

BLOOMINGTON COMMUNITY RADIO, INC.

Financial Statements
September 30, 2016 and May 31, 2015



BLOOMINGTON COMMUNITY RADIO, INC.

Table of Contents

	Pages
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 11

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bloomington Community Radio, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Bloomington Community Radio, Inc. (a nonprofit organization) which comprise the statements of financial position as of September 30, 2016 and May 31, 2015, and the related statements of activities, functional expenses and cash flows for the respective sixteen- and twelve-month periods 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 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 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 qualified audit opinion.

Basis for Qualified Opinion

As described in note 5, the cost of property acquired before 2010 could not be documented. We were unable to obtain sufficient appropriate audit evidence about the cost and accumulated depreciation of most of the property and equipment. Consequently we were unable to determine whether any adjustments to those amounts were necessary.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Bloomington Community Radio, Inc. as of September 30, 2016 and May 31, 2015, and the changes in its net assets and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Stampfli Associates

Bloomington, IN
February 9, 2017

BLOOMINGTON COMMUNITY RADIO, INC.

Statements of Financial Position
September 30, 2016 and May 31, 2015

ASSETS	September 2016	May 2015
Cash	\$ 22,989	\$ 20,989
Accounts receivable (Note 4)	688	17,079
Prepaid expenses	<u>1,229</u>	<u>984</u>
Total current assets	24,906	39,052
PROPERTY AND EQUIPMENT-NET		
Land	5,000	5,000
Leasehold improvements	23,155	22,855
Tower and transmitter	114,378	114,378
Equipment	<u>161,748</u>	<u>159,515</u>
	304,281	301,748
Less Accumulated depreciation	<u>222,731</u>	<u>210,838</u>
	<u>81,550</u>	<u>90,910</u>
TOTAL ASSETS	<u>\$ 106,456</u>	<u>\$ 129,962</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,012	\$ 4,225
Accrued payroll and taxes	10,350	11,511
Line of credit	<u>7,628</u>	<u>-</u>
TOTAL LIABILITIES	20,990	15,736
NET ASSETS - UNRESTRICTED	<u>85,466</u>	<u>114,226</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 106,456</u>	<u>\$ 129,962</u>

BLOOMINGTON COMMUNITY RADIO, INC.

Statements of Activities
Periods Ended September 30, 2016 and May 31, 2015

	Sixteen Months Ended September 2016	Twelve Months Ended May 2015
SUPPORT		
Donations and memberships	\$ 198,711	\$ 127,081
In-kind contributions (Note 6)	74,340	54,295
Corporation for Public Broadcasting (Note 7)	72,160	70,679
Underwriting	39,396	41,322
Other government support	<u>3,000</u>	<u>500</u>
Total support	387,607	293,877
REVENUE		
Revenue from Public Library	14,000	10,000
Miscellaneous income	1,771	2,077
Special events (Note 9)	327	8,778
Interest income	<u>1</u>	<u>7</u>
Total revenue	<u>16,099</u>	<u>20,862</u>
Revenues, gains and other support	<u>403,706</u>	<u>314,739</u>
EXPENSES:		
Program services	272,868	200,563
Management and general	77,311	76,095
Fund raising	<u>82,287</u>	<u>64,840</u>
Total expenses	<u>432,466</u>	<u>341,498</u>
CHANGE IN UNRESTRICTED NET ASSETS	(28,760)	(26,759)
NET ASSETS -- Beginning of Year	<u>114,226</u>	<u>140,985</u>
NET ASSETS -- End of Year	<u>\$ 85,466</u>	<u>\$ 114,226</u>

BLOOMINGTON COMMUNITY RADIO, INC.

Statements of Cash Flows
Periods Ended September 30, 2016 and May 31, 2015

	Sixteen Months Ended September 2016	Twelve Months Ended May 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ (28,760)	\$ (26,759)
Changes not requiring cash in the current year:		
Depreciation	11,893	7,561
Add (deduct) net changes in other accounts:		
Accounts receivable	16,391	(14,029)
Prepaid expenses	(245)	1,252
Accounts payable	(1,213)	(1,005)
Underwriter credit	-	(250)
Accrued payroll and taxes	<u>(1,161)</u>	<u>3,277</u>
Net cash provided (used) by operating activities	(3,095)	(29,953)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,533)	(23,678)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing/(repayment) on line of credit	<u>7,628</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2,000	(53,631)
CASH AND CASH EQUIVALENTS -- Beginning of Year	<u>20,989</u>	<u>74,620</u>
CASH AND CASH EQUIVALENTS -- End of Year	<u>\$ 22,989</u>	<u>\$ 20,989</u>
SUPPLEMENTAL DATA:		
Interest paid	\$ 337	\$ -

BLOOMINGTON COMMUNITY RADIO, INC.

