

**Northern New Mexico Radio Foundation**

A Non Profit Corporation

Financial Statements

For the Year Ended December 31, 2018 and 2017

With Independent Auditor's Report Thereon

# NORTHERN NEW MEXICO RADIO FOUNDATION

Financial Statements  
December 31, 2018 and 2017

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## 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, 2018 and 2017, and the related statements of activities 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.



**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, 2018 and 2017, 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.

*Swain & Grieco, LLC*  
Santa Fe, New Mexico  
August 13, 2019

**NORTHERN NEW MEXICO RADIO FOUNDATION**

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

**ASSETS**

	2018	2017
<b>Current assets</b>		
Cash and cash equivalents, <i>note 4</i>	\$ 32,475	\$ 16,109
Grants receivable, <i>note 5</i>	109,497	102,446
Accounts receivable, net, <i>note 5</i>	14,987	25,721
Funds held for others, <i>note 11</i>	2,949	8,976
Prepaid expenses	559	559
<b>Total current assets</b>	<b>160,467</b>	<b>153,811</b>
<b>Noncurrent assets</b>		
Property and equipment, net, <i>note 6</i>	8,622	5,908
<b>Total noncurrent assets</b>	<b>8,622</b>	<b>5,908</b>
<b>Total assets</b>	<b>\$ 169,089</b>	<b>\$ 159,719</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts payable	\$ 62,327	\$ 53,541
Payroll and payroll taxes payable, <i>note 7</i>	15,950	37,524
Accrued liabilities	1,817	-
Funds held for others, <i>note 11</i>	2,949	8,976
<b>Total current liabilities</b>	<b>83,043</b>	<b>100,041</b>
<b>Noncurrent liabilities</b>		
Loan payable to employee, <i>note 8</i>	22,540	22,540
<b>Total noncurrent liabilities</b>	<b>22,540</b>	<b>22,540</b>
<b>Total liabilities</b>	<b>105,583</b>	<b>122,581</b>
<b>Net assets</b>		
Without donor restrictions	(45,991)	(66,158)
With donor restrictions, <i>note 9</i>	109,497	103,296
<b>Total net assets</b>	<b>63,506</b>	<b>37,138</b>
<b>Total liabilities and net assets</b>	<b>\$ 169,089</b>	<b>\$ 159,719</b>

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, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and other support</b>			
Grants	\$ 93,802	\$ 120,747	\$ 214,549
Contributions	198,745	-	198,745
Program underwriting	80,640	-	80,640
In-kind donations	41,116	-	41,116
Government revenue	17,500	-	17,500
Studio rental	1,450	-	1,450
Miscellaneous income	465	-	465
Special events	80	-	80
<b>Total revenues and support</b>	<u>433,798</u>	<u>120,747</u>	<u>554,545</u>
Net assets released from restrictions	<u>114,546</u>	<u>(114,546)</u>	<u>-</u>
<b>Total revenues, gains and other support (loss)</b>	<u>548,344</u>	<u>6,201</u>	<u>554,545</u>
<b>Expenses</b>			
Program services:			
KSFR station operations	389,796	-	389,796
Supporting services:			
Management and administrative	80,772	-	80,772
Fundraising	91,193	-	91,193
<b>Total expenses</b>	<u>561,761</u>	<u>-</u>	<u>561,761</u>
<b>Change in net assets</b>	(13,417)	6,201	(7,216)
<b>Prior period adjustment, <i>note 12</i></b>	33,584	-	33,584
<b>Net assets, beginning of year</b>	<u>(66,158)</u>	<u>103,296</u>	<u>37,138</u>
<b>Net assets, end of year</b>	<u>\$ (45,991)</u>	<u>\$ 109,497</u>	<u>\$ 63,506</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, 2017

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and other support</b>			
Contributions	\$ 240,234	\$ -	\$ 240,234
Grants	106,329	116,713	223,042
Program underwriting	101,677	-	101,677
In-kind donations	67,417	-	67,417
Government revenue	16,010	-	16,010
Special events	9,640	-	9,640
Miscellaneous income	3,100	-	3,100
Studio rental	700	-	700
<b>Total revenues and support</b>	<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>
<b>Total revenues, gains and other support (loss)</b>	<u>652,582</u>	<u>9,238</u>	<u>661,820</u>
<b>Expenses</b>			
Program services:			
KSFR station operations	542,526	-	542,526
Supporting services:			
Management and administrative	79,139	-	79,139
Fundraising	77,838	-	77,838
<b>Total expenses</b>	<u>699,503</u>	<u>-</u>	<u>699,503</u>
<b>Change in net assets</b>	(46,921)	9,238	(37,683)
<b>Net assets, beginning of year</b>	<u>(19,237)</u>	<u>94,058</u>	<u>74,821</u>
<b>Net assets, end of year</b>	<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**

