

**NATIONAL FEDERATION OF
COMMUNITY BROADCASTERS, INC.**

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
December 31, 2017**

NATIONAL FEDERATION OF
COMMUNITY BROADCASTERS, INC.

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Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Federation of Community Broadcasters, Inc.

We have audited the accompanying financial statements of National Federation of Community Broadcasters, Inc. (a non-profit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Federation of Community Broadcasters, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 7 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPA's
St. Louis, Missouri
March 23, 2018

NATIONAL FEDERATION OF COMMUNITY BROADCASTERS, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2017

Assets

Current assets	
Cash and cash equivalents	\$ 144,753
Grants receivable	140,000
Accounts receivable - net of allowance	85,900
Prepaid expenses	5,874
Total current assets	376,527
Property and equipment	
Equipment - note 3	1,667
Less: accumulated depreciation	(1,000)
Total property and equipment - note 3	667
Total assets	\$ 377,194

Liabilities and net assets

Current liabilities	
Accounts payable	\$ 7,028
Accrued expenses	1,993
Accrued payroll taxes	2,470
Deferred revenue	402,625
Total current liabilities	414,116
Net assets	
Unrestricted	(36,922)
Temporarily restricted	-
Permanently restricted	-
Total net assets	(36,922)
Total liabilities and net assets	\$ 377,194

See accompanying notes and independent auditors' report

NATIONAL FEDERATION OF COMMUNITY BROADCASTERS, INC.
STATEMENT OF ACTIVITIES

For the year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Conference revenue	\$ 130,130	\$ -	\$ -	\$ 130,130
Membership dues	254,240	-	-	254,240
Contributions	1,210	-	-	1,210
Group buy revenue	30,470	-	-	30,470
Interest income	68	-	-	68
Consulting	9,250	-	-	9,250
Total support and revenue	425,368	-	-	425,368
Net assets released from restrictions	-	-	-	-
	425,368	-	-	425,368
EXPENSES				
Program services	350,991	-	-	350,991
Total program services	350,991	-	-	350,991
Supporting services				
General administration	73,785	-	-	73,785
Fundraising	25,221	-	-	25,221
Total expenses	449,997	-	-	449,997
Excess (deficit) of support and revenue over expenses	(24,629)	-	-	(24,629)
Net assets, beginning of year	(12,293)	-	-	(12,293)
Net assets, end of year	\$ (36,922)	\$ -	\$ -	\$ (36,922)

See accompanying notes and independent auditors' report

NATIONAL FEDERATION OF COMMUNITY BROADCASTERS, INC.
STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Excess of support and revenue over expenses	\$ (24,629)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	333
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(19,413)
(Increase) decrease in grants receivable	(140,000)
(Increase) decrease in prepaid expenses	(3,924)
Increase (decrease) in payables and accrued expenses	3,025
Increase (decrease) in deferred revenue	<u>162,017</u>
Net cash provided by (used in) operating activities	<u>(22,591)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
None	-
Net cash provided by (used in) investing activities	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
None	<u>-</u>
Net cash provided by (used in) financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(22,591)</u>
Cash and cash equivalents - beginning of year	<u>167,344</u>
Cash and cash equivalents - end of year	<u>\$ 144,753</u>
Supplemental cash flow information:	
Cash paid during the year for interest	\$ -

See accompanying notes and independent auditors' report

NATIONAL FEDERATION OF COMMUNITY BROADCASTERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The National Federation of Community Broadcasters, Inc. (the Organization) is a tax exempt nonprofit public benefit corporation. The Organization was formed as a membership organization consisting of non-commercial educational public radio stations. The Organization serves its members, as well as the public broadcasting field, by representing the members and the field to national policy and funding organizations, and by providing technical assistance to improve the quality of public radio. The Organization derived approximately 60% of its revenues from membership dues which are paid annually, unless special discretion is given by the director.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization's financial statement presentation complies with standards issued by the Financial Accounting Standards Board. According to those standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets - represent resources over which the Board of Directors has unlimited discretionary control to carry out the activities of the Organization in accordance with the Articles of Incorporation and By-Laws.

Temporarily Restricted Net Assets - represent resources whose use is limited by donor-imposed restrictions that will be met either by actions of the Organization or by the passage of time. The organization presently has no temporarily restricted net assets.

Permanently Restricted Net Assets - are subject to donor-imposed stipulations that the net assets be retained and invested permanently. The Organization presently has no permanently restricted net assets

Promises to Give

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions or grants are recognized. All other donor-restricted contributions and grants 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.

NATIONAL FEDERATION OF COMMUNITY BROADCASTERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

On October 1, 2012, the Organization adopted the provisions of Accounting for Uncertainty in Income Taxes. This accounting standard requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of the standard had no impact on the Organization’s statement of financial position or statement of activities. The Organization does not believe its financial statements include (or reflect) any uncertain tax positions. The Organization’s tax returns filed prior to 2015 are closed.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$500 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Use of Estimates in Financial Statements

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 and disclosure of contingent 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows.

Compensated Absences

Full-time employees of the Organization are entitled to paid vacations and personal days off. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying statement of financial position. The Organization's policy is to recognize the costs of compensated absences when actually paid.

NATIONAL FEDERATION OF COMMUNITY BROADCASTERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in the collection of all receivables based on a review of the current status of the existing receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off. It is management's opinion that an allowance for doubtful accounts in the amount of \$10,000 was appropriate at December 31, 2017.

NOTE 2 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between administration, fundraising, and the appropriate program based on evaluations of the related benefits. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

NOTE 3 - FIXED ASSETS AND DEPRECIATION

A summary of fixed assets follows:

	December 31, 2017
Computer equipment	<u>\$ 1,667</u>
Less: accumulated depreciation	<u>(1,000)</u>
Total	<u><u>\$ 667</u></u>

Depreciation policies are disclosed in Note 1. The depreciation expense for the year ended December 31, 2017 was \$333.

NOTE 4 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 23, 2018, the date which the financial statements were available for issue, and noted no reportable events.

NATIONAL FEDERATION OF COMMUNITY BROADCASTERS, INC.
SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended December 31, 2017

	<u>Programs</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 147,655	\$ 42,187	\$ 21,093	\$ 210,935
Payroll taxes	11,071	3,163	1,581	15,815
Employee benefits	17,831	5,095	2,547	25,473
Bank Fees	-	5,486	-	5,486
Telephone	-	2,502	-	2,502
Conferences & conventions	114,342	-	-	114,342
Dues & licenses	1,351	-	-	1,351
Insurance	-	1,251	-	1,251
Professional fees	-	11,907	-	11,907
Office expense	-	1,035	-	1,035
Consultants	18,343	-	-	18,343
Rent	5,500	-	-	5,500
Information technology	3,303	826	-	4,129
Group buy costs	26,577	-	-	26,577
Depreciation	-	333	-	333
Travel & entertainment	5,018	-	-	5,018
	<u>\$ 350,991</u>	<u>\$ 73,785</u>	<u>\$ 25,221</u>	<u>\$ 449,997</u>

See accompanying notes and independent auditors' report