

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

NORTHERN NEW MEXICO RADIO FOUNDATION

Financial Statements
and
Independent Auditor's Report

December 31, 2015 and 2014

NORTHERN NEW MEXICO RADIO FOUNDATION

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Independent Auditor's Report

Board of Directors and Management
Northern New Mexico Radio Foundation
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of Northern New Mexico Radio Foundation (a not-for-profit corporation) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 audits. We conducted our audits 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.

Board of Directors and Management
Northern New Mexico Radio Foundation
Santa Fe, New Mexico

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Northern New Mexico Radio Foundation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Porch & Associates, LLC

Albuquerque, New Mexico
August 8, 2016

NORTHERN NEW MEXICO RADIO FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2015 and 2014

ASSETS

	2015	2014
Current Assets		
Cash and cash equivalents	\$ 140,655	95,632
Accounts receivable, net	36,278	12,038
Government receivables	2,916	1,458
Grant receivable	75,000	75,000
Pledges receivable	20,000	20,000
Prepaid expenses	1,510	13,690
Total current assets	276,359	217,818
Noncurrent Assets		
Grant receivable	-	75,000
Property and equipment, net	3,084	3,888
Total noncurrent assets	3,084	78,888
Total assets	\$ 279,443	296,706

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 30,935	46,212
Credit cards payable	1,717	-
Payroll and payroll taxes payable	15,935	9,840
Deferred revenue	24,357	15,924
Line of credit payable	25,000	-
Loan payable to employee	10,000	10,000
Total current liabilities	107,944	81,976
Net Assets		
Unrestricted	9,784	(542)
Temporarily restricted	161,715	215,272
Total net assets	171,499	214,730
Total liabilities and net assets	\$ 279,443	296,706

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

NORTHERN NEW MEXICO RADIO FOUNDATION
STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Contributions	\$ 344,136	-	344,136
Program underwriting	145,343	-	145,343
Government revenue	16,042	-	16,042
Grants	114,000	-	114,000
In-kind donations	76,011	-	76,011
Studio rental	1,800	-	1,800
Miscellaneous income	6,858	-	6,858
Interest	6	-	6
Special events	13,596	-	13,596
Royalty and licensing fees	283	-	283
Total revenues and support	<u>718,075</u>	<u>-</u>	<u>718,075</u>
 Net assets released from restrictions	 <u>53,557</u>	 <u>(53,557)</u>	 <u>-</u>
 Total revenues and support after release	 <u>771,632</u>	 <u>(53,557)</u>	 <u>718,075</u>
 Expenses			
Program Services:			
KSFRR station operations	582,484	-	582,484
Supporting Services:			
Management and administrative	59,035	-	59,035
Fundraising	119,787	-	119,787
Total expenses	<u>761,306</u>	<u>-</u>	<u>761,306</u>
 Change in net assets	 10,326	 (53,557)	 (43,231)
 Net assets, beginning of year	 <u>(542)</u>	 <u>215,272</u>	 <u>214,730</u>
 Net assets, end of year	 <u>\$ 9,784</u>	 <u>161,715</u>	 <u>171,499</u>

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

NORTHERN NEW MEXICO RADIO FOUNDATION
STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Contributions	\$ 297,376	-	297,376
Program underwriting	110,822	-	110,822
Government revenue	17,500	-	17,500
Grants	112,228	215,272	327,500
In-kind donations	57,239	-	57,239
Studio rental	1,700	-	1,700
Miscellaneous income	1,564	-	1,564
Interest	3	-	3
Special events	17,753	-	17,753
Royalty and licensing fees	579	-	579
Total revenues and support	<u>616,764</u>	<u>215,272</u>	<u>832,036</u>
Net assets released from restrictions	-	-	-
Total revenues and support after release	<u>616,764</u>	<u>215,272</u>	<u>832,036</u>
Expenses			
Program Services:			
KSFR station operations	500,635	-	500,635
Supporting Services:			
Management and administrative	53,717	-	53,717
Fundraising	93,785	-	93,785
Total expenses	<u>648,137</u>	<u>-</u>	<u>648,137</u>
Change in net assets	(31,373)	215,272	183,899
Net assets, beginning of year	<u>30,831</u>	<u>-</u>	<u>30,831</u>
Net assets, end of year	<u>\$ (542)</u>	<u>215,272</u>	<u>214,730</u>

