CENTER FOR COMMUNICATION AND DEVELOPMENT

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

PREPARED BY:

BWK ROGERS PC

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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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, 2014, 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.

Opinion

In our opinion, 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, 2014, 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 2013 financial statements, and our report dated May 30, 2014, 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, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BWK Rogers PC

May 29, 2015

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CENTER FOR COMMUNICATION AND DEVELOPMENT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 17,957	$ 31,589
Accounts receivable	83,966	45,479
Grants receivable	64,846	47,021
Employee advances	995	5,662
Prepaid expenses	15,950	10,353
Total Current Assets	183,714	140,104
Damage Deposit	4,995	4,995
Fixed Assets, net of accumulated depreciation of $282,936 and $222,518 in 2014 and 2013, respectively	285,255	327,234
Total Assets	$ 473,964	$ 472,333
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 17,971	$ 21,836
Payroll liabilities	9,999	8,375
Notes payable, current portion	18,239	22,393
Total Current Liabilities	46,209	52,604
Notes payable, long-term portion	-	18,461
Total Liabilities	46,209	71,065
Net Assets		
Unrestricted	415,350	359,846
Temporarily restricted	12,405	41,422
Total Net Assets	427,755	401,268
Total Liabilities and Net Assets	$ 473,964	$ 472,333

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, 2014
WITH COMPARATIVE TOTALS FOR 2013

	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
Support and Revenues				
Foundations	$ -	$ -	$ -	$ 3,000
Other contributions	12,436	-	12,436	35,482
Government grants	292,028	43,356	335,384	283,960
Underwriting income	681,597	-	681,597	581,308
Special events income, net	(3,253)	-	(3,253)	4,480
In-kind contributions	1,230	-	1,230	9,409
Miscellaneous income	1,191	-	1,191	633
Net assets released from restriction	72,373	(72,373)	-	-
Total support and revenues	1,057,602	(29,017)	1,028,585	918,272
Expenses				
Program services	823,822	-	823,822	786,340
Management and general	178,276	-	178,276	191,947
Total expenses	1,002,098	-	1,002,098	978,287
Change in net assets	55,504	(29,017)	26,487	(60,015)
Beginning net assets	359,846	41,422	401,268	461,283
Ending net assets	$ 415,350	$ 12,405	$ 427,755	$401,268

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, 2014
WITH COMPARATIVE TOTALS FOR 2013

	Program	Management & General	2014	2013
Salaries	$ 174,491	$ 59,098	$ 233,589	$ 223,049
Payroll taxes	15,786	5,346	21,132	22,043
Insurance	12,044	5,436	17,480	16,599
Professional fees	12,784	4,274	17,058	17,299
Accounting and auditing	-	16,699	16,699	14,947
Bank fees and interest	-	6,685	6,685	12,398
Commission/contract fees	371,162	1,200	372,362	333,620
Equipment rental and servicing	3,379	6,080	9,459	16,581
Advertising	-	15,811	15,811	5,675
Telephone and internet	21,281	7,208	28,489	28,077
Supplies	6,694	7,132	13,826	9,688
Postage and delivery	-	249	249	536
Licenses and copyright fees	3,748	-	3,748	3,442
Dues and subscriptions	14,264	-	14,264	23,878
Meetings and conferences	4,721	1,599	6,320	3,323
Travel	3,406	1,142	4,548	4,682
Miscellaneous	-	1,220	1,220	2,326
Occupancy expense	134,930	23,811	158,741	163,360
Depreciation	45,132	15,286	60,418	57,704
Catering/food	-	-	-	19,060
Total Expenses	$ 823,822	$ 178,276	$ 1,002,098	$ 978,287

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, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities		
Change in net assets	$ 26,487	$ (60,015)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	60,418	57,704
Changes in current assets and liabilities:		
(Increase) decrease in receivables	(51,645)	62,965
(Increase) in prepaid expenses	(5,597)	(186)
(Decrease) in accounts payable	(3,865)	(10,084)
Increase (decrease) in accrued expenses	1,624	(3,728)
(Decrease) in deferred revenue	-	(8,000)
Net Cash Provided By Operating Activities	27,422	38,656
Cash Flows from Investing Activities		
Purchase of fixed assets	(18,439)	(1,050)
Net Cash (Used) By Investing Activities	(18,439)	(1,050)
Cash Flows from Financing Activities		
Repayments of capital lease	-	(4,262)
Repayments of notes payable	(22,615)	(20,046)
Net Cash (Used) By Financing Activities	(22,615)	(24,308)
Net (Decrease) Increase in Cash and Cash Equivalents	(13,632)	13,298
Cash and Cash Equivalents, Beginning of Year	31,589	18,291
Cash and Cash Equivalents, End of Year	$ 17,957	$ 31,589
Supplemental Cash Flow Information		
Cash paid for interest	$ 1,459	$ 2,650

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

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, 2014 and 2013.

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.

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.

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, 2014 and 2013, represent underwriting revenue that was earned in 2014 and 2013, 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:

	2014	2013
Equipment	$239,393	$226,143
Computers and software	14,490	9,301
Furniture	5,365	5,365
Leaseh old improvements	308,943	308,943
Total Property and Equipment	568,191	549,752
Less: Accumulated depreciation	(282,936)	(222,518)
Property and Equipment, Net	$285,255	$327,234

Depreciation expense of $60,418 and $57,704 was recorded, respectively, for the years ended December 31, 2014 and 2013.

NOTE 4. GRANTS RECEIVABLE

Grants receivable consist of the following at December 31:

	2014	2013
Corporation for Public Broadcasting	$47,041	$41,422
State of Minnesota	17,805	5,599
	$64,846	$47,021

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2014 and 2013, consist of the following:

	2014	2013
Future Year Operations	$12,405	$41,422

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, 2014 and 2013, as follows:

	2014	2013
General Operations	$72,373	$107,878

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 will expire on April 30, 2015. There are two five-year renewal options 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 will expire on June 30, 2015. There are three 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:

2015	$47,480

Rent expense for these leases totaled $139,337 and $119,217 for the years ended December 31, 2014 and 2013, respectively.

NOTE 8. CAPITAL LEASE

On April 5, 2010, the Organization entered into a capital lease for various broadcasting equipment with a combined capitalized cost of $31,842. Depreciation expense reported in the statement of activities includes $6,368 and $6,368 for the equipment under capital lease for the years ended December 31, 2014 and 2013, respectively. Accumulated depreciation in the statement of financial position included $29,719 and $23,351 relating to this leased equipment at December 31, 2014 and 2013, respectively. The imputed rate of interest was 20.39%. The payments for May through December 2013 ($1,114 monthly) were charged to operations as incurred since there was no formal agreement to extend the lease. The rent expense for the years ended December 31, 2013 under this month-to-month lease totaled $8,916. The Organization took ownership of this broadcasting equipment effective January 1, 2014.

NOTE 9. NOTES PAYABLE

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

Description	2014	2013
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	$21,077
2.0% note payable, due in monthly installments of $877, including interest, through October 8, 2015. Note is secured by Organization's assets.	8,710	19,777
Totals Notes Payable	18,239	40,854
Less: Portion due within one year	(18,239)	(22,393)
Notes Payable, long-term portion	$ 0	$18,461

The future scheduled maturities of notes payable are as follows:

Years ending December 31:	
2015	$18,239

NOTE 10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were issued, May 29, 2015. There are no subsequent events required to be disclosed in accordance with accounting standards.

NOTE 11. 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 2010 to 2014 are open to examination by federal, state, and local authorities.