

**NORTH FORK VALLEY PUBLIC RADIO, INC.**

**FINANCIAL STATEMENTS**

**September 30, 2016 and 2015**

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## JOHN CUTLER & ASSOCIATES

Board of Directors  
North Fork Valley Radio, Inc.  
Paonia, Colorado

### Independent Auditors' Report

#### Report on the Financial Statements

We have audited the accompanying financial statements of the North Fork Valley Radio, Inc. which comprise the statement of financial position as of September 30, 2016, and 2015, and the related statements of activities, cash flows, and functional expenses 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 of 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 North Fork Valley Radio, Inc. as of September 30, 2016, and 2015, and its changes in net assets, cash flows and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*John Cutler & Associates, LLC*

January 31, 2017

NORTH FORK VALLEY PUBLIC RADIO, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2016 and 2015

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 18,036	\$ 8,021
Accounts Receivable	2,249	1,656
	<u>20,285</u>	<u>9,677</u>
<b>Property and Equipment,</b>		
Building, Furniture and Equipment	1,210,982	1,207,781
Less: Accumulated Depreciation	(488,663)	(454,229)
	<u>722,319</u>	<u>753,552</u>
<b>TOTAL ASSETS</b>	<u>\$ 742,604</u>	<u>\$ 763,229</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 4,846	\$ 4,385
Accrued Expenses	12,623	18,206
Line of Credit	-	35,000
Current Portion of Long-Term Liabilities	9,876	11,316
	<u>27,345</u>	<u>68,907</u>
<b>Long-Term Liabilities</b>		
Mortgage Payable	\$ -	\$ 29,841
Loan Payable	81,321	-
	<u>81,321</u>	<u>29,841</u>
<b>TOTAL LIABILITIES</b>	<u>108,666</u>	<u>98,748</u>
 <b>NET ASSETS</b>		
Unrestricted	463,403	493,946
Temporarily Restricted	170,535	170,535
	<u>633,938</u>	<u>664,481</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 742,604</u>	<u>\$ 763,229</u>

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

NORTH FORK VALLEY PUBLIC RADIO, INC.

STATEMENT OF ACTIVITIES  
Year Ended September 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Grants	\$ 114,884	\$ -	\$ 114,884
Government Grants	1,000	-	1,000
Non Profit and Foundation Grants	7,500	-	7,500
Memberships and Donations	67,235	-	67,235
Annual Pledge Drive	107,783	-	107,783
Underwriting	84,017	-	84,017
Fundraising	36,442	-	36,442
Other	12,935	-	12,935
In-Kind and Trade Out Contributions	27,391	-	27,391
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	459,187	-	459,187
	<hr/>	<hr/>	<hr/>
<b>EXPENSES</b>			
Program Services	274,253	-	274,253
Management and General	150,759	-	150,759
Fundraising	64,718	-	64,718
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	489,730	-	489,730
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	(30,543)	-	(30,543)
<b>NET ASSETS, Beginning</b>	493,946	170,535	664,481
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS, Ending</b>	<u>\$ 463,403</u>	<u>\$ 170,535</u>	<u>\$ 633,938</u>

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

NORTH FORK VALLEY PUBLIC RADIO, INC.

STATEMENT OF ACTIVITIES  
Year Ended September 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Grants	\$ 116,696	\$ -	\$ 116,696
Government Grants	1,500	-	1,500
Non Profit and Foundation Grants	4,000	-	4,000
Memberships and Donations	34,267	-	34,267
Annual Pledge Drive	103,358	-	103,358
Underwriting	97,264	-	97,264
Fundraising	72,253	-	72,253
Other	16,373	-	16,373
In-Kind and Trade Out Contributions	12,811	-	12,811
	<u>458,522</u>	<u>-</u>	<u>458,522</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			
	458,522	-	458,522
<b>EXPENSES</b>			
Program Services	288,415	-	288,415
Management and General	129,319	-	129,319
Fundraising	107,121	-	107,121
	<u>524,855</u>	<u>-</u>	<u>524,855</u>
<b>TOTAL EXPENSES</b>			
	524,855	-	524,855
<b>CHANGE IN NET ASSETS</b>	(66,333)	-	(66,333)
<b>NET ASSETS, Beginning</b>	<u>560,279</u>	<u>170,535</u>	<u>730,814</u>
<b>NET ASSETS, Ending</b>	<u>\$ 493,946</u>	<u>\$ 170,535</u>	<u>\$ 664,481</u>

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

NORTH FORK VALLEY PUBLIC RADIO, INC.

