**GRAND VALLEY PUBLIC RADIO COMPANY**
(A Nonprofit Organization)

FINANCIAL STATEMENTS
And
INDEPENDENT AUDITORS' REPORT

For the Years Ended December 31, 2016 and 2015

CONTENTS

Jeff Wendland, CPA, LLC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grand Valley Public Radio Company
Grand Junction, Colorado

We have audited the accompanying financial statements of the Grand Valley Public Radio Company (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, 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 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 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.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Valley Public Radio Company 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.

**Emphasis of Matter**

We draw the readers' attention to NOTE I which discusses a change in accounting method. Our opinion is not modified with respect to this matter.

Jeff Wendland, CPA, LLC

JEFF WENDLAND, CPA, LLC
Grand Junction, Colorado
June 27, 2017

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GRAND VALLEY PUBLIC RADIO COMPANY
(A Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

**ASSETS**

| | 2016 | 2015 |
|---|---|---|
| Cash | $ 56,194 | $ 51,638 |
| Donations and underwriting receivable | 13,535 | 2,772 |
| Prepaid expense | 16,958 | 9,708 |
| Property and equipment - net of depreciation | 735,806 | 716,421 |
| Total assets | $ 822,493 | $ 780,539 |

**LIABILITIES AND EQUITY**

| | 2016 | 2015 |
|---|---|---|
| Liabilities | | |
| Accounts payable | $ 1,577 | $ 408 |
| Accrued liabilities | 8,580 | 10,240 |
| Deferred underwriting revenue | 88,208 | 23,809 |
| Notes payable - secured | 466,184 | 485,751 |
| Total liabilities | 564,549 | 520,208 |
| Net Assets | | |
| Temporarily restricted | 50,619 | 50,512 |
| Unrestricted | 207,325 | 209,819 |
| Total net assets | 257,944 | 260,331 |
| Total liabilites and net assets | $ 822,493 | $ 780,539 |

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

GRAND VALLEY PUBLIC RADIO COMPANY
(A Nonprofit Organization)

# STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended December 31, 2016 and 2015

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Revenues and Support | | | | | | |
| Contributed goods and services | $ 73,236 | $ - | $ 73,236 | $ 57,871 | $ - | $ 57,871 |
| Fund drives and contributions | 78,426 | - | 78,426 | 80,113 | - | 80,113 |
| Underwriting | 47,089 | - | 47,089 | 51,600 | - | 51,600 |
| Grants | 34,579 | 50,619 | 85,198 | 33,567 | 50,512 | 84,079 |
| Fund raising events | 41,656 | - | 41,656 | 59,039 | - | 59,039 |
| Concerts | 17,208 | - | 17,208 | 12,648 | - | 12,648 |
| Raffle | 5,896 | - | 5,896 | 6,476 | - | 6,476 |
| Other revenues | 17,772 | - | 17,772 | 15,273 | - | 15,273 |
| Total revenues and support | 315,862 | 50,619 | 366,481 | 316,587 | 50,512 | 367,099 |
| Released from restriction: | | | | | | |
| By passage of time | 50,512 | (50,512) | - | 49,939 | (49,939) | - |
| Expenses | | | | | | |
| Program Services - Public Radio Station | | | | | | |
| Programming and production | 81,006 | - | 81,006 | 74,348 | - | 74,348 |
| Broadcasting and engineering | 42,730 | - | 42,730 | 26,557 | - | 26,557 |
| Program information and promotion | 29,958 | - | 29,958 | 12,823 | - | 12,823 |
| Total program services | 153,694 | - | 153,694 | 113,728 | - | 113,728 |
| Support Services | | | | | | |
| Management and general | 27,096 | - | 27,096 | 50,890 | - | 50,890 |
| Fundraising and | | | | - | - | |
| membership development | 91,228 | - | 91,228 | 121,261 | - | 121,261 |
| Underwriting and grant solicitation | 39,654 | - | 39,654 | 47,445 | - | 47,445 |
| Total support services | 157,978 | - | 157,978 | 219,596 | - | 219,596 |
| Unallocated expense | | | | | | |
| Depreciation | 24,157 | - | 24,157 | 22,815 | - | 22,815 |
| Interest | 30,683 | - | 30,683 | 30,992 | - | 30,992 |
| Loss on disposition of fixed asssets | 2,356 | - | 2,356 | - | - | |
| Total expenses | 368,868 | - | 368,868 | 387,131 | - | 387,131 |
| Net increase (decrease) in net assets | (2,494) | 107 | (2,387) | (20,605) | 573 | (20,032) |
| Net assets | | | | | | |
| Beginning of year | 209,819 | 50,512 | 260,331 | 230,424 | 49,939 | 280,363 |
| End of year | $ 207,325 | $ 50,619 | $ 257,944 | $ 209,819 | $ 50,512 | $ 260,331 |

