



Financial Statements
December 31, 2017 and 2016

Listeners Community Radio of Utah

Listeners Community Radio of Utah
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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, 2017 and 2016, 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, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Salt Lake City, Utah
August 8, 2018

Listeners Community Radio of Utah
 Statements of Financial Position
 December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 207,841	\$ 70,989
Underwriting receivables	44,737	88,193
Unconditional promises to give, net	95,967	104,972
Other receivables	1,361	192
Inventories	5,389	38,455
Prepaid expenses and deposits	15,194	18,372
Total current assets	370,489	321,173
Cash Restricted for Capital Campaign	28,250	-
Property and Equipment, net	556,794	592,904
Total assets	\$ 955,533	\$ 914,077
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 33,383	\$ 56,543
Accrued liabilities	30,682	29,176
Total current liabilities	64,065	85,719
Net Assets		
Unrestricted	729,793	627,174
Temporarily restricted	161,675	201,184
Total net assets	891,468	828,358
Total liabilities and net assets	\$ 955,533	\$ 914,077

Listeners Community Radio of Utah
Statements of Activities
Years Ended December 31, 2017 and 2016

	2017	2016
Unrestricted Net Assets		
Public support and revenue		
Grants and contributions, net	\$ 627,608	\$ 575,817
Underwriting contributions	249,606	237,384
In-kind contributions	75,974	72,232
Other income	6,645	199
Net assets released from restrictions	277,418	173,213
Total public support and revenue	1,237,251	1,058,845
Expenses		
Program services		
Programming and production	418,758	493,424
Engineering and broadcasting	119,598	127,232
Total program services	538,356	620,656
Supporting services		
Management and general	124,915	190,626
Underwriting and grant solicitation	68,703	23,157
Fundraising	402,658	237,693
Total expenses	1,134,632	1,072,132
Change in Unrestricted Net Assets	102,619	(13,287)
Temporarily Restricted Net Assets		
Grants and contributions	237,909	191,184
Return of contributions to donors	-	(81,500)
Net assets released from restrictions	(277,418)	(173,213)
Change in Temporarily Restricted Net Assets	(39,509)	(63,529)
Change in Net Assets	63,110	(76,816)
Net Assets, Beginning of Year	828,358	905,174
Net Assets, End of Year	\$ 891,468	\$ 828,358

Listeners Community Radio of Utah
Statement of Functional Expense
Year Ended December 31, 2017

	Program Services			Supporting Services			
	Programming and Production	Engineering and Broadcasting	Total	Management and General	Underwriting and Grant Solicitation	Fundraising	Total
Payroll and payroll taxes	\$ 275,341	\$ 14,713	\$ 290,054	\$ 18,634	\$ 45,425	\$ 130,794	\$ 484,907
Employee benefits	29,104	88	29,192	11,112	3,388	19,991	63,683
Professional fees	-	-	-	45,868	-	-	45,868
Advertising and promotion	-	-	-	-	-	19,789	19,789
Office expense	8,708	1,827	10,535	25,742	50	45,747	82,074
Information technology	42,187	-	42,187	1,456	-	18,391	62,034
Occupancy	-	12,929	12,929	7,512	-	-	20,441
Insurance	4,802	-	4,802	7,975	-	-	12,777
Promotional events	-	-	-	-	-	124,505	124,505
Transmitter expenses	-	85,023	85,023	-	-	-	85,023
Depreciation	35,126	5,018	40,144	5,017	-	5,018	50,179
Listener research	11,360	-	11,360	-	-	-	11,360
Travel	5,178	-	5,178	-	999	31	6,208
Programming dues	6,952	-	6,952	-	-	-	6,952
Bad debt expense	-	-	-	-	18,841	38,392	57,233
Miscellaneous	-	-	-	1,599	-	-	1,599
Total functional expenses	\$ 418,758	\$ 119,598	\$ 538,356	\$ 124,915	\$ 68,703	\$ 402,658	\$ 1,134,632

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

	Program Services			Supporting Services			
	Programming and Production	Engineering and Broadcasting	Total	Management and General	Underwriting and Grant Solicitation	Fundraising	Total
Payroll and payroll taxes	\$ 313,254	\$ 8,163	\$ 321,417	\$ 82,110	\$ 19,954	\$ 85,675	\$ 509,156
Employee benefits	44,032	150	44,182	11,754	3,203	15,395	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
Promotional 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
Total functional expenses	\$ 493,424	\$ 127,232	\$ 620,656	\$ 190,626	\$ 23,157	\$ 237,693	\$ 1,072,132