STATEMENTS OF CASH FLOW

For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (7,216)	\$ (37,683)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	2,454	1,297
Prior Period adjustments	33,584	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	10,734	26,038
Grant receivables	(7,050)	(27,446)
Prepaid expenses	-	1,890
Increase (decrease) in:		
Accounts payable	8,786	(1,938)
Accrued expenses	1,817	
Credit cards payable	-	(4,663)
Payroll and payroll taxes payable	(21,575)	(18,274)
<b>Net cash used by operating activities</b>	<b>21,534</b>	<b>(60,779)</b>
<b>Cash flows from investing activities:</b>		
Fixed Asset purchases	(5,168)	(4,927)
<b>Net cash flows used by investing activities</b>	<b>(5,168)</b>	<b>(4,927)</b>
<b>Cash flows from financing activities:</b>		
Payments on line of credit	-	(17,789)
<b>Net cash flows used by financing activities</b>	<b>-</b>	<b>(17,789)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>16,366</b>	<b>(83,495)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>16,109</b>	<b>99,604</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 32,475</b>	<b>\$ 16,109</b>
<b>Supplemental Disclosures:</b>		
Interest paid	\$ 456	\$ 857
Non-cash contributions		
In-kind contributions	\$ 41,116	\$ 67,417
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, 2018

	2018			
	KSFR Station Operations	Management & Administrative	Fundraising	Total
<b>Salary and Related Expenses</b>				
Salaries and benefits	\$ 188,595	\$ 46,241	\$ 53,271	\$ 288,107
Payroll taxes	16,202	3,974	4,576	24,752
<b>Total salary and related expenses</b>	<b>204,797</b>	<b>50,215</b>	<b>57,847</b>	<b>312,859</b>
<b>Other Expenses</b>				
Advertising	2,500	-	7,257	9,757
Bank and credit card charges	-	5	6,621	6,626
Contractors	22,074	-	-	22,074
Dues and memberships	1,137	1,386	-	2,523
Fund drive expenses	-	-	645	645
Insurance	8,961	1,581	-	10,542
Interest	456	-	-	456
Licenses and fees	4,492	-	-	4,492
Miscellaneous	2,521	2,735	-	5,256
Penalties	-	1,060	-	1,060
Postage	-	-	1,489	1,489
Printing	-	-	4,978	4,978
Professional services	8,775	11,512	-	20,287
Programming and website	58,474	-	-	58,474
Promotional merchandise	-	-	1,500	1,500
Software	6,968	-	-	6,968
Special events	-	-	1,282	1,282
Station operations	-	2,101	-	2,101
Station operations, small equipment	468	-	-	468
Supplies	1,228	2,072	518	3,818
Telecommunications	1,745	581	-	2,326
Tower, Pajarito	30,944	-	-	30,944
Tower, West Alameda	7,266	-	-	7,266
<b>Total other expenses</b>	<b>158,009</b>	<b>23,033</b>	<b>24,290</b>	<b>205,332</b>
<b>Total salary and other expenses</b>				
<b>before non-cash expenses</b>	<b>362,806</b>	<b>73,248</b>	<b>82,137</b>	<b>518,191</b>
<b>Non-cash Expenses</b>				
Depreciation expense	2,454	-	-	2,454
Rent, advertising and other, in-kind	24,536	7,524	9,056	41,116
<b>Total non-cash expenses</b>	<b>26,990</b>	<b>7,524</b>	<b>9,056</b>	<b>43,570</b>
<b>Total functional expenses</b>	<b>\$ 389,796</b>	<b>\$ 80,772</b>	<b>\$ 91,193</b>	<b>\$ 561,761</b>

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			
	KSFR Station Operations	Management & Administrative	Fundraising	Total
<b>Salary and Related Expenses</b>				
Salaries and benefits	\$ 166,382	\$ 40,914	\$ 65,463	\$ 272,759
Payroll taxes	13,621	3,350	5,359	22,330
<b>Total salary and related expenses</b>	180,003	44,264	70,822	295,089
<b>Other Expenses</b>				
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
<b>Total other expenses</b>	293,809	34,475	7,016	335,300
<b>Total salary and other expenses</b>				
<b>before non-cash expenses</b>	473,812	78,739	77,838	630,389
<b>Non-cash Expenses</b>				
Depreciation expense	1,297	-	-	1,297
Bad Debt	-	400	-	400
Rent, advertising and other, in-kind	67,417	-	-	67,417
<b>Total non-cash expenses</b>	68,714	400	-	69,114
<b>Total functional expenses</b>	\$ 542,526	\$ 79,139	\$ 77,838	\$ 699,503

The Accompanying Notes are an Integral Part of These Financial Statements

# NORTHERN NEW MEXICO RADIO FOUNDATION

Notes to the Financial Statements

December 31, 2018 and 2017

## (1) **Organization and Nature of Activities**

Northern New Mexico Radio Foundation (the 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 programs for the Santa Fe area and surrounding community. The station's support comes primarily from individual contributions, underwriting contributions, foundation grants, and city contracts.

