

**KCEP Power 88 FM Radio**  
**The Public Telecommunications Division of**  
**the Economic Opportunity Board of**  
**Clark County**  
Las Vegas, Nevada

Financial Statements and  
Supplemental Information  
Years Ended December 31, 2016 and 2015

# **KCEP Power 88 FM Radio**

## **Financial Statements and Supplemental Information Years Ended December 31, 2016 and 2015**

---

### **Table of Contents**

Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5 - 6
Statement of Activities	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 13
Supplemental Information	14
Schedule of Functional Expenses	15

# *David J. Emry & Co., Ltd.*

*Certified Public Accountants*

*6206 W. Desert Inn Rd., Ste. A, Las Vegas, NV 89146*

*Phone (702) 382-0025 - Fax (702) 382-8964*

*email: dje@davidjemrycpa.com*

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Economic Opportunity Board of Clark County  
Las Vegas, Nevada

We have audited the accompanying financial statements of KCEP Power 88 FM Radio, the Public Telecommunications Division of the Economic Opportunity Board of Clark County (a Nevada nonprofit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, 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 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 of 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 KCEP Power 88 FM Radio, Public Telecommunications Division of the

Economic Opportunity Board of Clark County as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*David J. Emry & Co., Ltd.*

David J. Emry & Co., Ltd.

Las Vegas, Nevada

August 4, 2017

# KCEP Power 88 FM Radio

## Statement of Financial Position December 31, 2016 and 2015

<i>Assets</i>		
	<u>2016</u>	<u>2015</u>
Current Assets:		
Accounts Receivable <i>(Note C)</i>	\$ 48,865	\$ 62,574
Due from Economic Opportunity Board <i>(Note F)</i>	94,385	-
Prepaid and other assets	14,843	51,642
<b>Total Current Assets</b>	<b>158,093</b>	<b>114,216</b>
Property and Equipment, net <i>(Note D)</i>	287,633	329,692
<b>TOTAL ASSETS</b>	<b>\$ 445,726</b>	<b>\$ 443,908</b>

# KCEP Power 88 FM Radio

## Statement of Financial Position December 31, 2016 and 2015

<i>Liabilities and Net Assets</i>		
	<u>2016</u>	<u>2015</u>
Current Liabilities:		
Accounts Payable	\$ 17,157	\$ 58,120
Accrued Payroll and Related Liabilities	11,933	8,447
Due from Economic Opportunity Board (Note F)	-	5,024
Grant Funds Received in Advance (Note A5)	113,713	115,663
<b>Total Current Liabilities</b>	<b>142,803</b>	<b>187,254</b>
<b>Total Liabilities</b>	<b>142,803</b>	<b>187,254</b>
Net Assets (Notes A3 and Note L)		
Unrestricted	302,923	256,654
Temporarily Restricted		
Permanently Restricted		
<b>Total Net Assets</b>	<b>302,923</b>	<b>256,654</b>
<b>Commitments (Note H)</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 445,726</b>	<b>\$ 443,908</b>

See accompanying notes to financial statements and auditor's report.

## KCEP Power 88 FM Radio

### Statement of Activities

Years Ended December 31, 2016 and 2015

	2016	2015
Unrestricted Net Assets		
Unrestricted Revenues (Note A5)		
Grant revenue	\$ 176,211	\$ 158,677
Generated Income	549,239	522,935
Fundraising Income	50,400	53,707
Contribution Income	720	1,534
Total Revenues	776,570	736,853
Expenses:		
Program Expenses	656,166	696,544
Management and General	63,907	69,168
Fundraising Expenses	10,228	10,579
Total Expenses	730,301	776,291
Other Expenses		
Loss in Retirement of Fixed Assets	-	(9,015)
Total Other Expenses	-	(9,015)
Increase (Decrease) in Unrestricted Net Assets	46,269	(48,453)
Temporarily Restricted Net Assets		-
Permanently Restricted Net Assets		-
Increase (Decrease) in Net Assets	46,269	(48,453)
Unrestricted Net Assets - January 1, 2016 and 2015 (Note A3)	256,654	305,107
Unrestricted Net Assets - December 31, 2016 and 2015 (Note A3)	302,923	256,654

See accompanying notes to financial statements and auditor's report.