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

GRAND VALLEY PUBLIC RADIO COMPANY
(A Nonprofit Organization)

STATEMENT OF FUNCTIONAL EXPENSE

For the year ended December 31, 2016

| | Program Services | | | |
|---|---|---|---|---|
| | Programming and Production | Broadcasting and Engineering | Program Information and Promotion | Total Program Services |
| Accounting and Auditing | $ 2,412 | $ 2,412 | $ 2,412 | $ 7,236 |
| Advertising | 1,000 | - | 1,500 | 2,500 |
| Appreciation | 9,160 | 2,360 | 1,809 | 13,329 |
| Bank Charges | - | - | - | - |
| Information Technology | 2,000 | 7,125 | 5,000 | 14,125 |
| Insurance | 1,000 | 1,000 | 1,000 | 3,000 |
| Licenses & Fees | 1,275 | - | - | 1,275 |
| Marketing | - | - | 1,000 | 1,000 |
| Miscellaneous | 666 | - | 201 | 867 |
| Off-air Fundraising | - | - | - | - |
| Payroll | 55,220 | 14,210 | 10,906 | 80,336 |
| Programming | 2,609 | - | - | 2,609 |
| Radio Room | - | - | - | - |
| Repairs and Maintenance | 2,172 | 2,172 | 2,172 | 6,516 |
| Rent | - | 2,400 | - | 2,400 |
| Supplies | 1,392 | 2,699 | 1,392 | 5,483 |
| Utilities | 2,100 | 8,352 | 850 | 11,302 |
| Website | - | - | 1,716 | 1,716 |
| | $ 81,006 | $ 42,730 | $ 29,958 | $ 153,694 |

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

| Support Services | | | | |
|---|---|---|---|---|
| Management and General | Fundraising and Membership Development | Underwriting and Grant Solicitation | Total Support Services | Total Expenses |
| $ 2,413 | $ 2,413 | $ 2,413 | $ 7,239 | $ 14,475 |
| 450 | 6,514 | 1,500 | 8,464 | 10,964 |
| 567 | 4,579 | 4,391 | 9,537 | 22,866 |
| 500 | 2,200 | - | 2,700 | 2,700 |
| - | - | - | - | 14,125 |
| 3,300 | 754 | - | 4,054 | 7,054 |
| 1,259 | - | - | 1,259 | 2,534 |
| - | 4,319 | - | 4,319 | 5,319 |
| 6,538 | 1,066 | - | 7,604 | 8,471 |
| - | 24,065 | - | 24,065 | 24,065 |
| 3,400 | 24,603 | 26,485 | 54,488 | 134,824 |
| - | - | - | - | 2,609 |
| - | 8,328 | - | 8,328 | 8,328 |
| 5,977 | 2,172 | 2,172 | 10,321 | 16,837 |
| - | - | - | - | 2,400 |
| 1,392 | 10,215 | 1,393 | 13,000 | 18,483 |
| 1,300 | - | 1,300 | 2,600 | 13,902 |
| - | - | - | - | 1,716 |
| $ 27,096 | $ 91,228 | $ 39,654 | $ 157,978 | $ 311,672 |