Listeners Community Radio of Utah
 Statements of Cash Flows
 Years Ended December 31, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ 63,110	\$ (76,816)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	50,179	47,001
Contributions restricted to capital campaign	(28,250)	-
Changes in operating assets and liabilities		
Underwriting contributions receivable	43,456	(3,117)
Unconditional promises to give	9,005	(15,527)
Other receivables	(1,169)	-
Inventories	33,066	(10,295)
Prepaid expenses and deposits	3,178	4,752
Accounts payable	(23,160)	19,054
Accrued liabilities	1,506	(7,778)
Net Cash from (used for) Operating Activities	150,921	(42,726)
Investing Activities		
Purchase of property and equipment	(14,069)	(28,362)
Cash restricted to solar project	-	90,000
Addition to cash restricted for capital campaign	(28,250)	-
Net Cash from (used for) Investing Activities	(42,319)	61,638
Financing Activities		
Collections of contributions restricted to capital campaign	28,250	-
Net Cash from Financing Activities	28,250	-
Net Change in Cash and Cash Equivalents	136,852	18,912
Cash and Cash Equivalents, Beginning of Year	70,989	52,077
Cash and Cash Equivalents, End of Year	\$ 207,841	\$ 70,989

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 Receivables

Underwriting receivables consist primarily of noninterest-bearing amounts due for underwriting of the Organizations programs. 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 receivable were recorded at December 31, 2017 and 2016.

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, 2017 and 2016, the allowance for uncollectable promises to give was \$55,353 and \$66,124, respectively.

Inventories

As of January 1, 2017, the Organization adopted Accounting Standards Update (ASU) 2015-11, *Inventory: Simplifying the Measurement of Inventory*. This update requires inventory to be measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Adoption of this accounting standard update is on a prospective basis.

Inventories are stated at the lower of cost, determined on a first in, first out basis, or net realizable 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, 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 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, 2017 and 2016.

Revenue and Revenue Recognition

Revenue is recognized when earned. The Organization is supported primarily through individual pledges and program underwriting from businesses and community organizations. Underwriting support is recognized as revenue when broadcast. Underwriting support received in advance of broadcast is reported as deferred revenue. 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. Advance payments on conditional promises to give are recorded as refundable advances in the statements of financial position until the conditions are met.

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 \$18,242 and \$16,525 during the years ended December 31, 2017 and 2016, 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 present 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 August 8, 2018, the date the financial statements were available to be issued.

Note 2 - Unconditional Promises to Give

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

	2017	2016
Member pledges	\$ 150,587	\$ 168,096
Challenge grant receivable	-	3,000
Other	733	-
Less estimated uncollectable amounts	(55,353)	(66,124)
	\$ 95,967	\$ 104,972

At December 31, 2017 and 2016 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:

	2017	2016
Computers and equipment	\$ 837,022	\$ 825,381
Furniture and fixtures	45,931	45,931
Buildings and improvements	711,558	708,177
Land	102,500	102,500
	1,697,011	1,681,989
Less accumulated depreciation	(1,140,217)	(1,089,085)
	\$ 556,794	\$ 592,904

Note 4 - Temporarily Restricted Net Assets

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

	2017	2016
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 95,967	\$ 104,972
Donations restricted by donors for national program production, content acquisition, distribution and promotion	27,458	-
Donations restricted by donors for capital campaign	28,250	-
Donations restricted by donors for other purposes	10,000	96,212
	\$ 161,675	\$ 201,184

During the year ended December 31, 2016 the Organization determined it would not fulfill the donor's restriction relating to a 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, 2017:

	Program Services	Management and General	Fundraising	Total
Advertising and promotional events	\$ -	\$ -	\$ 46,239	\$ 46,239
Information technology	24,000	-	-	24,000
Professional fees	-	5,735	-	5,735
	\$ 24,000	\$ 5,735	\$ 46,239	\$ 75,974

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 promotional events	\$ -	\$ -	\$ 31,354	\$ 31,354
Information technology	32,940	-	-	32,940
Professional fees	-	7,938	-	7,938
	\$ 32,940	\$ 7,938	\$ 31,354	\$ 72,232