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

NORTHERN NEW MEXICO RADIO FOUNDATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities:		
Change in net assets	\$ (43,231)	183,899
Adjustments to reconcile the change in net assets to net cash flows provided by operating activities		
Depreciation	804	1,955
Allowance for doubtful accounts	-	-
Changes in assets and liabilities		
Accounts receivable	(24,240)	(315)
Government receivables	(1,458)	5,834
Grant receivable	75,000	(150,000)
Prepaid expenses	12,180	996
Accounts payable and accrued expenses	(15,277)	12,899
Credit cards payable	1,717	-
Payroll and payroll taxes payable	6,095	1,736
Deferred revenue	8,433	4,388
Net cash flows provided by operating activities	20,023	61,392
Cash Flows From Investing Activities:		
Purchase of equipment	-	(4,021)
Cash Flows From Financing Activities:		
Loan payable to employee	-	10,000
Draws on line of credit	25,000	25,000
Payments on line of credit	-	(25,000)
Net cash flows provided by financing activities	25,000	10,000
Net change in cash and cash equivalents	45,023	67,371
Cash and cash equivalents, beginning of year	95,632	28,261
Cash and cash equivalents, end of year	\$ 140,655	95,632
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 772	487
Revenue from donated rent and services	\$ 76,011	57,239

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

NORTHERN NEW MEXICO RADIO FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	KSFR Station Operations	Management and Administrative	Fundraising	Total
Salary and Related Expenses				
Salaries and commissions	\$ 327,114	29,838	85,094	442,046
Payroll taxes	40,076	3,656	10,425	54,157
Employee benefits and expenses	515	47	133	695
Total salary and related expenses	367,705	33,541	95,652	496,898
Other expenses				
Reimbursement expenses	-	-	986	986
Advertising	2,786	-	-	2,786
Bank and credit card charges	105	-	8,116	8,221
Broadcast supplies	289	-	-	289
Contractors	17,104	-	-	17,104
Dues and memberships	2,313	-	-	2,313
Fund drive expenses	-	-	1,458	1,458
Insurance	4,057	716	-	4,773
Interest	579	54	139	772
Licenses and fees	998	53	-	1,051
Miscellaneous	2,211	292	-	2,503
Postage	-	372	3,343	3,715
Professional services	13,716	19,454	-	33,170
Programming and website	41,255	-	-	41,255
Promotional merchandise	-	-	28	28
Provision for bad debts	100	-	-	100
Special events	110	552	8,399	9,061
Station operations	399	-	-	399
Station operations, small equipment	5,527	-	-	5,527
Supplies	1,335	2,670	1,334	5,339
Telecommunications	2,931	123	31	3,085
Tower, Pajarito	39,999	-	-	39,999
Tower, West Alameda	2,066	-	-	2,066
Total other expenses	137,880	24,286	23,834	186,000
Total salary and other expenses before non-cash expenses	505,585	57,827	119,486	682,898
Non-cash Expenses				
Depreciation expense	804	-	-	804
Advertising and other, in-kind	47,411	-	-	47,411
Rent, in-kind	28,684	1,208	301	30,193
Total non-cash expenses	76,899	1,208	301	78,408
Total functional expenses	\$ 582,484	59,035	119,787	761,306

