (Continued)

	2016	2015 (Memorandum Only)
Professional services	\$ 8,950	\$ 7,000
Transmitter site rental	42,782	29,462
Other	143,378	69,900
Underwriting trades	60,368	76,660
Total In-Kind Contributions	\$ 255,478	\$ 183,022

Income Taxes

The Station is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Station files a Form 990 tax return. As of August 31, 2016 and for the year then ended, the Station has not engaged in any activity which management considers to be activity that could result in a loss of their 501(c)(3) IRS designation. For the year ended August 31, 2016, there was no tax interest or penalties reflected in the statement of activities or in the statement of financial position. The Station is no longer subject to U.S. federal, state, and local income tax examinations by taxing authorities for years before 2013.

Property and Equipment

Property and equipment is recorded at cost or, in the case of donated equipment, at the estimated fair value at the date of donation. Repairs and maintenance are expensed as incurred, whereas major improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of three to thirty-nine years.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses including functional allocations during the reporting period. Actual results could differ from those estimates. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances in making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. While actual results could differ from those estimates, management believes that the estimates are reasonable.

**COMMUNITY WIRELESS OF PARK CITY, INC.**

(Operating as KPCW-FM)

(A Non-Profit Organization)

Notes to the Financial Statements

August 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the programs and broadcasting and other services have been summarized on a functional basis in the Statement of Functional Expenses. Where specific costs can be identified with a particular function, such costs are charged directly to that function. Certain costs that could not be identified with a particular program have been allocated across programs based upon an analysis of personnel time spent in each of those programs.

Cash and Cash Equivalents

The Station considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Pledges Receivable

Accounts receivable and pledges receivable are recorded net of the allowance for doubtful accounts of \$3,600 as of August 31, 2016 and 2015.

Prior Year Financial Statements

The financial information shown for 2015 in the accompanying financial statements represents summarized totals and is shown for comparison only. Certain reclassifications have been made to conform to the current year presentation with no effect to the change in net assets.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Station reports information regarding its financial position and activities according to the existence and nature of donor restrictions in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

The Station also records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. There were no temporarily or permanently restricted net assets as of August 31, 2016 and 2015.

Accounting principles generally accepted in the United States of America allow the Station to treat as unrestricted, any temporarily restricted revenue where the restrictions are met in the same year. The Station has elected to follow that reporting method. As a result (when applicable), all activities in which restrictions are met are recorded in the unrestricted net asset class.

**COMMUNITY WIRELESS OF PARK CITY, INC.**  
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Notes to the Financial Statements  
August 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Station maintains all of its cash with three banks in multiple accounts. The carrying amount of deposits, net of any outstanding checks, was \$505,325 and \$360,406 as of August 31, 2016 and 2015, respectively. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At August 31, 2016 and 2015 there were no amounts held in the Station's bank accounts in excess of the FDIC insured limits.

Allocation of Joint Costs

The Station allocates joint costs between fundraising and program services or management and general in accordance with ASC Subtopic 958-720, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fundraising*.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires an entity to recognize the rights and obligations resulting from leases as lease assets and lease liabilities on the balance sheet, including leases previously recorded and classified as operating leases. Pursuant to this new guidance, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset (lease asset) representing its right to use the underlying asset for the lease term, initially measured at the present value of the lease payments. This new standard is effective for the Station for the year ended August 31, 2021, with early application permitted, using a modified retrospective approach. The Station is currently evaluating the impact of the pending adoption of ASU 2016-02 on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which changes the way all not-for-profits (NFPs) classify net assets and prepare financial statements. Adoption of FASB ASU 2016-14 will result in significant changes to financial reporting and disclosure for NFPs. Some of the more significant changes will be the change of net asset classifications from three classes (unrestricted, temporarily restricted, and permanently restricted) to two (net assets without donor restrictions and net assets with donor restrictions); and additional disclosure of quantitative and qualitative information about liquidity will be required. The new standard is effective for annual financial statements issued for years beginning after December 15, 2017, with early adoption permitted, using a modified retroactive approach. The Station is currently evaluating the impact of the pending adoption of ASU 2016-14 on its financial statements.

