



Financial Statements  
December 31, 2016 and 2015  
**Listeners Community Radio of Utah**

Listeners Community Radio of Utah  
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December 31, 2016 and 2015

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## Independent Auditor's Report

To the Board of Directors of  
Listeners Community Radio of Utah  
Salt Lake City, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of Listeners Community Radio of Utah, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Listeners Community Radio of Utah as of December 31, 2016 and 2015, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Salt Lake City, Utah  
July 10, 2017

Listeners Community Radio of Utah  
 Statements of Financial Position  
 December 31, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 70,989	\$ 52,077
Underwriting contributions receivable	88,193	85,076
Unconditional promises to give, net	105,164	89,637
Inventories	38,455	28,160
Prepaid expenses and deposits	18,372	23,124
Total current assets	321,173	278,074
Property and Equipment, net	592,904	611,543
Cash Restricted to Solar Project	-	90,000
Total assets	\$ 914,077	\$ 979,617
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 56,543	\$ 37,489
Accrued liabilities	29,176	36,954
Total current liabilities	85,719	74,443
Net Assets		
Unrestricted	627,174	640,461
Temporarily restricted	201,184	264,713
Total net assets	828,358	905,174
Total liabilities and net assets	\$ 914,077	\$ 979,617

Listeners Community Radio of Utah  
Statements of Activities  
Years Ended December 31, 2016 and 2015

	2016	2015
Unrestricted Net Assets		
Public support and revenue		
Grants and contributions	\$ 575,817	\$ 600,310
Underwriting contributions	237,384	276,771
In-kind contributions	72,232	122,153
Other income	199	57
Net assets released from restrictions	173,213	122,081
Total public support and revenue	1,058,845	1,121,372
Expenses		
Program services		
Programming and production	493,424	469,988
Engineering and broadcasting	127,232	115,563
Total program services	620,656	585,551
Management and general	190,626	222,146
Fundraising	260,850	353,757
Total expenses	1,072,132	1,161,454
Change in Unrestricted Net Assets	(13,287)	(40,082)
Temporarily Restricted Net Assets		
Grants and contributions	191,184	204,713
Return of contributions to donors	(81,500)	-
Net assets released from restrictions	(173,213)	(122,081)
Change in Temporarily Restricted Net Assets	(63,529)	82,632
Change in Net Assets	(76,816)	42,550
Net Assets, Beginning of Year	905,174	862,624
Net Assets, End of Year	\$ 828,358	\$ 905,174

Listeners Community Radio of Utah  
Statement of Functional Expense  
Year Ended December 31, 2016

	<u>Program Services</u>			<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Programming and Production</u>	<u>Engineering and Broadcasting</u>	<u>Total</u>			
Payroll and payroll taxes	\$ 313,254	\$ 8,163	\$ 321,417	\$ 82,110	\$ 105,629	\$ 509,156
Employee benefits	44,032	150	44,182	11,754	18,598	74,534
Professional fees	2,200	12,000	14,200	25,966	-	40,166
Advertising and promotion	-	-	-	-	22,725	22,725
Office expense	20,847	2,022	22,869	53,828	24,087	100,784
Information technology	54,981	-	54,981	1,795	8,887	65,663
Occupancy	-	11,782	11,782	3,835	-	15,617
Insurance	4,935	-	4,935	6,430	-	11,365
Special events	-	-	-	-	72,619	72,619
Transmitter expenses	-	87,224	87,224	-	-	87,224
Depreciation	32,901	4,700	37,601	4,700	4,700	47,001
Listener research	12,942	-	12,942	-	-	12,942
Programming dues	7,007	-	7,007	-	-	7,007
Miscellaneous	325	1,191	1,516	208	3,605	5,329
<b>Total functional expenses</b>	<b>\$ 493,424</b>	<b>\$ 127,232</b>	<b>\$ 620,656</b>	<b>\$ 190,626</b>	<b>\$ 260,850</b>	<b>\$ 1,072,132</b>

Listeners Community Radio of Utah  
Statement of Functional Expense  
Year Ended December 31, 2015

	<u>Program Services</u>			<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Programming and Production</u>	<u>Engineering and Broadcasting</u>	<u>Total</u>			
Payroll and payroll taxes	\$ 315,844	\$ 68	\$ 315,912	\$ 79,551	\$ 150,754	\$ 546,217
Employee benefits	30,233	-	30,233	4,961	18,559	53,753
Professional fees	1,137	12,545	13,682	24,651	-	38,333
Advertising and promotion	-	-	-	-	27,827	27,827
Office expense	1,393	1,960	3,353	88,716	19,341	111,410
Information technology	60,122	-	60,122	801	7,348	68,271
Occupancy	-	11,599	11,599	9,052	-	20,651
Insurance	5,761	-	5,761	8,867	-	14,628
Special events	-	-	-	-	124,529	124,529
Transmitter expenses	-	83,992	83,992	-	-	83,992
Depreciation	37,792	5,399	43,191	5,399	5,399	53,989
Listener research	11,825	-	11,825	-	-	11,825
Programming dues	5,381	-	5,381	-	-	5,381
Miscellaneous	500	-	500	148	-	648
<b>Total functional expenses</b>	<b><u>\$ 469,988</u></b>	<b><u>\$ 115,563</u></b>	<b><u>\$ 585,551</u></b>	<b><u>\$ 222,146</u></b>	<b><u>\$ 353,757</u></b>	<b><u>\$ 1,161,454</u></b>

