

**CENTER FOR COMMUNICATION
AND DEVELOPMENT**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

PREPARED BY:

BWK ROGERS PC

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Independent Auditor's Report..... 1-2

FINANCIAL STATEMENTS

Statements of Financial Position..... 3

Statement of Activities..... 4

Statement of Functional Expenses..... 5

Statements of Cash Flows..... 6

Notes to the Financial Statements..... 7-11



BWK Rogers PC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Minneapolis, Minnesota

O. Barry Rogers, CPA

Wylie R. Klawitter, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Center for Communication and Development/KMOJ Radio

We have audited the accompanying financial statements of Center for Communication and Development (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, 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.

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.

Basis for Qualified Opinion

Uncertainties exist surrounding the completeness of the liabilities because of lack of controls over payroll reporting. We were unable to determine whether the liabilities included as of December 31, 2015, include all amounts owed at that time. Consequently, we were unable to determine whether any adjustments to the liabilities were necessary.

Qualified 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 Center for Communication and Development as of December 31, 2015, 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 Summarized Comparative Information

We have previously audited the Center for Communication and Development's 2014 financial statements, and our report dated May 29, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "B. K. Rogers PC". The signature is written in a cursive, flowing style.

November 15, 2016

CENTER FOR COMMUNICATION AND DEVELOPMENT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,322	\$ 17,957
Accounts receivable	82,730	83,966
Grants receivable	48,496	64,846
Employee advances	3,108	995
Prepaid expenses	<u>14,064</u>	<u>15,950</u>
Total Current Assets	152,720	183,714
Damage Deposit	4,995	4,995
Fixed Assets, net of accumulated depreciation of \$340,682 and \$282,936 in 2015 and 2014, respectively	<u>234,290</u>	<u>285,255</u>
Total Assets	<u>\$ 392,005</u>	<u>\$ 473,964</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 26,932	\$ 17,971
Payroll liabilities	53,463	9,999
Notes payable, current portion	<u>-</u>	<u>18,239</u>
Total Current Liabilities	80,395	46,209
Net Assets		
Unrestricted	299,035	415,350
Temporarily restricted	<u>12,575</u>	<u>12,405</u>
Total Net Assets	<u>311,610</u>	<u>427,755</u>
Total Liabilities and Net Assets	<u>\$ 392,005</u>	<u>\$ 473,964</u>

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

CENTER FOR COMMUNICATION AND DEVELOPMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Support and Revenues				
Contributions	\$ 2,030	\$ -	\$ 2,030	\$ 12,436
Government grants	320,888	41,918	362,806	335,384
Underwriting income	610,112	-	610,112	681,597
Special events income, net	(15,290)	-	(15,290)	(3,253)
In-kind contributions	102	-	102	1,230
Miscellaneous income	1,583	-	1,583	1,191
Net assets released from restriction	<u>41,748</u>	<u>(41,748)</u>	<u>-</u>	<u>-</u>
 Total support and revenues	 961,173	 170	 961,343	 1,028,585
Expenses				
Program services	879,966	-	879,966	823,822
Management and general	<u>197,522</u>	<u>-</u>	<u>197,522</u>	<u>178,276</u>
 Total expenses	 <u>1,077,488</u>	 <u>-</u>	 <u>1,077,488</u>	 <u>1,002,098</u>
 Change in net assets	 (116,315)	 170	 (116,145)	 26,487
Beginning net assets	<u>415,350</u>	<u>12,405</u>	<u>427,755</u>	<u>401,268</u>
Ending net assets	<u>\$ 299,035</u>	<u>\$ 12,575</u>	<u>\$ 311,610</u>	<u>\$ 427,755</u>

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

**CENTER FOR COMMUNICATION AND DEVELOPMENT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR 2014**

	Program	Management & General	2015	2014
Salaries	\$ 188,729	\$ 63,920	\$ 252,649	\$ 233,589
Payroll taxes	17,073	5,783	22,856	21,132
Insurance	12,999	5,867	18,866	17,480
Professional fees	9,647	2,399	12,046	17,058
Accounting and auditing	-	17,577	17,577	16,699
Bank fees and interest	-	6,857	6,857	6,685
Commission/contract fees	408,438	6,929	415,367	372,362
Equipment rental and servicing	1,328	2,392	3,720	9,459
Advertising	-	9,099	9,099	15,811
Telephone and internet	18,419	6,238	24,657	28,489
Supplies	6,618	7,055	13,673	13,826
Postage and delivery	-	554	554	249
Licenses and copyright fees	4,985	-	4,985	3,748
Dues and subscriptions	9,531	-	9,531	14,264
Meetings and conferences	4,029	1,364	5,393	6,320
Travel	3,976	1,333	5,309	4,548
Miscellaneous	-	18,888	18,888	1,220
Occupancy expense	151,058	26,657	177,715	158,741
Depreciation	43,136	14,610	57,746	60,418
Total Expenses	<u>\$ 879,966</u>	<u>\$ 197,522</u>	<u>\$ 1,077,488</u>	<u>\$ 1,002,098</u>

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

CENTER FOR COMMUNICATION AND DEVELOPMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Change in net assets	\$(116,145)	\$ 26,487
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	57,746	60,418
Changes in current assets and liabilities:		
Decrease (increase) in receivables	15,473	(51,645)
Decrease (increase) in prepaid expenses	1,886	(5,597)
Increase (decrease) in accounts payable	8,961	(3,865)
Increase in accrued expenses	<u>43,464</u>	<u>1,624</u>
Net Cash Provided By Operating Activities	11,385	27,422
Cash Flows from Investing Activities		
Purchase of fixed assets	<u>(6,781)</u>	<u>(18,439)</u>
Net Cash (Used) By Investing Activities	(6,781)	(18,439)
Cash Flows from Financing Activities		
Repayments of notes payable	<u>(18,239)</u>	<u>(22,615)</u>
Net Cash (Used) By Financing Activities	<u>(18,239)</u>	<u>(22,615)</u>
Net (Decrease) in Cash and Cash Equivalents	(13,635)	(13,632)
Cash and Cash Equivalents, Beginning of Year	<u>17,957</u>	<u>31,589</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,322</u>	<u>\$ 17,957</u>
Supplemental Cash Flow Information		
Cash paid for interest	<u>\$ 324</u>	<u>\$ 1,459</u>

