

NORTH FORK VALLEY PUBLIC RADIO, INC.

FINANCIAL STATEMENTS

September 30, 2017 and 2016

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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, 2017, and 2016, 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, 2017, and 2016, 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

February 7, 2018

NORTH FORK VALLEY PUBLIC RADIO, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and Cash Equivalents	\$ 61,131	\$ 18,036
Accounts Receivable	5,367	2,249
	<u>66,498</u>	<u>20,285</u>
Property and Equipment,		
Building, Furniture and Equipment	1,149,328	1,210,982
Less: Accumulated Depreciation	(473,729)	(488,663)
	<u>675,599</u>	<u>722,319</u>
TOTAL ASSETS	<u>\$ 742,097</u>	<u>\$ 742,604</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 5,917	\$ 4,846
Accrued Expenses	12,140	12,623
Current Portion of Long-Term Liabilities	10,304	9,876
	<u>28,361</u>	<u>27,345</u>
Long-Term Liabilities		
Loan Payable	\$ 71,435	\$ 81,321
	<u>71,435</u>	<u>81,321</u>
TOTAL LIABILITIES	<u>99,796</u>	<u>108,666</u>
NET ASSETS		
Unrestricted	524,201	463,403
Temporarily Restricted	118,100	170,535
	<u>642,301</u>	<u>633,938</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 742,097</u>	<u>\$ 742,604</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Grants	\$ 3,000	\$ -	\$ 3,000
Government Grants	116,910	-	116,910
Non Profit and Foundation Grants	4,500	-	4,500
Memberships and Donations	10,558	3,473	14,031
Annual Pledge Drive	149,488	-	149,488
Underwriting	87,547	-	87,547
Fundraising	74,353	-	74,353
Other	13,714	-	13,714
In-Kind and Trade Out Contributions	23,100	-	23,100
Net Assets Released from Restrictions	55,908	(55,908)	-
	<u>539,078</u>	<u>(52,435)</u>	<u>486,643</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
EXPENSES			
Program Services	190,029	-	190,029
Management and General	181,115	-	181,115
Fundraising	107,136	-	107,136
	<u>478,280</u>	<u>-</u>	<u>478,280</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	60,798	(52,435)	8,363
NET ASSETS, Beginning	<u>463,403</u>	<u>170,535</u>	<u>633,938</u>
NET ASSETS, Ending	<u>\$ 524,201</u>	<u>\$ 118,100</u>	<u>\$ 642,301</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>
REVENUES, GAINS AND OTHER SUPPORT			
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/>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	459,187	-	459,187
	<hr/>	<hr/>	<hr/>
EXPENSES			
Program Services	274,253	-	274,253
Management and General	150,759	-	150,759
Fundraising	64,718	-	64,718
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	489,730	-	489,730
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(30,543)	-	(30,543)
NET ASSETS, Beginning	493,946	170,535	664,481
	<hr/>	<hr/>	<hr/>
NET ASSETS, Ending	<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 CASH FLOWS
Year Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 8,363	\$ (30,543)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	29,305	34,434
Loss on Disposal of Assets	17,415	-
Changes in Assets and Liabilities		
Accounts Receivable	(3,118)	(593)
Accounts Payable	1,071	461
Accrued Expenses	(483)	(5,583)
Net Cash Provided (Used) by Operating Activities	<u>52,553</u>	<u>(1,824)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>-</u>	<u>(3,201)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable	-	99,356
Mortgage and Line of Credit Payments	<u>(9,458)</u>	<u>(84,316)</u>
Net Cash Provided (Used) by Financing Activities	<u>(9,458)</u>	<u>15,040</u>
NET INCREASE IN CASH	43,095	10,015
CASH, Beginning	<u>18,036</u>	<u>8,021</u>
CASH, Ending	<u><u>\$ 61,131</u></u>	<u><u>\$ 18,036</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, 2017