Statement of Functional Expenses
Sixteen Months Ended September 30, 2016

	Programming and Production	Broadcasting and Engineering	Program and Promotion	Total Program	Management and General	Fund Raising	Total
EXPENSES							
Payroll	\$ 83,349	\$ 44,514	\$ 10,348	\$ 138,211	\$ 47,882	\$ 51,079	\$ 237,172
Payroll taxes	6,700	3,578	832	11,110	3,849	4,106	19,065
	<u>90,049</u>	<u>48,092</u>	<u>11,180</u>	<u>149,321</u>	<u>51,731</u>	<u>55,185</u>	<u>256,237</u>
Occupancy	26,363	17,054	9,448	52,865	6,219	3,110	62,194
Advertising and promotion	-	-	30,790	30,790	-	-	30,790
Fundraising expense	-	-	-	-	-	22,092	22,092
Depreciation	3,033	6,065	1,011	10,109	1,189	595	11,893
Professional fees	-	-	-	-	7,354	883	8,237
Program expenses	6,754	-	1,000	7,754	-	-	7,754
Supplies	2,357	40	4,586	6,983	-	-	6,983
Insurance	3,227	-	-	3,227	3,227	-	6,454
Miscellaneous	1,085	1,085	1,304	3,474	868	-	4,342
Internet	2,939	-	735	3,674	432	216	4,322
Dues and subscriptions	2,726	-	941	3,667	435	-	4,102
Bank charges	-	-	-	-	2,879	-	2,879
Fines	-	-	-	-	2,623	-	2,623
Travel	1,004	-	-	1,004	-	-	1,004
Interest Expense	-	-	-	-	354	-	354
Uncollectible accounts	-	-	-	-	-	206	206
	<u>\$ 139,537</u>	<u>\$ 72,336</u>	<u>\$ 60,995</u>	<u>\$ 272,868</u>	<u>\$ 77,311</u>	<u>\$ 82,287</u>	<u>\$ 432,466</u>

See accompanying notes to financial statements

BLOOMINGTON COMMUNITY RADIO, INC.

Statement of Functional Expenses
Year Ended May 31, 2015

	Programming and Production	Broadcasting and Engineering	Program and Promotion	Total Program	Management and General	Fund Raising	Total
EXPENSES							
Payroll	\$ 38,760	\$ 34,361	\$ 6,763	\$ 79,884	\$ 45,603	\$ 39,137	\$ 164,624
Employee benefits	5,004	4,437	873	10,314	5,888	5,053	21,255
Payroll taxes	3,139	2,782	548	6,469	3,693	3,170	13,332
	<u>46,903</u>	<u>41,580</u>	<u>8,184</u>	<u>96,667</u>	<u>55,184</u>	<u>47,360</u>	<u>199,211</u>
Occupancy	23,947	11,330	7,086	42,363	4,984	2,492	49,839
Advertising and promotion	-	-	22,209	22,209	-	-	22,209
Fundraising expense	-	-	-	-	-	11,677	11,677
Professional fees	-	-	-	-	8,490	2,122	10,612
Depreciation	1,928	3,856	643	6,427	756	378	7,561
Supplies	2,595	2,325	2,566	7,486	-	-	7,486
Program expenses	6,998	-	-	6,998	-	-	6,998
Dues and subscriptions	1,908	-	2,243	4,151	1,038	-	5,189
Insurance	1,938	-	-	1,938	1,937	-	3,875
Miscellaneous	1,717	269	1,050	3,036	759	-	3,795
Internet	2,343	-	586	2,929	345	173	3,447
Staff development	3,184	-	-	3,184	-	-	3,184
Licenses	3,116	-	59	3,175	-	-	3,175
Bank charges	-	-	-	-	2,602	-	2,602
Uncollectible accounts	-	-	-	-	-	638	638
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>638</u>	<u>638</u>
Total expenses	<u>\$ 96,577</u>	<u>\$ 59,360</u>	<u>\$ 44,626</u>	<u>\$ 200,563</u>	<u>\$ 76,095</u>	<u>\$ 64,840</u>	<u>\$ 341,498</u>

BLOOMINGTON COMMUNITY RADIO, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

Bloomington Community Radio, Inc. (the organization) is an Indiana not-for-profit corporation. The purpose of the organization is to operate a non-commercial educational radio broadcast facility and the carrying out of educational and media activities and such projects as may be related to public education or communication. It operates from Bloomington Indiana.

Cash and Cash Equivalents:

Cash and cash equivalents include cash and bank accounts.

Property and Equipment:

Property and equipment are recorded at cost, except in the case of donated property which is recorded at the estimated fair-market value at the date of donation. Property and equipment are depreciated using the straight-line method over estimated useful lives of the respective classes of property as follows:

	<u>Years</u>
Buildings and leasehold improvements	39
Transmitter, tower and antenna	20
Furniture and equipment	5

Restricted contributions:

It is the policy of the organization to treat temporarily restricted contributions as unrestricted if the restriction is met in the same period as the contribution.