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

**CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Center for Communication and Development (KMOJ Radio) is a nonprofit organization that was formed in 1976 to provide broadcast communications training and serve as an information and communications vehicle for the Twin Cities African American community. The organization works to improve the quality of life and provide positive experiences for community residents, through entertainment, public service announcements, and forums for discussing issues that affect their lives.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted – Net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Furniture and equipment are reported as unrestricted net assets.

Temporarily Restricted – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that are satisfied by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Permanently Restricted – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions pursuant to those stipulations. The Center had no permanently restricted net assets at December 31, 2015 and 2014.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Center for Communication and Development considers all cash and money market accounts to be cash and cash equivalents.

**CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

The receivables balance represents the amount considered collectible at year-end. All balances were considered collectible at year-end; therefore, no allowance for doubtful accounts has been established.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. All major expenditures for furniture and equipment are capitalized at cost. Contributed furniture and equipment is recorded at fair market value at date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Contributions

Center for Communication and Development reports gifts of cash and other assets as restricted support if they are pledged or received with donor stipulations that limit the use of the donation. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions.

Donated stock is sold immediately upon receipt.

Functional Allocation of Expenses

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses other than salaries and related expenses, which are not directly identifiable by program or support service, are allocated based on the best estimates of management.

Fundraising Expenses

The primary fundraising expenses are considered immaterial to the financial statements and are included in management and general expenses.

Income Tax

Center for Communication and Development has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code, and charitable contributions by donors are tax-deductible.

CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

NOTE 2. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015 and 2014, represent underwriting revenue that was earned in 2015 and 2014, respectively. Management believes that these receivables will be fully collected. As such, there is no allowance for doubtful accounts.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2015</u>	<u>2014</u>
Equipment	\$246,174	\$239,393
Computers and software	14,490	14,490
Furniture	5,365	5,365
Leasehold improvements	<u>308,943</u>	<u>308,943</u>
Total Property and Equipment	574,972	568,191
Less: Accumulated depreciation	<u>(340,682)</u>	<u>(282,936)</u>
Property and Equipment, Net	<u>\$234,290</u>	<u>\$285,255</u>

Depreciation expense of \$57,746 and \$60,418 was recorded, respectively, for the years ended December 31, 2015 and 2014.

NOTE 4. GRANTS RECEIVABLE

Grants receivable consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Corporation for Public Broadcasting	\$48,496	\$47,041
State of Minnesota	<u>---</u>	<u>17,805</u>
	<u>\$48,496</u>	<u>\$64,846</u>

**CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2015 and 2014, consist of the following:

	<u>2015</u>	<u>2014</u>
Future Year Operations	<u>\$12,575</u>	<u>\$12,405</u>

NOTE 6. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors for programs for the years ended December 31, 2015 and 2014, as follows:

	<u>2015</u>	<u>2014</u>
General Operations	<u>\$41,748</u>	<u>\$72,373</u>

NOTE 7. OPERATING LEASES

The Organization leases a storage unit on a monthly basis. The lease is classified as an operating lease and is charged to operations as incurred. There are no future minimum lease payments associated with this agreement.

In April 2010, the Organization entered into a five-year lease for office space, which expired on April 30, 2015. At that time, the Organization renewed this lease for another five years. There is also a second five-year renewal option for this lease. The lease is classified as an operating lease and is charged to operations as incurred.

In May 2010, the Organization entered into a five-year lease for their antenna site, which started on July 1, 2010 and expired on June 30, 2015. At that time, the Organization renewed this lease for another five years. There are two additional five-year renewal options for this lease. The lease is classified as an operating lease and is charged to operations as incurred.

Future minimum lease payments are as follows:

2016	\$112,680
2017	114,300
2018	115,960
2019	117,680
2020	<u>49,020</u>
Total	<u>\$509,640</u>

**CENTER FOR COMMUNICATION AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 7. OPERATING LEASES (CONTINUED)

Rent expense for these leases totaled \$164,948 and \$139,337 for the years ended December 31, 2015 and 2014, respectively.

NOTE 8. NOTES PAYABLE

The Organization's obligations under notes payable consist of the following:

<u>Description</u>	<u>2015</u>	<u>2014</u>
6.25% note payable, due in monthly installments of \$975, including interest, through October 8, 2015. Note is secured by Organization's assets.	\$ ---	\$ 9,529
2.0% note payable, due in monthly installments of \$877, including interest, through October 8, 2015. Note is secured by Organization's assets.	---	<u>8,710</u>
Totals Notes Payable	---	18,239
Less: Portion due within one year	---	<u>(18,239)</u>
Notes Payable, long-term portion	<u>\$ ---</u>	<u>\$ ---</u>

NOTE 9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were issued, November 15, 2016. There are no subsequent events required to be disclosed in accordance with accounting standards.

NOTE 10. INCOME TAX UNCERTAINTIES

The Organization follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for the uncertainty in income taxes recognized in the entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Organization's financial statements.

The Organization's tax returns are subject to review and examination by federal, state and local authorities. The tax returns for the years 2011 to 2015 are open to examination by federal, state, and local authorities.