# GRAND VALLEY PUBLIC RADIO COMPANY
(A Nonprofit Organization)

## STATEMENT OF FUNCTIONAL EXPENSE

For the year ended December 31, 2015

| | Program Services | | | |
|---|---|---|---|---|
| | Programming and Production | Broadcasting and Engineering | Program Information and Promotion | Total Program Services |
| Accounting and Auditing | $ 1,117 | $ 1,117 | $ 1,116 | $ 3,350 |
| Advertising | 1,000 | - | 1,554 | 2,554 |
| Bank Charges | - | - | - | - |
| Contract Services | - | - | - | - |
| Dues and Subscriptions | 1,239 | - | - | 1,239 |
| Engineering | - | 602 | - | 602 |
| Equipment Radio Room | - | - | - | - |
| Information Tech Support | 1,500 | 6,000 | 4,000 | 11,500 |
| Insurance | - | - | - | - |
| Miscellaneous | - | - | 161 | 161 |
| Off-air Fundraising | - | - | - | - |
| Payroll Processing | 1,780 | 60 | 10 | 1,850 |
| Wages & Salaries | 53,242 | 4,771 | 699 | 58,712 |
| Payroll Taxes | 5,089 | 436 | 9 | 5,534 |
| Health Insurance | - | - | - | - |
| Programming | 5,406 | - | - | 5,406 |
| Radio Room | - | - | - | - |
| Rent | - | 2,400 | - | 2,400 |
| Repairs and Maintenance | 800 | 800 | 800 | 2,400 |
| Supplies | 675 | 371 | 360 | 1,406 |
| Utilities | 2,500 | 10,000 | 1,000 | 13,500 |
| Volunteer Appreciation | - | - | 1,242 | 1,242 |
| Website | - | - | 1,872 | 1,872 |
| | $ 74,348 | $ 26,557 | $ 12,823 | $ 113,728 |

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

| Support Services | | | | |
|---|---|---|---|---|
| Management and General | Fundraising and Membership Development | Underwriting and Grant Solicitation | Total Support Services | Total Expenses |
| $ 1,117 | $ 1,117 | $ 1,116 | $ 3,350 | $ 6,700 |
| 446 | 8,176 | 1,540 | 10,162 | 12,716 |
| 2,657 | 584 | - | 3,241 | 3,241 |
| 951 | 5,051 | - | 6,002 | 6,002 |
| 91 | 2,549 | - | 2,640 | 3,879 |
| - | - | - | - | 602 |
| - | 2,425 | - | 2,425 | 2,425 |
| 1,325 | 2,000 | 1,000 | 4,325 | 15,825 |
| 6,306 | 827 | - | 7,133 | 7,133 |
| 2,078 | 301 | 7 | 2,386 | 2,547 |
| - | 50,678 | - | 50,678 | 50,678 |
| 275 | 350 | 365 | 990 | 2,840 |
| 25,783 | 33,477 | 34,532 | 93,792 | 152,504 |
| 1,117 | 3,267 | 3,413 | 7,797 | 13,331 |
| - | - | 2,250 | 2,250 | 2,250 |
| - | - | - | - | 5,406 |
| - | 8,359 | - | 8,359 | 8,359 |
| 1,381 | - | - | 1,381 | 3,781 |
| 3,390 | 1,300 | 1,300 | 5,990 | 8,390 |
| 2,473 | 800 | 425 | 3,698 | 5,104 |
| 1,500 | - | 1,497 | 2,997 | 16,497 |
| - | - | - | - | 1,242 |
| - | - | - | - | 1,872 |
| $ 50,890 | $ 121,261 | $ 47,445 | $ 219,596 | $ 333,324 |

GRAND VALLEY PUBLIC RADIO COMPANY
(A Nonprofit Organization)