STATEMENT OF CASH FLOWS  
Year Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (30,543)	\$ (66,333)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	34,434	37,368
Changes in Assets and Liabilities		
Accounts Receivable	(593)	(1,001)
Accounts Payable	461	3,344
Accrued Expenses	<u>(5,583)</u>	<u>982</u>
<b>Net Cash (Used) by Operating Activities</b>	<u>(1,824)</u>	<u>(25,640)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	<u>(3,201)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Line of Credit	-	35,000
Proceeds from Loan Payable	99,356	-
Mortgage and Line of Credit Payments	<u>(84,316)</u>	<u>(10,659)</u>
<b>Net Cash Provided by Financing Activities</b>	<u>15,040</u>	<u>24,341</u>
<b>NET (DECREASE) IN CASH</b>	10,015	(1,299)
<b>CASH, Beginning</b>	<u>8,021</u>	<u>9,320</u>
<b>CASH, Ending</b>	<u><u>\$ 18,036</u></u>	<u><u>\$ 8,021</u></u>

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

NORTH FORK VALLEY PUBLIC RADIO, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended September 30, 2016

	Program Services	Management and General	Fundraising	Total
Payroll	\$ 138,372	\$ 60,007	\$ 37,314	\$ 235,693
Payroll Taxes and Worker's Comp	12,934	7,872	4,887	25,693
Program Acquisitions	45,070	3	-	45,073
Depreciation	11,495	22,939	-	34,434
Utilities	16,475	3,984	-	20,459
Insurance	14,163	1,193	-	15,356
Fundraising	-	-	14,346	14,346
Maintenance and Repair	10,896	3,307	-	14,203
Contract Labor	13,081	-	25	13,106
Professional Services	-	11,310	-	11,310
Local Advertising Trade Out	-	10,889	-	10,889
Dues and Subscriptions	4,578	1,696	2,200	8,474
Meetings	796	6,967	230	7,993
Telephone	1,569	3,805	-	5,374
Station Operations Trade Out	-	5,192	-	5,192
Bank and Credit Card Charges	-	1,487	2,398	3,885
Legal and Accounting	-	3,526	-	3,526
Supplies	1,695	1,175	111	2,981
Interest	-	2,797	-	2,797
Postage and Shipping	380	829	1,450	2,659
Printing Costs	231	408	1,646	2,285
Transmitter Site Rental	1,850	-	-	1,850
Professional Development	439	218	30	687
Advertising and Promotion	229	286	55	570
Licenses and Fees	-	174	26	200
Miscellaneous	-	695	-	695
<b>TOTALS</b>	<b>\$ 274,253</b>	<b>\$ 150,759</b>	<b>\$ 64,718</b>	<b>\$ 489,730</b>

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



NORTH FORK VALLEY PUBLIC RADIO, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended September 30, 2015

	Program Services	Management and General	Fundraising	Total
Payroll	\$ 147,008	\$ 60,913	\$ 50,781.00	\$ 258,702
Payroll Taxes and Worker's Comp	16,199	7,154	3,663	27,016
Program Acquisitions	48,472	-	-	48,472
Depreciation	-	37,368	-	37,368
Fundraising	-	-	28,016	28,016
Contract Labor	11,807	220	6,700	18,727
Electricity	15,890	2,009	-	17,899
Insurance	12,506	2,374	-	14,880
Dues and Subscriptions	5,523	1,156	6,840	13,519
In-Kind and Trade Out Contributions	11,516	450	845	12,811
Supplies	2,658	2,261	2,707	7,626
Telephone	6,241	634	-	6,875
Utilities	4,772	27	-	4,799
Bank and Credit Card Charges	-	4,189	519	4,708
Transmitter Site Rental	3,702	-	-	3,702
Legal and Accounting	-	3,693	-	3,693
Postage and Shipping	-	1,052	2,341	3,393
Interest	24	3,297	-	3,321
Maintenance and Repair	1,677	882	50	2,609
Printing Costs	-	-	2,367	2,367
Taxes	23	178	1,358	1,559
Meetings	622	157	686	1,465
Professional Development	-	1,123	138	1,261
Advertising and Promotion	-	162	100	262
Licenses and Fees	(225)	20	10	(195)
<b>TOTALS</b>	<u>\$ 288,415</u>	<u>\$ 129,319</u>	<u>\$ 107,121</u>	<u>\$ 524,855</u>

