

Northern New Mexico Radio Foundation
A Non Profit Corporation

Financial Statements

For the Year Ended December 31, 2017 and 2016

With Independent Auditor's Report Thereon

NORTHERN NEW MEXICO RADIO FOUNDATION

Financial Statements

December 31, 2017 and 2016

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swain & grieco LLC
certified public accountants • consultants



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northern New Mexico Radio Foundation

We have audited the accompanying financial statements of Northern New Mexico Radio Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern New Mexico Radio Station as of December 31, 2017 and 2016, 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.

Susain & Guerrero, LLC

Santa Fe, New Mexico
August 10, 2018

NORTHERN NEW MEXICO RADIO FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2017 and 2016

ASSETS

	2017	2016
Current assets		
Cash and cash equivalents, <i>note 4</i>	\$ 16,109	\$ 99,604
Funds held for others, <i>note 13</i>	8,976	14,928
Accounts receivable, net, <i>note 5</i>	25,721	44,907
Grant receivable, <i>note 5</i>	102,446	75,000
Prepaid expenses	559	2,449
Undeposited funds	-	900
Total current assets	153,811	237,788
Noncurrent assets		
Property and equipment, net, <i>note 6</i>	5,908	2,278
Total noncurrent assets	5,908	2,278
Total assets	\$ 159,719	\$ 240,066

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 53,541	\$ 49,527
Funds held for others, <i>note 13</i>	8,976	14,928
Credit cards payable	-	4,663
Payroll and payroll taxes payable, <i>note 7</i>	37,524	55,798
Line of credit payable, <i>note 8</i>	-	17,789
Loan payable to employee, <i>note 9</i>	22,540	22,540
Total current liabilities	122,581	165,245
Net assets		
Without donor restrictions	(66,158)	(19,237)
With donor restrictions, <i>note 10</i>	103,296	94,058
Total net assets	37,138	74,821
Total liabilities and net assets	\$ 159,719	\$ 240,066

The Accompanying Notes Are An Integral Part of These Financial Statements

NORTHERN NEW MEXICO RADIO FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2017

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	\$ 240,234	\$ -	\$ 240,234
Program underwriting	101,677	-	101,677
Government revenue	16,010	-	16,010
Grants	106,329	116,713	223,042
In-kind donations	67,417	-	67,417
Studio rental	700	-	700
Miscellaneous income	3,096	-	3,096
Interest	4	-	4
Special events	9,640	-	9,640
Total revenues and support	<u>545,107</u>	<u>116,713</u>	<u>661,820</u>
Net assets released from restrictions	<u>107,475</u>	<u>(107,475)</u>	<u>-</u>
Total revenues, gains and other support (loss)	<u>652,582</u>	<u>9,238</u>	<u>661,820</u>
Expenses			
Program services:			
KSFR station operations	542,526	-	542,526
Supporting services:			
Management and administrative	79,139	-	79,139
Fundraising	77,838	-	77,838
Total expenses	<u>699,503</u>	<u>-</u>	<u>699,503</u>
Change in net assets	(46,921)	9,238	(37,683)
Net assets, beginning of year	<u>(19,237)</u>	<u>94,058</u>	<u>74,821</u>
Net assets, end of year	<u>\$ (66,158)</u>	<u>\$ 103,296</u>	<u>\$ 37,138</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
For the Year Ended December 31, 2016

	2016		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	\$ 253,250	\$ -	\$ 253,250
Program underwriting	134,330	-	134,330
Government revenue	17,469	-	17,469
Grants	152,038	122,322	274,360
In-kind donations	130,918	-	130,918
Miscellaneous income	4,805	-	4,805
Interest	3	-	3
Special events	13,095	-	13,095
Royalty and licensing fees	114	-	114
Total revenues and support	<u>706,022</u>	<u>122,322</u>	<u>828,344</u>
Net assets released from restrictions	<u>189,979</u>	<u>(189,979)</u>	<u>-</u>
Total revenues, gains and other support (loss)	<u>896,001</u>	<u>(67,657)</u>	<u>828,344</u>
Expenses			
Program services:			
KSFRR station operations	588,085	-	588,085
Supporting services:			
Management and administrative	97,097	-	97,097
Fundraising	134,320	-	134,320
Total expenses	<u>819,502</u>	<u>-</u>	<u>819,502</u>
Change in net assets	76,499	(67,657)	8,842
Prior period adjustment, note 14	(105,520)	-	(105,520)
Net assets, beginning of year	<u>9,784</u>	<u>161,715</u>	<u>171,499</u>
Net assets, end of year	<u>\$ (19,237)</u>	<u>\$ 94,058</u>	<u>\$ 74,821</u>