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

NORTHERN NEW MEXICO RADIO FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	KSFR Station Operations	Management and Administrative	Fundraising	Total
Salary and Related Expenses				
Salaries and commissions	\$ 259,643	23,684	67,543	350,870
Payroll taxes	25,093	2,289	6,527	33,909
Employee benefits and expenses	286	26	74	386
Total salary and related expenses	285,022	25,999	74,144	385,165
Other expenses				
Reimbursement expenses	-	-	955	955
Advertising	1,600	-	-	1,600
Bank and credit card charges	91	-	7,048	7,139
Broadcast supplies	314	-	-	314
Contractors	5,203	-	-	5,203
Dues and memberships	626	-	-	626
Fund drive expenses	-	-	1,271	1,271
Insurance	5,366	946	-	6,312
Interest	365	34	88	487
Licenses and fees	930	49	-	979
Miscellaneous	700	93	-	793
Postage	-	850	7,651	8,501
Professional services	16,415	23,283	-	39,698
Programming and website	60,175	-	-	60,175
Promotional merchandise	-	-	1,028	1,028
Special events	9	47	708	764
Station operations	2,929	-	-	2,929
Station operations, small equipment	13,228	-	-	13,228
Supplies	575	1,149	575	2,299
Telecommunications	2,925	123	31	3,079
Tower, Pajarito	46,398	-	-	46,398
Total other expenses	157,849	26,574	19,355	203,778
Total salary and other expenses before non-cash expenses	442,871	52,573	93,499	588,943
Non-cash Expenses				
Depreciation expense	1,955	-	-	1,955
Advertising and other, in-kind	28,639	-	-	28,639
Rent, in-kind	27,170	1,144	286	28,600
Total non-cash expenses	57,764	1,144	286	59,194
Total functional expenses	\$ 500,635	53,717	93,785	648,137

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

NORTHERN NEW MEXICO RADIO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2015 and 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

Nature of Organization. Northern New Mexico Radio Foundation (Foundation) is a not-for-profit New Mexico corporation organized under the laws of the State of New Mexico in 1996. The purpose of the Foundation is to manage and operate a public non-commercial radio station, KSFR (101.1 FM). KSFR serves the public interest by providing cultural, entertainment, and educational radio broadcast programs for the Santa Fe area and surrounding community. The station's support comes primarily from individual contributions, underwriting contributions, foundation grants, and state and city grants.

In 2001, the Foundation entered into a Management Agreement (Agreement) with Santa Fe Community College (College) for the operation of KSFR (Station). Pursuant to the Agreement, the Foundation assumed responsibility for the management and operation of the Station, while the College retains the Federal Communication Commission (FCC) licensee of the Station.

Basis of Accounting. The financial statements of the Foundation are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Concentrations of Risk. The Foundation maintains cash and cash equivalents with financial institutions. At times such amounts may exceed FDIC limits. The Foundation limits the amount of credit exposure with any one financial institution and believes that no significant credit risk exists with respect to cash and cash equivalents. The Foundation's cash balances at December 31, 2015 were covered by FDIC insurance.

Basis of Presentation. The Foundation's financial statements are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 958-205, the Foundation 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. No permanently restricted assets were held during the year; accordingly, these financial statements do not reflect any activity related to this class of net assets.

Allowance for Doubtful Accounts. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation has an allowance for doubtful accounts in the amount of \$600 at December 31, 2015 and 2014.

NORTHERN NEW MEXICO RADIO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2015 and 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, net. The Foundation capitalizes expenditures over \$1,000 with a useful life greater than one year. Property and equipment is recorded at cost if purchased or fair value if donated. 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.

Amortization and depreciation is calculated using the straight-line method over the estimated useful lives, which range from five to ten years.

Certain property may be purchased with government grants, restrictive financing agreements, or under the terms of the Agreement with the College. If these assets were to be sold by the Foundation or not used for their intended charitable purpose, repayment may be required or the property may be required to be returned to the College or other entity upon cessation of the Agreement with the Foundation.

Accounts, Government, Grants and Pledges Receivable. The Foundation's receivables are principally due from members, donors and sponsors. Receivables are due on receipt for most membership donations. Receivables from sponsors for underwriting agreements are due per predetermined payment schedules related to underwriting program placement. Receivables are included in the statement of financial position at amounts due net of an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Allowances for uncollectible receivables are based on analysis and aging of receivables. Pledges receivable represent amounts pledged by the public during periodic fundraising drives held by the Foundation that are paid thereafter by monthly installment. Grants receivable represent unconditional pledges by corporations, private foundations or other grantors. Government revenue receivables represent amounts collectible under broadcasting service agreements with government entities.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purpose are reported as temporarily restricted. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Cash Flow Information. The Foundation considers all cash accounts, savings accounts, and short-term investments with an original maturity of three months or less to be cash equivalents.