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---|---|---|
| Cash flows from operating activities | | |
| Cash received from contributors and grants | $ 306,005 | $ 273,659 |
| Received from raffles | 5,896 | 6,476 |
| Received from concerts | 17,208 | 12,648 |
| Other receipts | 17,772 | 15,273 |
| | 346,881 | 308,056 |
| Cash paid to suppliers | (111,353) | (100,381) |
| Cash paid for personnel | (134,824) | (168,085) |
| Cash paid for interest | (30,683) | (30,992) |
| Net cash provided by operating activities | 70,021 | 8,598 |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (45,898) | - |
| Cash flows from financing activities | | |
| Principal paid on secured notes | (19,567) | (7,265) |
| Net increase (decrease) in cash | 4,556 | 1,333 |
| Cash at beginning of year | 51,638 | 50,305 |
| Cash at end of year | $ 56,194 | $ 51,638 |
| Reconciliation of change in net assets to net cash provided by operating activities | | |
| Change in net assets | $ (2,387) | $ (20,032) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 24,157 | 22,815 |
| Loss on abandonment of fixed assets | 2,356 | - |
| (Increase) decrease in: | | |
| Receivables | (10,763) | (1,172) |
| Prepaids | (7,250) | 5,407 |
| Increase (decrease) in: | | |
| Accounts payable | 1,169 | (4,696) |
| Accrued liabilities | (1,660) | 6,276 |
| Deferred underwriting | 64,399 | - |
| Net cash provided by operating activities | $ 70,021 | $ 8,598 |

The accompanying notes are an integral part of these statements.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Grand Valley Public Radio Company (the Organization) is a local not-for-profit organization located in Grand Junction, Colorado, supported primarily by contributions and underwriting from the surrounding community and a grant from the Corporation for Public Broadcasting. The Organization operates community radio station KAFM, largely with volunteer on-air personalities and support staff.

2. Basis of Accounting

The financial statements of the Organization are presented using the accrual basis of accounting which records income when earned and expenses when incurred. Contributions received or made, including unconditional promises to give, are recognized in the period received or made, respectively, at fair value. Amounts are classified based on the presence or absence of donor-imposed restrictions as described below.

3. Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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. Temporarily restricted donations for which the restriction is met in the same year as the donation is made are recognized as unrestricted revenue.

**NOTE A – SUMMARY OF SIGNFICANT ACCOUNTING POLICIES, continued**

4. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

5. Allowance for doubtful accounts

The Organization believes that all of its receivables are collectible. Accordingly, no provision is made for doubtful accounts. All receivables are expected to be collected within one year.

6. Property and Equipment

Property and equipment are recorded at cost or at estimated fair value at the date of gift if donated. Property and equipment with a cost or estimated fair value of $750 or more and an estimated useful life greater than one year is capitalized. Furniture and equipment depreciation is computed on an accelerated basis over estimated useful lives of 5 to 7 years. Buildings and improvements are depreciated on a straight line basis over 39 years. The Organization follows the policy of not implying a time restriction and records unrestricted income for the donation of long-lived assets.

7. Tax Status

The Organization has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Tax returns prior to 2013 are no longer subject to review by the Internal Revenue Service.

8. Contributed Services and Property

A significant number of volunteers have donated their time to the Organization and its fund raising campaigns. Support arising from these contributed services is not recorded in the financial statements, as no objective basis is available to measure the value of the services performed. Certain contributed services that require specialized skills are recognized as contributed revenue and expense. The Organization believes this recognition is preferable in the circumstances and will better reflect the contribution and cost of such services. The Organization also receives donations of goods. These donations are recognized at fair market value at the date of gift. These contributed goods and services are valued at $73,236 and $57,871 for the years ended December 31, 2016 and 2015, respectively, and have been recorded as revenue and expense or fixed assets.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

9. Functional Allocation of Expenses

Costs are allocated by management based on the best available estimate of the percentage of each cost element applicable to each functional area.

10. Use of Estimates

The Organization has prepared these financial statements in conformity with generally accepted accounting principles, which require the use of management's estimates. Actual results could differ from the estimates used.