Listeners Community Radio of Utah  
 Statements of Cash Flows  
 Years Ended December 31, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	\$ (76,816)	\$ 42,550
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	47,001	53,989
Contributions restricted to solar project	-	(30,000)
Changes in operating assets and liabilities		
Underwriting contributions receivable	(3,117)	(43,994)
Unconditional promises to give	(15,527)	(8,638)
Inventories	(10,295)	(16,890)
Prepaid expenses and deposits	4,752	(10,921)
Accounts payable	19,054	972
Accrued liabilities	(7,778)	992
Net Cash used for Operating Activities	(42,726)	(11,940)
Investing Activities		
Purchase of property and equipment	(28,362)	(43,237)
Cash restricted to solar project	90,000	(30,000)
Collection of contributions restricted to solar project	-	30,000
Net Cash from (used for) Investing Activities	61,638	(43,237)
Net Change in Cash and Cash Equivalents	18,912	(55,177)
Cash and Cash Equivalents, Beginning of Year	52,077	107,254
Cash and Cash Equivalents, End of Year	\$ 70,989	\$ 52,077



## **Note 1 - Summary of Significant Accounting Policies**

### **Organization**

Listeners Community Radio of Utah dba KRCL (the “Organization”) is a listener-supported community radio station whose purpose is to strengthen the community through diverse, independent, and progressive public affairs and music programming. The Organization was organized as a Utah nonprofit corporation in 1975 to provide a unique voice, giving access to perspectives and music that are often excluded from traditional media. The Organization is funded primarily through community fundraising, grants and underwriting contributions.

### **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.

### **Underwriting Contributions Receivable**

Underwriting contributions receivable consist of amounts unconditionally promised by local businesses and nonprofit organizations to fund the costs of programming and are due within one year. Management determines the allowance for uncollectable underwriting contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Underwriting contributions receivable are written off when deemed uncollectible. No allowances for uncollectible underwriting contributions receivable were recorded at December 31, 2016 and 2015.

### **Unconditional Promises to Give**

Unconditional promises to give expected to be collected within one year are recorded 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 experiences, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2016 and 2015, the allowance for uncollectable promises to give was \$66,124 and \$52,143, respectively.

### **Inventories**

Inventories are stated at the lower of cost, determined on a first in, first out basis, or market value and consist of promotional and premium items that are provided to members during membership campaigns and events.

## **Property and Equipment**

The Organization records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty 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 December 31, 2016 and 2015.

## **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 available for use in general operations.

*Temporarily Restricted* – 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 whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the actions of the Organization. There were no permanently restricted net assets at December 31, 2016 and 2015.

## **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. Underwriting revenue is considered non-reciprocal and is therefore recorded as contributions when an agreement is signed or when cash is received.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Organization's 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. The Organization records donated professional services at the respective fair values of the services received.

### **Advertising Costs**

Advertising costs are expensed as incurred, and totaled \$16,525 and \$19,419 during the years ended December 31, 2016 and 2015, respectively.

### **Functional 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 presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### **Income Tax Status**

The Organization is organized as a Utah 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), qualifying for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined 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.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are 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.

### **Subsequent Events**

The Organization has evaluated subsequent events through July 10, 2017, the date the financial statements were available to be issued.

**Note 2 - Promises to Give**

Unconditional promises to give consist of the following at December 31:

	2016	2015
Member pledges	\$ 168,096	\$ 137,973
Challenge grant receivable	3,000	2,000
Other	192	1,807
Less estimated uncollectable amounts	(66,124)	(52,143)
	\$ 105,164	\$ 89,637

At December 31, 2016 and 2015 all unconditional promises to give are expected to be collected within one year.

**Note 3 - Property and Equipment**

Property and equipment consists of the following at December 31:

	2016	2015
Computers and equipment	\$ 825,381	\$ 802,019
Furniture and fixtures	45,931	45,931
Buildings and improvements	708,177	703,177
Land	102,500	102,500
	1,681,989	1,653,627
Less accumulated depreciation	(1,089,085)	(1,042,084)
	\$ 592,904	\$ 611,543

**Note 4 - Restricted Net Assets**

Temporarily restricted net assets consist of the following at December 31:

	2016	2015
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 201,184	\$ 174,713
Restricted by donors for solar project	-	90,000
	\$ 201,184	\$ 264,713

During the year ended December 31, 2016, the Organization determined it would not fulfill the donor's restriction relating to the planned solar project and returned \$81,500 of contributions to donors.

**Note 5 - Donated Professional Services and Materials**

The Organization received donated professional services and materials as follows during the year ended December 31, 2016:

	Program Services	Management and General	Fundraising	Total
Advertising and promotion	\$ -	\$ -	\$ 31,354	\$ 31,354
Information technology	32,940	-	-	32,940
Professional fees	-	7,938	-	7,938
	\$ 32,940	\$ 7,938	\$ 31,354	\$ 72,232

The Organization received donated professional services and materials as follows during the year ended December 31, 2015:

	Program Services	Management and General	Fundraising	Total
Advertising and promotion	\$ -	\$ -	\$ 74,050	\$ 74,050
Information technology	32,978	-	-	32,978
Office expense	-	12,405	-	12,405
Occupancy	-	2,720	-	2,720
	\$ 32,978	\$ 15,125	\$ 74,050	\$ 122,153