# KCEP Power 88 FM Radio

## Statement of Cash Flows

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Increase (decrease) in cash:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	46,269	\$ (48,453)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	42,060	42,059
Changes in operating assets and liabilities:		
Accounts receivable	13,709	(53,853)
Prepaid and other assets	36,799	(2,487)
Grant funds received in advance	(1,950)	(2,108)
Accounts payable	(31,563)	21,183
Customer deposits	(9,400)	
Accrued payroll and related liabilities	3,486	-
<b>Net cash provided by (used in) operating activities</b>	<b>99,410</b>	<b>(43,659)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(274,908)
Loss on retirement of fixed assets	-	9,015
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(274,908)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Due from Economic Opportunity Board	(99,410)	309,552
<b>Net cash provided by (used in) financing activities</b>	<b>(99,410)</b>	<b>309,552</b>
Decrease in cash and cash equivalents	-	-
Cash and cash equivalents - January 1, 2016 and 2015		
(Notes B and F)	-	-
Cash and cash equivalents - December 31, 2016 and 2015		
(Notes B and F)	\$ -	\$ -

See accompanying notes to financial statements and auditor's report.

# KCEP Power 88 FM Radio

Notes to Financial Statements

December 31, 2016 and 2015

---

## Note A NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

### A1 Nature of Activities

KCEP Power 88 FM Radio (the Station) is the Public Telecommunications Division of the EOB. The Station began operations in 1974 and was established to provide opportunities in radio broadcasting and training for minorities and low-income residents of Clark County. The Station generates income through underwriting, donations and fundraising efforts in the Las Vegas area. The EOB is licensed to operate the Station. The EOB also operates other programs that are not related to the operations of the Station and therefore are not included in these financial statements.

The Economic Opportunity Board of Clark County was incorporated in the state of Nevada and was organized as a nonprofit corporation in September 1964. As a result of a July 1972 amendment to its Articles of Incorporation, EOB became a nonprofit corporation that functions as an agency for Clark County, Nevada in presenting opportunities for its citizens under programs established by the Economic Opportunities Act of 1964. EOB provides various community service programs in keeping with its mission: "To assist low-income people to become self-sufficient and to improve their quality of life."

### A2 Basis of Presentation

The financial information is prepared using the accrual basis of accounting in accordance with principles generally accepted in the United States of America.

### A3 Classification of Net Assets

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Temporarily Restricted Net Assets** – Net assets that are subject to donor-imposed time restrictions or purpose restrictions. When a restriction is met, either by the passage of time and/or the actions of the Organization have met the stipulations, temporarily restricted net assets are then transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Currently, there are no temporarily restricted net assets.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. Currently, there are no permanently restricted net assets.

# KCEP Power 88 FM Radio

Notes to Financial Statements  
December 31, 2016 and 2015

---

## **Note A3 CLASSIFICATION OF NET ASSETS (Continued)**

Unrestricted Net Assets – Net assets that have not been restricted by donors. If there are limitations or restrictions on net assets that do not relate to donors, the net assets remain unrestricted. Therefore, voluntary board-approved segregations of net assets for specific purposes, projects or investments are classified as unrestricted net assets.

### **A4 Use of 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.

### **A5 Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to the Station that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional. Once donor-imposed restrictions are met or the restrictions expire in the fiscal year in which the contributions are recognized, the contributions are reported as increases in unrestricted net assets.

The Station is a noncommercial radio station and is supported by the community and its members. The Station accepts program underwriting to supplement community and listener support. Income generated from underwriting is recognized upon receipt of funds and contributors receive on-air acknowledgement immediately following the contribution.

Grants are either recorded as contributions or as exchange transactions based on criteria defined in the grant award.

#### **1. Grant Awards that are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance. The balance of grant funds received in advance as of December 31, 2016 is \$113,713. The balance of grant funds received in advance as of December 31, 2015 is \$115,663.

# KCEP Power 88 FM Radio

Notes to Financial Statements

December 31, 2016 and 2015

---

## Note A5 REVENUE RECOGNITION (Continued)

### 2. Grant Awards that are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed. There were no exchange transactions during the year ended December 31, 2016 and 2015.

## Note B CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash and investments that have a maturity of less than three months. The cash accounts for the Station are maintained as part of the general operating demand deposit accounts of the EOB.

## Note C ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts billed for underwriting contracts with the Station. The Organization considers these receivables to be collectible, and therefore no allowance for uncollectible accounts has been recorded. An account is considered uncollectible when all collection efforts prove worthless. If a receivable is deemed uncollectible, it is written off.