**NOTE B – PROPERTY AND EQUIPMENT**

Property and equipment, at cost, and accumulated depreciation are summarized as follows:

| | 2016 | 2015 |
|---|---|---|
| Equipment and office furniture | $ 130,651 | $ 108,126 |
| Standby equipment | 6,576 | 9,123 |
| Building and improvements - secured - Note C - Operating | 423,147 | 417,271 |
| Buildings and improvements - secured - Note C - Rentals | 89,408 | 73,408 |
| Less accumulated depreciation | (251,559) | (229,090) |
| Net depreciable assets | 398,223 | 378,838 |
| Music library | 210,565 | 210,565 |
| Land - secured - Note C | 127,018 | 127,018 |
| | $ 735,806 | $ 716,421 |

The Organization's music library consists of approximately 5,500 vinyl albums and 25,000 compact disks at December 31, 2016 and 2015. All of these items were donated to the Organization and have been recorded at their estimate fair market value. Management believes the useful lives of the items in the library are extraordinarily long and accordingly, no depreciation is recognized on these items.

**NOTE B – PROPERTY AND EQUIPMENT, continued**

Land and buildings carried at a cost of $639,384 and $617,000 at December 31, 2016 and 2015 respectively, with accumulated depreciation of $163,290 and $148,114 respectively, at those dates are pledged as security for loans described in Note C.

Broadcast equipment carried at a cost of $45,552 at December 31, 2016 and 2015, respectively with accumulated depreciation of $30,983 and $24,878, respectively were purchased in part with funds provided by a grant of $15,943 from the United States Department of Commerce. That grant requires that if the equipment is disposed of before 2022, the grant must be repaid. The Department of Commerce has filed a UCC financing statement on this equipment to ensure compliance with this grant provision.

**NOTE C - NOTES PAYABLE – SECURED**

**Arguello**

On September 9, 2002 the Organization purchased real property at 1310 Ute Ave, Grand Junction, Colorado from LeRoy and Patsy Arguello. Mr. & Mrs. Arguello financed the purchase with a loan secured by a deed of trust on the property. That loan matured on September 9, 2007. The remaining balance and accrued interest of $188,315 were rolled into a new note bearing interest at the rate of 8% per annum with principal and interest payable on September 9, 2011. On September 9, 2011, accrued interest of $39,860 was added to principal and new note in the amount of $228,175 bearing interest at 8%, due September 9, 2010, was agreed to. As of January 1, 2013, accrued interest of $23,955 was added to the principal, bringing the principal balance to $252,130. Monthly payments of principal and interest totaling $1,677 are to be paid for ten years when the principal balance of $218,036 comes due. Interest on this loan was 7% per annum at December 31, 2016 and 2015. In August, 2007 the deed of trust securing this note was subordinated to Alpine Bank as described below.

Amounts due are summarized below.

| | Interest | Principal | Total Payments |
|---|---|---|---|
| 2017 | $ 16,743 | $ 3,386 | $ 20,129 |
| 2018 | 16,498 | 3,631 | 20,129 |
| 2019 | 16,236 | 3,893 | 20,129 |
| 2020 | 15,954 | 4,175 | 20,129 |
| 2021 | 15,653 | 4,476 | 20,129 |
| 2022 | 15,329 | 221,159 | 236,488 |
| Totals | $ 96,413 | $240,720 | $337,133 |

**NOTE C – NOTES PAYABLE – SECURED, continued**

**Alpine Bank**

In August, 2013 the Organization negotiated a term Loan with Alpine Bank in the amount of $14,790. The loan is payable over five years in monthly installments of $246.48 at 6.5% interest and is secured by a deed of trust on the properties 1304, 1310 and 1930 Ute Avenue. Future payments on this loan are as follows:

| | Interest | Principal | Total Payment |
|---|---|---|---|
| 2017 | $ 422 | $ 2,536 | $ 2,958 |
| 2018 | 253 | 2,705 | 2,958 |
| 2019 | 68 | 2,467 | 2,535 |
| Total | $ 743 | $ 7,708 | $ 8,451 |

In September, 2007 the Organization purchased the properties at 1304 and 1330 Ute Avenue, Grand Junction, Colorado. These purchases and the payoff of other debt were financed by a note from Alpine Bank in the amount of $250,000. This note is secured by deeds of trust on the properties at 1304, 1310, and 1330 Ute Avenue. Principal and interest, at a rate which floats with market rates, are payable in monthly installments of $2,070 over 20 years. Interest on this loan was 5.75% and 5.5% at December 31, 2016 and December 31, 2015, respectively.