The Accompanying Notes Are An Integral Part of These Financial Statements

NORTHERN NEW MEXICO RADIO FOUNDATION
STATEMENTS OF CASH FLOW
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (37,683)	\$ 8,842
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,297	804
Adjustments to receivables and payables	-	(46,436)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	26,038	(8,529)
Government receivables	-	2,916
Grant receivables	(27,446)	-
Pledge receivable	-	20,000
Prepaid expenses	1,890	(939)
Other current assets	-	(1,000)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,938)	(19,622)
Credit cards payable	(4,663)	2,946
Payroll and payroll taxes payable	(18,274)	39,863
Deferred revenue	-	(24,357)
Net cash used by operating activities	(60,779)	(25,512)
Cash flows from investing activities:		
Fixed Asset purchases	(4,927)	-
Net cash flows used by investing activities	(4,927)	-
Cash flows from financing activities:		
Conversion of debt to contribution	-	(12,540)
Payments on line of credit	(17,789)	(3,000)
Net cash flows used by financing activities	(17,789)	(15,540)
Net decrease in cash and cash equivalents	(83,495)	(41,052)
Cash and cash equivalents, beginning of year	99,604	140,655
Cash and cash equivalents, end of year	\$ 16,109	\$ 99,604
Supplemental Disclosures:		
Interest paid	\$ 857	\$ 1,609
Non-cash contributions		
In-kind contributions	\$ 76,303	\$ 130,918
Donated stock	\$ 5,207	\$ -

The Accompanying Notes Are An Integral Part of These Financial Statements

NORTHERN NEW MEXICO RADIO FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	2017			
	<u>KSFR Station Operations</u>	<u>Management & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salary and Related Expenses				
Salaries and commissions	\$ 159,729	\$ 39,278	\$ 62,845	\$ 261,852
Payroll taxes	13,621	3,350	5,359	22,330
Employee benefits and expenses	6,653	1,636	2,618	10,907
Total salary and related expenses	180,003	44,264	70,822	295,089
Other Expenses				
Advertising	-	-	3,389	3,389
Bank and credit card charges	-	5,051	-	5,051
Contractors	87,176	-	-	87,176
Dues and memberships	1,129	-	-	1,129
Fund drive expenses	3,717	-	-	3,717
Insurance	16,510	3,454	-	19,964
Interest	857	-	-	857
Licenses and fees	6,110	2,618	-	8,728
Miscellaneous	438	3,039	51	3,528
Penalties	-	4,205	-	4,205
Postage	-	1,652	-	1,652
Printing	6,819	-	-	6,819
Professional services	-	13,825	-	13,825
Programming and website	74,219	-	-	74,219
Promotional merchandise	-	-	2,472	2,472
Software	6,712	-	-	6,712
Special events	8,817	-	-	8,817
Station operations	4,347	-	1,104	5,451
Station operations, small equipment	14,945	-	-	14,945
Supplies	9,333	-	-	9,333
Telecommunications	1,948	631	-	2,579
Tower, Pajarito	46,932	-	-	46,932
Tower, West Alameda	3,800	-	-	3,800
Total other expenses	293,809	34,475	7,016	335,300
Total salary and other expenses before non-cash expenses	473,812	78,739	77,838	630,389
Non-cash Expenses				
Depreciation expense	1,297	-	-	1,297
Bad Debt	-	400	-	400
Advertising and other, in-kind	40,247	-	-	40,247
Rent, in-kind	27,170	-	-	27,170
Total non-cash expenses	68,714	400	-	69,114
Total functional expenses	\$ 542,526	\$ 79,139	\$ 77,838	\$ 699,503