Donated Services:

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. A number of individuals volunteer services for the management, program and fund raising activities which do not meet the standards of recognition.

Donated Assets:

The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the donated assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained the organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BLOOMINGTON COMMUNITY RADIO, INC.

Notes to Financial Statements

NOTE 2 - INCOME TAX STATUS:

The organization files Federal and Indiana income tax returns as an exempt organization under section 501(c)(3) of the Internal Revenue Code and does not report any unrelated business income or other income taxes. The agency is not considered to be a private foundation.

The organization's Federal and Indiana income tax returns for tax year 2012 and later are subject to examination by the IRS and state of Indiana, generally for three years after they were filed. The organization recognizes tax benefits only to the extent the organization believes it is "more likely than not" that its tax positions would be sustained upon examination. There were no tax positions considered less than 50% likely of sustainability.

There were no income tax penalties or interest incurred in 2016 or 2015.

NOTE 3 - FINANCIAL INSTRUMENTS:

The carrying amount of all financial instruments reported approximate fair values because of the short maturities of those instruments.

NOTE 4 - UNDERWRITING RECEIVABLE:

Underwriting receivables are stated at the amount of uncollateralized amounts that management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable underwriting receivable. Accounts are considered delinquent when 90 days past due. The allowance for doubtful accounts at September 30, 2016 and May 31, 2015 is \$0. All amounts are currently due.

Receivables over 90 days old total \$100 as of September 2016 and \$0 as of May 2015.

NOTE 5 - PROPERTY AND EQUIPMENT:

The Organization cannot locate documentation to support the cost of most property acquired prior to 2010. The cost of property and equipment with unsubstantiated costs totals \$209,150 and an undepreciated balance of \$16,894 as of September 30, 2016 and \$209,150 and an undepreciated balance of \$19,081 as of May 31, 2015.

NOTE 6 - IN-KIND CONTRIBUTIONS:

The organization received in-kind contributions as consisting of unpaid use of office and studio facilities in Bloomington. In-kind contributions of rent and occupancy costs totaled \$45,000 for the period ended September 2016 and \$33,345 for the period ended May 2015. The organization also received in-kind contributions in the form of advertising space that was valued at \$29,340 for the period ended September 2016 and \$20,950 for the period ended May 2015.

BLOOMINGTON COMMUNITY RADIO, INC.

Notes to Financial Statements

NOTE 7 - CONCENTRATIONS:

A substantial portion of the revenue received by the organization is from two fund drives held during the spring and fall seasons in the form of individual contributions. The organization also received support from the Corporation for Public Broadcasting in the amount of \$72,160 in the period ended September 30, 2016 and \$70,679 in the period ended May 31, 2015, which is approximately 18% and 23% of total support and revenue, respectively.

NOTE 8 - ADVERTISING:

The organization expenses the production costs of advertising the first time the advertising takes place.

NOTE 9 – SPECIAL EVENTS:

The organization reports special events net of related expenses. For the period ended September 30, 2016, gross receipts and related expenses totaled \$7,078 and \$6,751, respectively; for the period ended May 31, 2015, gross receipts and related expenses totaled \$20,994 and \$12,216, respectively.

NOTE 10 – COMMUNITY FOUNDATION:

The agency is associated with the Community Foundation of Bloomington and Monroe County (Foundation). Under the terms of the agreement the Foundation holds certain variance powers to redirect the agency's funds at their sole discretion. Financial Accounting standards require that in such a case the revenue and net assets not be considered as revenue or assets of the expected beneficiary, the agency.

The balances of the fund at September 30, 2016 and May 31, 2015 were \$63,894 and \$64,630 respectively.

NOTE 11 – COMPARATIVE STATEMENTS:

The comparative financial statements presented are for the sixteen months ended September 30, 2016 and the twelve months ended May 31, 2016. The reason for this difference is that the organization has changed its year end to September 30 to align with the end of the Corporation for Public Broadcasting reporting period, a major grantor described in Note 7.

NOTE 12 – GRANT COMPLIANCE:

The organization was assessed a \$1,500 fine in connection with reporting format and oversight requirements relating to the grant received from the Corporation for Public Broadcasting. Since the organization was notified by the granting agency, the format of expenditure reporting has been corrected and a committee has been created to satisfy oversight requirements.

NOTE 13 - GOING CONCERN:

The organization has experienced recurring losses which have reduced the net assets to a level that may not allow continued operations if the losses continue. Management has taken several steps through the date these financial statements have been

BLOOMINGTON COMMUNITY RADIO, INC.

Notes to Financial Statements

prepared. Those steps include revision of underwriting procedures, reduction in payroll, replacement of senior management, and increased board activity in day to day operations. These financial statements have been prepared on the basis of a belief that the organization will continue to operate.

NOTE 14 - SUBSEQUENT EVENTS:

The organization has evaluated subsequent events through February 9, 2017 which is the date the financial statements were available to be issued.