In 2001, the Foundation entered into a Management Agreement with the Santa Fe Community College (the College) for the operation of KSFR (the 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 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, 2018 and 2017

## (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. 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 had an allowance for doubtful accounts in the amount of \$0 and \$600 at December 31, 2018 and 2017.

### Property and Equipment

The Foundation capitalizes property and equipment over \$1,000 with a useful life greater than one 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 an 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, 2018 and 2017

## (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 recognized on a pro rata basis over the contractual period covered.

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

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

*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.

*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.

### Advertising

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

### Functional Expense Allocation

The costs of providing programs and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets, and have been detailed 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, 2018 and 2017

## (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, 2018 and 2017. As of December 31, 2018, tax years 2015 through 2017 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:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 32,475	\$ 16,109
Accounts receivable	14,987	25,721
Grants receivable	77,997	78,874
	<u>\$ 125,459</u>	<u>\$ 120,704</u>

## (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:

	<u>2018</u>	<u>2017</u>
Checking and savings accounts	\$ 32,475	\$ 16,109

## (5) Receivables

*Accounts Receivable, Net* - The Foundation had \$14,987 and \$25,721 in accounts receivable associated with underwriting revenue at December 31, 2018 and 2017, respectively. Management has established a \$0 allowance for doubtful accounts related to underwriting revenues at December 31, 2018 and \$600 at and 2017.

*Grants Receivable* - The Foundation had \$109,497 and \$102,446 in grants receivable at December 31, 2018 and 2017, respectively. Management has not established an allowance for doubtful accounts for grants receivable.

# NORTHERN NEW MEXICO RADIO FOUNDATION

Notes to the Financial Statements

December 31, 2018 and 2017

## (6) Property and Equipment

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

	<u>2018</u>	<u>2017</u>
Property and equipment	\$ 141,017	\$ 135,847
Less accumulated depreciation	<u>(132,395)</u>	<u>(129,939)</u>
<b>Net depreciable assets</b>	<b><u>\$ 8,622</u></b>	<b><u>\$ 5,908</u></b>

Depreciation expense for the year ended December 31, 2018 and 2017 was \$2,454 and \$1,297, respectively.

## (7) Payroll Taxes Payable

The Foundation had unpaid payroll taxes from September 2016 through December 31, 2016. The payroll taxes consist of employee and employer portions of Social Security and Medicare as well as employee income tax withholding. Delinquent filings are subject to penalties and interest. Payroll tax liabilities were brought current as of December 31, 2018.

## (8) Loan Payable to Employee

The Foundation received \$35,080 from an employee to help the Foundation with short term cash flow needs during 2014. A portion of the loan was forgiven in 2016, \$22,540 is still outstanding as of December 31, 2018. The loan does not carry interest and does not have repayment terms. No interest has been imputed on the loan during the years ending December 31, 2018 and 2017.

## (9) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2018 consist of unexpended portions of restricted purpose grants in the amount of \$31,500 and a time restricted grant in the amount of \$77,997.

## (10) Leases

The Foundation has a lease commitment with a third party for tower space. The Foundation paid approximately \$1,500 per month on the lease in 2018. There is currently no maturity date.

## (11) 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, 2018 and 2017 totaled \$2,949 and \$8,976, respectively.

## 12) Prior Period Adjustment

The Foundation had accounts receivable, accounts payable, and accrued liabilities on the statement of financial position that were realized in prior periods. The prior period adjustment corrected balances in the accounts for the year ended December 31, 2018.

# NORTHERN NEW MEXICO RADIO FOUNDATION

Notes to the Financial Statements

December 31, 2018 and 2017

## **(13) 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, or 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.

*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 34% and 35% of its revenues from its donor base for the years ended December 31, 2018 and 2017, 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 37% and 34% of its revenues from grants for the years ended December 31, 2018 and 2017, 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.

## **(14) 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 to 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, 2018, in-kind contributions consisted of rent valued at \$27,170 and advertising and other items in the amount of \$13,946. 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.

## **(15) Subsequent Events**

Management and the Board of Directors of the Foundation have evaluated events through August 13, 2019, the date the financial statements were available to be issued. No events or transactions occurred after December 31, 2018, that require additional disclosure or adjustments to the financial statements.