The Accompanying Notes are an Integral Part of These Financial Statements

NORTHERN NEW MEXICO RADIO FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	2016			
	KSFR Station Operations	Management & Administrative	Fundraising	Total
Salary and Related Expenses				
Salaries and commissions	\$ 262,915	\$ 60,673	\$ 80,896	\$ 404,484
Payroll taxes	36,033	8,316	11,087	55,436
Total salary and related expenses	298,948	68,989	91,983	459,920
Other Expenses				
Advertising	-	-	2,291	2,291
Bank and credit card charges	-	759	7,892	8,651
Contractors	38,289	-	-	38,289
Dues and memberships	4,732	-	-	4,732
Fund drive expenses	-	-	844	844
Insurance	12,028	-	-	12,028
Interest	1,609	-	-	1,609
Licenses and fees	1,514	50	-	1,564
Miscellaneous	747	748	-	1,495
Postage	-	2,536	-	2,536
Printing	3,998	393	4,391	8,782
Professional services	-	15,822	-	15,822
Programming and website	55,601	-	-	55,601
Promotional merchandise	-	-	1,003	1,003
Provision for bad debts	100	-	-	100
Repairs and maintenance	1,413	-	-	1,413
Special events	-	-	2,217	2,217
Station operations	5,398	-	-	5,398
Station operations, small equipment	2,200	-	-	2,200
Supplies	9,589	2,213	2,950	14,752
Travel	1,511	1,511	-	3,022
Tower, Pajarito	34,963	-	-	34,963
Tower, West Alameda	8,548	-	-	8,548
Total other expenses	182,240	24,032	21,588	227,860
Total salary and other expenses before non-cash expenses	481,188	93,021	113,571	687,780
Non-cash Expenses				
Depreciation expense	804	-	-	804
Advertising and other, in-kind	82,999	-	20,749	103,748
Rent, in-kind	23,094	4,076	-	27,170
Total non-cash expenses	106,897	4,076	20,749	131,722
Total functional expenses	\$ 588,085	\$ 97,097	\$ 134,320	\$ 819,502

The Accompanying Notes are an Integral Part of These Financial Statements

NORTHERN NEW MEXICO RADIO FOUNDATION

Notes to the Financial Statements

December 31, 2017 and 2016

(1) Organization and Nature of Activities

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 the 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 Federal Communication Commission (FCC) licensee of the Station.

(2) Summary of Significant Accounting Principles

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared on the accrual basis of accounting. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent Accounting Guidance

During the year ended December 31, 2017 the Foundation implemented ASU 2016-14, Financial Statements of Not-for-Profit Entities. Accordingly, the beginning balances of donor restricted net asset categories (temporarily and permanently restricted) have been retroactively adjusted to consolidate all donor restricted net assets into one classification, with donor restrictions. The ASU requires additional disclosures in the areas of liquidity and endowment funds, and requires classification on investment expenses which are netted in investment return to include internal investment expenses.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NORTHERN NEW MEXICO RADIO FOUNDATION

Notes to the Financial Statements

December 31, 2017 and 2016

(2) Summary of Significant Accounting Principles, (continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of three months or less. For purposes of the statement of cash flows, the Foundation considers all cash accounts to be cash equivalents.

Accounts, Government, Grants and Pledges

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 uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Allowances for uncollectable 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 a specific purpose are reported as revenue with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as without donor restrictions.

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, 2017 and 2016.

Property and Equipment

The Foundation capitalizes property and equipment over \$1,000 with a useful life greater than a year. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost if purchased or fair value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging 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.

NORTHERN NEW MEXICO RADIO FOUNDATION

Notes to the Financial Statements

December 31, 2017 and 2016

(2) Summary of Significant Accounting Principles, (continued)

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 contributions with donor restrictions 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.

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.

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 statement.

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.

NORTHERN NEW MEXICO RADIO FOUNDATION

Notes to the Financial Statements

December 31, 2017 and 2016

(2) Summary of Significant Accounting Principles, (continued)

Income Taxes

The Foundation is a non-profit organization that is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and classified by the Internal Revenue Services as other than a private foundation. The Foundation does not have unrelated business income and, accordingly, no provisions for income taxes have been made in the accompanying financial statements. The Foundation files an annual information return (Form 990) with the Internal Revenue Service. There are no uncertain tax positions for the years ended December 31, 2017 and 2016. As of December 31, 2017, tax years 2014 through 2016 remain subject to examination by major tax authorities.