**COMMUNITY WIRELESS OF PARK CITY, INC.**

(Operating as KPCW-FM)

(A Non-Profit Organization)

Notes to the Financial Statements

August 31, 2016

NOTE 3 - ASSET HELD FOR SALE

In April 2016, the Station was gifted a radio station from another radio broadcasting and entertainment company. The Station recorded this gift as contribution revenue and as an asset held for sale as the Station was actively marketing the gifted station for sale. It is valued in accordance with ASC Subtopic 958-605 *Revenue Recognition*, which requires contributions of property and equipment to be recognized at fair value. Subsequent to year end, the Station was in the process of selling the gifted station to an outside party.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2016 and 2015 consisted of the following:

	2016	2015 (Memorandum Only)
Broadcast equipment	\$ 368,517	\$ 266,093
Buildings and improvements	1,003,140	1,003,140
Office equipment, furniture and fixtures	<u>67,862</u>	<u>48,857</u>
Total property and equipment	1,439,519	1,318,090
Less: accumulated depreciation	<u>(488,572)</u>	<u>(422,070)</u>
Property and equipment, net	<u>\$ 950,947</u>	<u>\$ 896,020</u>

The Station purchased a building unit in October 2009. The title to the building contains a clause restricting the sale of the building unit only to another non-profit organization. The net book value of the building unit has been classified as net investment in property and equipment in unrestricted net assets in the statement of financial position.

Depreciation expense was \$66,504 and \$66,694 for the years ended August 31, 2016 and 2015, respectively.

**COMMUNITY WIRELESS OF PARK CITY, INC.**  
 (Operating as KPCW-FM)  
 (A Non-Profit Organization)  
 Notes to the Financial Statements  
 August 31, 2016

NOTE 5 - ALLOCATION OF JOINT COSTS

During the years ended August 31, 2016 and 2015, the Station incurred joint costs of \$1,021,264 and \$990,923, respectively, for activities that included fundraising appeals. These joint costs were allocated as follows:

	August 31,	
	2016	2015 (Memorandum Only)
Programming and Production	\$ 396,975	\$ 336,625
Engineering	25,998	52,334
Fundraising, Development and Underwriting	253,270	254,536
Management and Administration	345,021	347,428
Total	\$ 1,021,264	\$ 990,923

NOTE 6 - COMMITMENTS AND CONTINGENCIES

During the year ended August 31, 2016, the Station entered into a lease agreement for a copier for a period of sixty-three (63) months. The lease requires monthly rental payments of \$245.

Obligations under the capital lease at August 31, 2016 consisted of the following:

Total capital leases	\$ 13,112
Less: current portion	(2,462)
Long-term portion of capital leases	\$ 10,650



**COMMUNITY WIRELESS OF PARK CITY, INC.**  
 (Operating as KPCW-FM)  
 (A Non-Profit Organization)  
 Notes to the Financial Statements  
 August 31, 2016

NOTE 6 - COMMITMENTS AND CONTINGENCIES (Continued)

The future minimum lease payments for the copier and the net present value of the future minimum lease payments are as follows:

<u>Year Ending</u> <u>August 31,</u>		
2017		\$ 2,942
2018		2,942
2019		2,942
2020		2,942
2021		<u>2,697</u>
Total minimum lease payments		14,465
Less executory costs and related profit		<u>-</u>
Net minimum lease payments		14,465
Less amount representing interest		<u>(1,353)</u>
Present value of minimum lease payments		<u>\$ 13,112</u>

Depreciation expense for the copier for the year ended August 31, 2016 was \$883.

NOTE 7 - SUBSEQUENT EVENTS

For purposes of these financial statements and all disclosures, subsequent events were evaluated through January 17, 2017, which is the date the financial statements were available to be issued. No material subsequent events that would require disclosure or adjustment to these financial statements as of August 31, 2016 were noted.