NORTHERN NEW MEXICO RADIO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2015 and 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Net Assets. Net assets are composed of the following:

Unrestricted Net Assets – net assets that are not subject to restrictions. Unrestricted contributions are recorded as income when constructively received.

Temporarily Restricted Net Assets – net assets that are subject to restrictions imposed by donors, grantors or contract provision that may or will be met by the occurrence of a specific event or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition:

Contributions - Unrestricted contributions are recognized when cash or ownership of donated assets is unconditionally promised to the Foundation. The Foundation recognizes gifts of cash and other assets as temporarily restricted if they are received with donor stipulations of purpose or time.

Program Underwriting – Revenue for program underwriting is deferred and recognized on a pro rata basis for the contractual period covered. The Foundation considers these contributions as conditional gifts in the year received or pledged and defers this revenue as the gift may be returned if the program sponsorship is not completed.

Support from Governmental Agencies - The Foundation recognizes revenue from governmental agencies as it is earned and is reported as unrestricted revenue.

Royalties and Licensing Fees - The Foundation recognizes income for royalties and licensing fees from the use of its intellectual property. Revenue is recognized as earned based on contractual agreements or when its intellectual property is made available for use.

Barter transactions – The Foundation records revenue and expense for barter transactions, if any, based on the estimated fair value of goods and services exchanged during the year.

Special events – Revenues and expenses relating to special events are recognized in the period the event takes place.

NORTHERN NEW MEXICO RADIO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2015 and 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued):

Contributed Materials and Services: The Foundation receives in-kind donations of facilities, services, advertising and supplies. Contributions of facilities and supplies are recorded at their estimated fair values at the date of donation. Donated services that (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Foundation if not provided by donation, are recorded at their fair values in the period received.

Licensed Program Rights: Licensed program rights are recorded at cost. These programs are expensed on a straight-line basis over the period of the license agreement and are included in prepaid expenses in the accompanying financial statements.

Advertising. The Foundation follows the policy of charging the costs of advertising to expense as incurred.

Functional Expense Allocation. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets, and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

NORTHERN NEW MEXICO RADIO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2015 and 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Income Taxes. The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and the Statutes of New Mexico. The Foundation's open audit periods are fiscal years 2013 through 2015 (generally three years after filing). In addition, the Foundation has been classified as other than a private foundation.

The Financial Accounting Standards Board has issued ASC 740-10 (formerly known as FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes), which prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Foundation has no uncertain tax positions.

NOTE 2. RECEIVABLES

Accounts Receivable, Net. The Foundation had \$36,878 and \$12,638 in accounts receivable associated with underwriting revenue at December 31, 2015 and 2014, respectively. Management has established a \$600 allowance for doubtful accounts related to underwriting revenues at December 31, 2015 and 2014, respectively.

Government Receivable. The Foundation had \$2,916 and \$1,458 in government receivables at December 31, 2015 and 2014, respectively. Management has not established an allowance for doubtful accounts for government receivables.

Grant Receivable. The Foundation had \$75,000 and \$150,000 in grant receivables at December 31, 2015 and 2014, respectively. Management has not established an allowance for doubtful accounts for grant receivables.

Pledges Receivable. The Foundation has \$20,000 in pledges receivable at December 31, 2015 and 2014. Pledges receivable represent pledges made during the calendar year that are estimated will be paid in monthly installments during the next calendar year. Management has not established an allowance for doubtful accounts for pledges receivable.

**NORTHERN NEW MEXICO RADIO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2015 and 2014**

NOTE 3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following:

	2014	Additions	Deletions	2015
Signal upgrade	\$ 86,056	-	-	86,056
Studio improvements and equipment	44,866	-	-	44,866
Total	130,922	-	-	130,922
Accumulated depreciation	(127,034)	(804)	-	(127,838)
Property and equipment, net	<u>\$ 3,888</u>	<u>(804)</u>	<u>-</u>	<u>3,084</u>

Depreciation expense was \$804 and \$1,955 for the years ended December 31, 2015 and 2014, respectively.