	Program Services	Management and General	Fundraising	Total
Payroll	\$ 106,766	\$ 51,697	\$ 45,022	\$ 203,485
Payroll Taxes and Worker's Comp	9,841	9,442	4,555	23,838
Program Acquisitions	38,668	-	-	38,668
Depreciation	8,900	20,405	-	29,305
Utilities	2,142	16,152	-	18,294
Insurance	2,380	12,973	-	15,353
Fundraising	-	1,264	30,301	31,565
Maintenance and Repair	3,668	5,747	-	9,415
Contract Labor	7,553	447	9,933	17,933
Professional Services	-	5,202	-	5,202
Local Advertising Trade Out	-	5,100	7,716	12,816
Dues and Subscriptions	2,754	4,216	2,400	9,370
Meetings	275	2,106	456	2,837
Telephone	-	6,098	-	6,098
Station Operations Trade Out	2,000	2,982	100	5,082
Bank and Credit Card Charges	-	4,120	313	4,433
Legal and Accounting	-	3,500	-	3,500
Supplies	1,607	2,923	2,121	6,651
Interest	-	4,140	-	4,140
Postage and Shipping	7	1,672	1,278	2,957
Printing Costs	-	1,575	132	1,707
Transmitter Site Rental	1,350	-	-	1,350
Professional Development	-	-	2,584	2,584
Advertising and Promotion	473	217	-	690
Licenses and Fees	1,645	254	20	1,919
Loss on Disposal of Assets	-	17,415	-	17,415
Miscellaneous	-	1,468	205	1,673
TOTALS	\$ 190,029	\$ 181,115	\$ 107,136	\$ 478,280

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
TOTALS	\$ 274,253	\$ 150,759	\$ 64,718	\$ 489,730

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

NORTH FORK VALLEY PUBLIC RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – North Fork Valley Public 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, memberships, 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, 2017, and 2016.

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, 2017, and 2016 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 an initial cost of \$5,000 and 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, 2017 and 2016

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 February 7, 2018, 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>2017</u>	<u>2016</u>
Building	\$ 846,162	\$ 867,604
Studio Equipment, Restricted	114,627	170,535
Studio Equipment, Unrestricted	183,369	157,057
Office Equipment	<u>5,170</u>	<u>15,786</u>
Total	1,149,328	1,210,982
Less: Accumulated Depreciation	<u>(473,729)</u>	<u>(488,663)</u>
Total Property and Equipment	<u>\$ 675,599</u>	<u>\$ 722,319</u>

Depreciation expense of \$29,305 and \$34,434 is included in the statement of activities for the years ended September 30, 2017 and 2016. The depreciation expense is categorized as program expense in the Statement of Activities. The Organization adopted a revised capitalization policy in 2017 resulting in the disposal of various capital assets and the reporting of a loss on disposal in the amount of \$17,415. The loss is categorized as a program expense in the Statement of Activities.

NORTH FORK VALLEY PUBLIC RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017 and 2016

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, no additional funds were borrowed during the year ended September 30, 2017. The Organization is required to make monthly principal and interest payments in the amount of \$1,133. The final payment is due in 2021.

Future debt service requirements are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 10,304	\$ 3,294	\$ 13,598
2019	10,750	2,848	13,598
2020	11,216	2,382	13,598
2021	<u>49,469</u>	<u>520</u>	<u>49,989</u>
Total	<u>\$ 81,739</u>	<u>\$ 9,044</u>	<u>\$ 90,783</u>

NOTE 4: IN KIND DONATIONS

During the year, the Organization received donated services from various sources for its program. For the years ended September 30, 2017 and 2016, the amount of in-kind donations totaled \$23,100 and \$27,391, 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, 2017 and 2016

NOTE 5: 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 2021.

Beginning in 2017, the Organization has started a capital campaign drive to solicit funding to establish and equip a satellite studio in Montrose, Colorado. As of September 30, 2017, the Organization has received \$3,473 in donations and contributions. The amount is reported as temporarily restricted revenue in the Statement of Activities.

NOTE 6: NET ASSETS RELEASED FROM RESTRICTION

Temporarily Restricted net assets were released from restriction related to time and purpose requirements met for the National Telecommunications and Information Administration (NTIA) grants in the amount of \$55,908 and \$0 for the years ended September 30, 2017 and 2016, respectively.