In August, 2013, a portion of the Alpine Bank line of credit was refinanced into the mortgage note. The line of credit was reduced by $49,265, and the Alpine Bank note was increased by the same amount. Amounts due are summarized below:

| | Interest | Principal | Total Payments |
|---|---|---|---|
| 2017 | 11,520 | 13,320 | 24,840 |
| 2018 | 10,733 | 14,107 | 24,840 |
| 2019 | 9,901 | 14,939 | 24,840 |
| 2020 | 9,019 | 15,821 | 24,840 |
| 2021 | 8,084 | 16,756 | 24,840 |
| 2022-2026 | 24,362 | 99,838 | 124,200 |
| 2027-2028 | 1,294 | 34,031 | 35,325 |
| | $ 74,913 | $ 208,812 | $ 283,725 |

**NOTE C – NOTES PAYABLE – SECURED, continued**

During 2015 the Organization negotiated a line of credit of $50,000 with Alpine Bank. The line of credit carried an interest rate of 8.75% and 8.25% at December 31, 2016 and 2015, respectively, matures on January 8, 2017 and is secured by the real estate at 1304, 1310 and 1330 Ute Avenue. The outstanding balance on this line of credit was $9,029 and $10,000 at December 31, 2016 and 2015, respectively.

**NOTE D - ADVERTISING**

The Organization received $10,664 and $12,270 in contributed advertising and promotion for the years ended December 31, 2016 and 2015, respectively. The Organization's policy is to expense advertising as it is incurred.

**NOTE E – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following:

| | 12/31/16 | 12/31/15 |
|---|---|---|
| Restricted by timing: | | |
| Corporation for Public Broadcasting grant to be used in subsequent year | $ 50,619 | $ 50,512 |

**NOTE F – CONCENTRATIONS**

The Organization conducts most of its operations and fund-raising in Mesa County, Colorado. Changes in local economic conditions could have material effects on the Organization's ability to raise funds. The Organization receives considerable funds in the form of grants. These grants are subject to periodic renewal. There are no guarantees that the granting agencies will reissue grants in the future.

**NOTE G - SUBSEQUENT EVENTS**

The Organization has considered events through June 27, 2017 which may have an effect on these financial statements. This date is the date of issuance of these financial statements.

## NOTE H – CONTINGENCIES

Much of the Organization’s support comes from grantor agencies. These agencies review the Organization’s operations from time to time to determine that grant funds were used for purposes stipulated by those agencies. If an agency determined that funds had not been spent in accordance with those stipulations it could request the return of all or part of the funds provided. To date, none of the grantor agencies has indicated that any funds have not been spent appropriately.

## NOTE I – CHANGE OF ACCOUNTING METHOD – UNDERWRITING AGREEMENTS

Underwriting contracts which extend into a following year result in deferred revenue for the portion of the agreement which will be aired in a following year. Agreements which call for the underwriter to provide goods or services in exchange for the air time provided by the Organization result in prepaid expense when the goods or services will be received in a following year.

In prior periods deferred revenue and prepaid expenses arising from underwriting agreements were immaterial and were not recorded. In the year ended December 31, 2016 these items became material. Accordingly, the Organization has recorded these items for the year ended December 31, 2016. These items have been restated for the year ended December 31, 2015. Prepaid expenses have been increased by $7,644 and deferred revenue was increased by $23,809 at the beginning of the year ended December 31, 2015. These adjustments decreased unrestricted net assets by $16,165 at the beginning of the year ended December 31, 2015. Since the difference in these items at the beginning and end of the year ended December 31, 2015 are insignificant, no adjustment was made to revenues or expenses for that period.