## Note D PROPERTY AND EQUIPMENT

Property and equipment are recorded at actual historical cost. Improvements, equipment and major renovations with a unit cost over \$5,000 and a useful life of more than one year are capitalized. Items less than \$5,000 and ordinary maintenance and repairs are expensed. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to seven years. A summary of property and equipment as of December 31, 2016 and 2015 follows:

Property	2016	2015
Equipment, Furniture and Fixtures	\$ 438,994	\$ 438,994
Accumulated Depreciation	<u>(151,361)</u>	<u>(109,302)</u>
Total property and equipment, net	\$ <u>287,633</u>	\$ <u>329,692</u>

# KCEP Power 88 FM Radio

Notes to Financial Statements  
December 31, 2016 and 2015

---

## **Note D PROPERTY AND EQUIPMENT (continued)**

Depreciation expense recorded for the year ended December 31, 2016 was \$42,060.  
Depreciation expense recorded for the year ended December 31, 2015 was \$42,060.

## **Note E INCOME TAXES**

The EOB is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required.

## **Note F DUE TO ECONOMIC OPPORTUNITY BOARD**

The cash accounts for the Station are maintained and controlled by the EOB. Since all cash is controlled by the EOB and access is not allowed to the Station independently, cash accounts are not reported on the financial statements. Instead, a Due from EOB balance is recognized for funds received by EOB on behalf of KCEP.

## **Note G RETIREMENT PLAN**

EOB sponsors a defined contribution retirement plan covering substantially all of its employees working 20 or more hours per week. The pension plan was created in accordance with Internal Revenue Code Section 403(b). The plan permits employees to defer a portion of their current earnings and allows the employer to contribute an amount on behalf of eligible employees. Contributions are determined as 4% of each covered employee's salary.

## **Note H COMMITMENTS / OPERATING LEASES**

The Station entered into an agreement with American Tower to license the tower site on Black Mountain in Henderson, Nevada for a monthly fee and an additional charge to cover the electricity for the operation of the approved equipment. The monthly fee is adjusted annually by an annual escalator of 5%. The agreement is due to expire on November 2017 and is expected to renew for another five years.

The Station also entered into software and service agreements with Radio Research Consortium, Marketron Broadcast Solutions, and Apollo Contract Services.

# KCEP Power 88 FM Radio

Notes to Financial Statements  
December 31, 2016 and 2015

---

## Note H COMMITMENTS / OPERATING LEASES (continued)

Commitments on these contracts follow:

	2016	2015
2016	-0-	63,352
2017	65,311	65,311
2018	64,995	64,995
2019	64,995	64,995
2020	62,700	62,700
2021	62,700	62,700
2022	<u>62,700</u>	<u>62,700</u>
Total	<u>\$ 383,401</u>	<u>\$ 446,753</u>

## Note I CONTINUITY OF OPERATIONS

The EOB is taking steps to increase revenues by submitting various grant applications, pursuing increased community involvement through membership drives, and decreasing operating expenses. Although the Organization has not received any new grant funding, the Organization is committed to continue its pursuit of grant awards. The Board of Directors and management are also considering various strategies to ensure the continuance of operations and program services, including increasing public awareness through fundraisers. The Station is continuing to manage costs and seek out new revenue sources to ensure continued operations. The future appears to be stable as the Station continues to operate in the community in accordance with their mission.

## Note J DATE OF MANAGEMENT'S REVIEW

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through August 4, 2017, the date on which the financial statements were issued.

## **Supplemental Information**

# KCEP Power 88 FM Radio

## Schedule of Functional Expenses Year Ended December 31, 2016

---

	Program Services Community	Management and General	Fundraising	Total
Salaries and Employee Benefits	\$ 408,300	\$ 45,367		\$ 453,667
Rent and Utilities	65,357	7,262		72,619
Fixed Asset Depreciation	37,854	4,206		42,060
Building and Maintenance	8,060	896		8,956
Office and Operating Expenses	5,786	643		6,429
Broadcasting Expenses	41,798	-		41,798
Public Relations	39,205	-		39,205
Insurance	12,238	1,360		13,598
Bank and Merchant Fees	3,825	424		4,249
Professional Fees	33,743	3,749		37,492
Fundraising Expenses			10,228	10,228
Total Expenses	<u>\$ 656,166</u>	<u>\$ 63,907</u>	<u>\$ 10,228</u>	<u>\$ 730,301</u>