NOTE 4. LINE OF CREDIT

The Foundation maintains a one year line of credit agreement with a bank which permits the Foundation to borrow up to \$25,000 at a variable interest rate based on the Wall Street Journal Prime rate, with a minimum interest rate of 5.5%. The balance on the line of credit was \$25,000 and \$0 as of December 31, 2015 and 2014, respectively. The maturity date of the line of credit is April 21, 2017.

NOTE 5. LOAN PAYABLE TO EMPLOYEE

The Foundation received \$10,000 from an employee to help the Foundation with short term cash flow needs during the 2014 year. The loan is still outstanding at December 31, 2015. The loan does not have a written agreement, does not carry interest, and does not have repayment terms. No interest has been imputed on the loan during the year ending December 31, 2015 or 2014.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 consist of a grant in the amount of \$225,000 for which the foundation has received \$150,000. The remaining grant balance will be received in subsequent years. Of the \$150,000 received, \$63,285 has been spent on the grants restricted purpose.

NORTHERN NEW MEXICO RADIO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2015 and 2014

NOTE 7. RELATED PARTY TRANSACTIONS

The Foundation owed an employee \$25,734 and \$31,866 in unreimbursed expenses at December 31, 2015 and 2014, respectively. The balance is included in accounts payable at Dec. 31, 2015 and 2014, respectively.

NOTE 8. LEASE COMMITMENTS

The Foundation has a lease commitment with a third party to rent tower space. The Foundation pays approximately \$1,500 per month for the tower space.

NOTE 9. COMMITMENTS AND CONTINGENCIES

FCC License. The Foundation has an operating agreement with Santa Fe Community College. Under the agreement, the College, the holder of a Federal Communications Commission (FCC) license, has engaged the Foundation to undertake the management and operation of the Station KSFR, White Rock, 101.1 FM. The College may terminate its agreement with the Foundation if the Station is operated contrary to the requirements of the FCC licenses or applicable laws, rules and regulations and if the Foundation is operating the Station in a manner that is likely to have a negative financial impact on the College.

Geographical Concentration. The Foundation's operations are limited to Santa Fe and Northern New Mexico.

Government Grants. Amounts received and expended by the Foundation under various governmental award programs are subject to audit by governmental agencies. In the opinion of management, changes arising from such audits, if any, will not have a significant effect on its financial position.

Economic Dependency. The Foundation receives a significant portion of its support and revenues from its donor base and is, therefore, subject to possible loss of funding due to changes in general economic conditions and donor discretion. The Foundation received approximately 47% and 36% of its revenues from its donor base for the years ended December 31, 2015 and 2014, respectively.

In addition, the Foundation receives a significant portion of its revenues from grants and is, therefore, subject to possible loss of revenue due to the loss of current grants or the inability to secure future grants. The Foundation received approximately 16% and 40% of its revenues from grants for the years ended December 31, 2015 and 2014, respectively.

NORTHERN NEW MEXICO RADIO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2015 and 2014

NOTE 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk Management. The Foundation is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Foundation has obtained commercial insurance coverage to protect itself against such losses.

NOTE 10. DONATED ASSETS AND SERVICES

Generally accepted accounting principles requires that professional service hours (attorney, accountants, doctors... etc.) be recorded in the financial statements, but not volunteer hours. Volunteers and board members have donated significant amounts of their time in the Foundation. The value of these hours could not be estimated and is not recorded in the financial statements.

For the year ended December 31, 2015, in-kind contributions consisted of rent valued at \$30,193 and advertising and other items in the amount of \$47,411. For the year ended December 31, 2014, in-kind contributions consisted of rent valued at \$28,600, and advertising and other items in the amount of \$28,639.

NOTE 11. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. The Foundation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Foundation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet, but arose after the balance sheet date and before financial statements are available to be issued.

The Foundation has evaluated subsequent events through August 8, 2016, which is the date the financial statements are available to be issued and had not identified any material subsequent events.