

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

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTHS ENDED  
December 31, 2015**

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, 2015, and the related statements of activities and cash flows for the fifteen months 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, 2015, and the changes in its net assets and its cash flows for the fifteen months then ended in accordance with accounting principles generally accepted in the United States of America.

***Other-Matter***

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  
April 29, 2016

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

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December 31, 2015

Assets

Current assets	
Cash and cash equivalents	\$ 183,374
Accounts receivable - net	63,440
Prepaid expenses	8,000
Total current assets	<u>254,814</u>
Property and equipment	
Equipment	1,667
Less: accumulated depreciation	(333)
Total property and equipment	<u>1,334</u>
Total assets	<u>\$ 256,148</u>

Liabilities and net assets

Current liabilities	
Accounts payable and accrued expenses	\$ 4,559
Deferred revenue	270,242
Total current liabilities	<u>274,801</u>
Net assets	
Unrestricted	(18,653)
Temporarily restricted	-
Permanently restricted	-
Total net assets	<u>(18,653)</u>
Total liabilities and net assets	<u>\$ 256,148</u>

See accompanying notes and independent auditors' report

NATIONAL FEDERATION OF COMMUNITY BROADCASTERS, INC.  
STATEMENT OF ACTIVITIES

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For the fifteen months ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>				
Conference revenue	\$ 31,991	\$ -	\$ -	\$ 31,991
Grant revenue	-	70,000	-	70,000
Membership dues	244,496	-	-	244,496
Contributions	225	-	-	225
Group buy revenue	24,705	-	-	24,705
Interest income	79	-	-	79
Collaborative services	9,450	-	-	9,450
Consulting	1,253	-	-	1,253
Other income	57	-	-	57
<b>Total support and revenue</b>	<b>312,256</b>	<b>70,000</b>	<b>-</b>	<b>382,256</b>
<b>Net assets released from restrictions</b>	<b>70,000</b>	<b>(70,000)</b>	<b>-</b>	<b>-</b>
	<b>382,256</b>	<b>-</b>	<b>-</b>	<b>382,256</b>
<b>EXPENSES</b>				
Program services	215,091	-	-	215,091
<b>Total program services</b>	<b>215,091</b>	<b>-</b>	<b>-</b>	<b>215,091</b>
Supporting services				
General administration	118,559	-	-	118,559
Fundraising	17,690	-	-	17,690
<b>Total expenses</b>	<b>351,340</b>	<b>-</b>	<b>-</b>	<b>351,340</b>
<b>Excess (deficit) of support and revenue over expenses</b>	<b>30,916</b>	<b>-</b>	<b>-</b>	<b>30,916</b>
<b>Net assets, beginning of year</b>	<b>(49,569)</b>	<b>-</b>	<b>-</b>	<b>(49,569)</b>
<b>Net assets, end of year</b>	<b>\$ (18,653)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (18,653)</b>

See accompanying notes and independent auditors' report

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

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For the fifteen months ended December 31, 2015

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CASH FLOWS FROM OPERATING ACTIVITIES

Excess of support and revenue over expenses \$ 30,916

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 receivables (63,440)

(Increase) decrease in prepaid expenses (8,000)

Increase (decrease) in payables and accrued expenses (44,990)

Increase (decrease) in accrued payroll taxes (2,925)

Increase (decrease) in deferred revenue 245,877

Net cash provided by (used in) operating activities 157,771

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment (1,667)

Net cash provided by (used in) investing activities (1,667)

CASH FLOWS FROM FINANCING ACTIVITIES

None -

Net cash provided by (used in) financing activities -

Net increase (decrease) in cash and cash equivalents 156,104

Cash and cash equivalents - beginning of year 27,270

Cash and cash equivalents - end of year \$ 183,374

Supplemental cash flow information:

Cash paid during the year for interest \$ 10

See accompanying notes and independent auditors' report

NATIONAL FEDERATION OF COMMUNITY BROADCASTERS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Purpose of the Organization

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.

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.

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, 2015

**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 2013 are closed.

Fixed Assets and Depreciation

Fixed assets are recorded at cost or, in the case of donated property, at their estimated fair market value at the date of the donation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which is five years. Expenditures for repairs and maintenance are charged to operating expense 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.

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 \$26,000 was appropriate at December 31, 2015.

NATIONAL FEDERATION OF COMMUNITY BROADCASTERS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015

**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, 2015
Computer equipment	\$ 1,667
Less: accumulated depreciation	1,667 (333)
Total	\$ 1,334

Depreciation policies are disclosed in Note 1. The depreciation expense for the fifteen months ended December 31, 2015 was \$333.

**NOTE 4 - LEASE**

In December 2015, the Organization entered into a lease agreement with Hotchkiss Hotel LLC to rent office space in Colorado. The lease requires payments of \$550 per month and expires December 1, 2016.

Minimum future lease payments under the above lease is as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 6,050
	\$ 6,050

Payment made in 2015 for the aforementioned lease were \$1,100, which includes a \$550 deposit.

**NOTE 5 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 29, 2016, the date which the financial statements were available for issue.

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

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For the fifteen months ended December 31, 2015

	<u>Programs</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 111,159	\$ 31,812	\$ 16,437	\$ 159,408
Payroll taxes	8,774	2,507	1,253	12,534
Advertising	1,344	-	-	1,344
Bank Fees	-	8,044	-	8,044
Telephone	-	444	-	444
Conferences & conventions	24,829	-	-	24,829
Interest	-	10	-	10
Dues & licenses	367	-	-	367
Insurance	-	4,722	-	4,722
Professional fees	-	15,664	-	15,664
Office expense	-	5,627	-	5,627
Consultants	20,835	-	-	20,835
Rent	5,400	-	-	5,400
Information technology	1,880	885	-	2,765
Bad debt expense	-	38,582	-	38,582
Board expenses	-	9,822	-	9,822
Group buy costs	20,696	-	-	20,696
Depreciation	-	333	-	333
Membership services	2,510	-	-	2,510
Repairs	-	107	-	107
Travel & entertainment	17,297	-	-	17,297
	<u>\$ 215,091</u>	<u>\$ 118,559</u>	<u>\$ 17,690</u>	<u>\$ 351,340</u>

See accompanying notes and independent auditors' report