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

NORTH FORK VALLEY PUBLIC RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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

Organization – North Fork Valley Radio, Inc. (the “Organization”) is a Colorado nonprofit corporation incorporated in 1978 as a non-commercial public radio broadcast station. The Organization broadcasts in the surrounding counties of West Central Colorado, providing entertainment, cultural, educational, and informational programs. The Organization is supported primarily by funding from the Corporation for Public Broadcasting, underwriting, 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 permanently restricted net assets as of September 30, 2016, and 2015.

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

Receivables – Accounts Receivable consists primarily of amounts due for underwriting. As of September 30, 2016, and 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 7 - 30 years. If donors stipulate the use of property and equipment, it is recorded as restricted.

Contributions – Contributions received as well as collectible unconditional promises to give are recognized in the period received. 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.

NORTH FORK VALLEY PUBLIC RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016 and 2015

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

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.

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 Organization has performed an evaluation of subsequent events through January 31, 2017, and has considered any relevant matters in the preparation of the financial statements.

**NOTE 2: PROPERTY AND EQUIPMENT**

Property and Equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Building	\$ 867,604	\$ 867,604
Studio Equipment, Restricted	170,535	170,535
Studio Equipment, Unrestricted	157,057	156,057
Office Equipment	<u>15,786</u>	<u>13,585</u>
Total	1,210,982	1,207,781
Less: Accumulated Depreciation	<u>(488,663)</u>	<u>(454,229)</u>
Total Property and Equipment	<u>\$ 722,319</u>	<u>\$ 753,552</u>

Depreciation expense of \$34,434 and \$37,368 is included in the statement of activities for the years ended September 30, 2016 and 2015. The depreciation expense is categorized as program expense in the Statement of Activities.

NORTH FORK VALLEY PUBLIC RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016 and 2015

**NOTE 3: MORTGAGE PAYABLE**

The Organization has entered into a Commercial Fixed Rate Loan agreement with the Bank of Colorado to refinance the mortgage payable with additional funds for working capital. The loan is a fixed rate 4.25% loan in the amount of \$150,000. There was \$91,197 borrowed against the loan at September 30, 2016. The Organization is required to make monthly principal and interest payments in the amount of \$1,133. The final payment is due in 2020.

Future debt service requirements are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 9,876	\$ 3,722	\$ 13,598
2018	10,304	3,294	13,598
2019	10,750	2,848	13,598
2020	11,216	2,382	13,598
2021	<u>49,051</u>	<u>520</u>	<u>49,571</u>
Total	<u>\$ 91,197</u>	<u>\$ 12,766</u>	<u>\$ 103,963</u>

**NOTE 4: LINE OF CREDIT**

The Organization has a line of credit agreement with First State Bank of Colorado in the amount of \$40,000. There was \$35,000 borrowed against the line at September 30, 2015. The line bears interest at 5% annually and is due on November 28, 2016. Under terms of the line of credit, the Organization will pay the loan in one payment of all outstanding principal plus all accrued interest on November 28, 2016. This line of credit was paid in full as of on December 1, 2015, and was closed.

**NOTE 5: IN KIND DONATIONS**

During the year, the Organization received donated services from various sources for its program. For the years ended September 30, 2016 and 2015, the amount of in-kind donations totaled \$27,391 and \$12,811, respectively. These amounts are recorded as contribution revenue and program expense in the financial statements.

A number of volunteers have donated time in connection with the Organization's activities. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition under SFAS No. 116.

NORTH FORK VALLEY PUBLIC RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016 and 2015

**NOTE 6: TEMPORARILY RESTRICTED NET ASSETS**

In previous fiscal years, the Organization purchased broadcasting equipment through various grants from the National Telecommunications and Information Administration (NTIA). The grant provisions require that title to the equipment must be secured by the grantor for a period of ten years. The Organization records the cost of the equipment as temporarily restricted net assets until the grant provisions expire in 2016 and 2021.