(3) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$	16,109
Accounts receivable		25,720
Grants receivable		102,446
	\$	144,275

(4) Cash and Cash Equivalents

Cash and cash equivalents consisted of cash at financial institutions, balances in these accounts at December 31 are as follows:

	2017	2016
Checking and savings accounts	\$ 16,109	\$ 98,629
PayPal	-	975
	\$ 16,109	\$ 99,604

(5) Receivables

Accounts Receivable, Net - The Foundation had \$25,721 and \$44,907 in accounts receivable associated with underwriting revenue at December 31, 2017 and 2016, respectively. Management has established a \$600 allowance for doubtful accounts related to underwriting revenues at December 31, 2017 and 2016.

Grant Receivable - The Foundation had \$102,446 in grant receivables at December 31, 2017. Management has not established an allowance for doubtful accounts for grants receivable.

NORTHERN NEW MEXICO RADIO FOUNDATION

Notes to the Financial Statements

December 31, 2017 and 2016

(6) Property and Equipment

A summary of property and equipment at December 31 is as follows:

	<u>2017</u>	<u>2016</u>
Property and equipment	\$ 135,847	\$ 130,922
Less accumulated depreciation	<u>(129,939)</u>	<u>(128,644)</u>
Net depreciable assets	<u>\$ 5,908</u>	<u>\$ 2,278</u>

Depreciation expense for the year ended December 31, 2017 and 2016 was \$1,297 and \$804, respectively.

(7) Payroll and payroll tax payable

The Foundation has unpaid payroll taxes from September 2016 through December 31, 2016. The payroll taxes consist of the employee and employer portion Social Security and Medicare as well as employee income tax withholding. Delinquent filings are subject to penalties and interest.

(8) Line of Credit

The Foundation maintained 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 maturity date on the Line of Credit was April 21, 2017. The balance on the line of credit was \$0 and \$17,789 as of December 31, 2017 and 2016, respectively.

(9) Loan Payable to Employee

The Foundation received \$35,080 from an employee to help the Foundation with short term cash flow needs during the 2014 year. A portion of the loan was forgiven in 2016, \$22,540 is still outstanding as of December 31, 2017. The loan does not carry interest and does not have repayment terms. No interest has been imputed on the loan during the year ending December 31, 2017 and 2016.

(10) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2017 consist of an unexpended portion of a restricted purpose grant in the amount of \$850 and a time restricted grant in the amount of \$102,446. The time restricted funds were collected in 2018.

(11) Special Events

The Foundation held four special events in 2017. The net income from each event is as follows:

Carlos Nakai Concert	\$ 1,229
Astrology Event	(250)
Music Event	<u>(156)</u>
	<u>\$ 823</u>

NORTHERN NEW MEXICO RADIO FOUNDATION

Notes to the Financial Statements

December 31, 2017 and 2016

(12) Leases

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. There is currently no maturity date on the lease.

(13) Funds Held for Others

The Foundation has an agency account (fiscal intermediary) for another entity and the cash account uses the Foundation's tax identification number. An agency account represents activity that is not part of the Foundation's financial statements. These revenues and expenses are not recorded in the financial statements. Any cash balances is reported as an asset and liability. Cash held for the other entity as of December 31, 2017 and 2016 totaled \$8,976 and \$14,928, respectively.

(14) Prior Period Adjustment

The Foundation had accounts receivable, accounts payable, and deferred revenue on the Statement of Financial Position that were realized in prior periods. Prior period adjustment corrected the balances in the accounts for the year ended December 31, 2016.

(15) Commitments and Contingencies

FCC License - The Foundation has an operating agreement with the Santa Fe Community College (the 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 35% and 31% of its revenues from its donor base for the years ended December 31, 2017 and 2016, 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 34% and 34% of its revenues from grants for the years ended December 31, 2017 and 2016, respectively.

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.

NORTHERN NEW MEXICO RADIO FOUNDATION

Notes to the Financial Statements

December 31, 2017 and 2016

(16) Donated Assets and Services

Generally accepted accounting principles requires that professional service hours 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, 2017, in-kind contributions consisted of rent valued at \$27,170 and advertising and other items in the amount of \$40,247. For the year ended December 31, 2016, in-kind contributions consisted of rent valued at \$27,170 and advertising and other items in the amount of \$103,748.

(17) Subsequent Events

Management and the Board of Directors of the Foundation have evaluated events through August 10, 2018, the date the financial statements were available to be issued. No events or transactions occurred after December 31, 2017, that require additional disclosure or adjustments to the financial statements.