

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
THE UNIVERSITY OF LOUISIANA AT MONROE

Financial Statements
For the Year Ended June 30, 2015

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
THE UNIVERSITY OF LOUISIANA AT MONROE

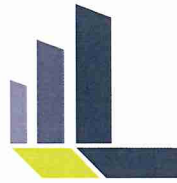
June 30, 2015

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Little & Assoc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of University of Louisiana at Monroe
Monroe, Louisiana

We have audited the accompanying financial statements of KEDM (A Public Telecommunications Entity operated by The University of Louisiana at Monroe), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 auditors consider 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 KEDM (A Public Telecommunications Entity operated by The University of Louisiana at Monroe) as of June 30, 2015, 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.

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 10 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.

Little & Associates, LLC

Monroe, LA
December 7, 2015

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Assets			
Claim on Cash	\$ 30,110	\$ 54,486	\$ 84,596
Accounts Receivable	1,168	-	1,168
Prepaid Expenses	-	2,222	2,222
Equipment, Net	203,466	-	203,466
Total Assets	<u>\$ 234,744</u>	<u>\$ 56,708</u>	<u>\$ 291,452</u>
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 3,552	\$ 3,846	\$ 7,398
Accrued Expenses	287	-	287
Total Liabilities	<u>3,839</u>	<u>3,846</u>	<u>7,685</u>
Net Assets			
Temporarily Restricted	-	52,862	52,862
Unrestricted	230,905	-	230,905
Total Net Assets	<u>230,905</u>	<u>52,862</u>	<u>283,767</u>
Total Liabilities and Net Assets	<u>\$ 234,744</u>	<u>\$ 56,708</u>	<u>\$ 291,452</u>

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

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Federal Grants			
Corporation for Public Broadcasting - Community Service Grant	\$ -	\$ 157,614	\$ 157,614
Contributions			
Underwriting	71,886	-	71,886
Membership	92,389	-	92,389
Special Events and Other	12,509	-	12,509
Capital	5,250	-	5,250
Tower Rental Revenue	20,160	-	20,160
Support Provided by the University of Louisiana at Monroe	190,663	-	190,663
	392,857	157,614	550,471
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	119,756	(119,756)	-
	119,756	(119,756)	-
Total Support and Revenue	512,613	37,858	550,471
Expenses			
Program Services			
Programming and Production	224,931	-	224,931
Broadcasting	103,830	-	103,830
Program Information and Promotion	11,345	-	11,345
Total Program Services	340,106	-	340,106
Supporting Services			
Management and General	179,765	-	179,765
Fund Raising and Membership Development	56,227	-	56,227
Underwriting and Grant Solicitation	24,602	-	24,602
Total Supporting Services	260,594	-	260,594
Total Expenses	600,700	-	600,700
Increase (Decrease) in Net Assets	(88,087)	37,858	(50,229)
Net Assets at Beginning of Year	318,992	15,004	333,996
Net Assets at End of Year	\$ 230,905	\$ 52,862	\$ 283,767

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

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets	\$ (50,229)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities	
Depreciation	47,614
(Increase) Decrease in Accounts Receivable	(357)
Increase (Decrease) in Accounts Payable	(1,295)
Total Adjustments	<u>45,962</u>
Net Cash Provided (Used) by Operating Activities	<u>(4,267)</u>
Increase (Decrease) in Cash and Cash Equivalents	(4,267)
Claim on Cash and Cash Equivalents at Beginning of Year	<u>88,863</u>
Claim on Cash and Cash Equivalents at End of Year	<u><u>\$ 84,596</u></u>

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

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

Note 1 – Summary of Significant Accounting Policies

A. Organization

KEDM (the “Station”) is a noncommercial radio station operated by the University of Louisiana at Monroe. The Station adheres to the standards of accounting and reporting as described in Principles of Accounting and Financial Reporting for Public Telecommunication Entities published by the Corporation for Public Broadcasting.

B. Basis of Accounting

The financial statements of the Station have been prepared on the accrual basis. The significant accounting policies followed by the Station are described below to enhance the usefulness of the financial statements to the reader of accounting and in conformity with Financial Accounting Standards Board (“FASB”) ASC Section 958.

C. Basis of Presentation

FASB Accounting Standards Codification (“ASC”) section 958-205 *Not-For-Profit Entities, Presentation of Financial Statements* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net assets categories according to externally (“donor”) imposed restrictions. ASC section 958-605 *Not-For-Profit Entities, Revenue Recognition* requires that unconditional promises to give (“pledges”) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

A description of the three net asset categories follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Station and/or the passage of time. These were \$52,862 in temporarily restricted net assets at June 30, 2015. Temporarily Restricted Net Assets are restricted for expenses allowed by the Corporation for Public Broadcasting.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Station. Generally, the donors of these assets permit the Station to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2015.

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles 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.

E. Revenue Recognition

Membership contributions and support from the University are recorded as revenue in the Statements of Activities when received. Restricted gifts and grants are recorded as revenue in the Statements of Activities to the extent that they have been expended for the purpose specified by the donor or grantor during the period.

F. Donated Facilities and Administrative Support

Donated facilities and administrative support from the University consist of office and studio space and an allocation of costs and certain other expenses incurred by the University on behalf of the Station.

Note 2 – Property and Equipment

Fixed assets are stated at cost when purchased or constructed. If acquired by gift, they are recorded at an objective, verifiable basis which is, in the judgment of Station management, a fair value for the Station's purposes (no independent third party appraisal is obtained). Expenditures for repairs and maintenance are charged to operating expense as incurred. Fixed assets are depreciated using the straight-line method over the estimated useful lives (5-30 years) of the individual assets. Depreciation expense amounted to \$47,614 in 2015.

Net property value at June 30, 2015 was as follows:

	At Cost	Accumulated Depreciation	Net
Furniture and Fixtures	\$ 12,365	\$ 12,365	\$ -
Office Equipment	66,977	66,977	-
Radio Tower	240,000	193,333	46,667
Transmitter and Digital Equipment	260,575	154,832	105,743
Antenna and Transmission Line	127,641	76,585	51,056
Electronic Equipment	380,052	380,052	-
 Total	 <u>\$ 1,087,610</u>	 <u>\$ 884,144</u>	 <u>\$ 203,466</u>

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

Note 3 – Temporarily Restricted Net Assets

Temporarily Restricted Net Assets is comprised of revenue from a Corporation for Public Broadcasting (“CPB”) Community Service Grant (“CSG”). The CSG contains the following restrictions:

1. No CPB funds shall be used for purposes of conducting any reception, or providing any other entertainment, for any officer or employee of the federal government or any state or local government.
2. No CPB funds shall be used to pay the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to influence legislation or appropriation before Congress or any state legislature.
3. No CSG funds may be expended on the production, acquisition or distribution of programs which do not qualify under CPB’s Broadcast Schedule of eligibility criterion. Such programs include any that further the principles of particular political or religious philosophies, or that are designed primarily for in-school or professional in-service audiences.
4. The station’s licensee may not impound or otherwise withhold or inappropriately restrict the use of CSG funds by the station. CSG funds may not be used to supplant funds or other support already being provided to the station by the licensee or to offset budgeting cutbacks by the licensee. For purposes of these General Provisions and Eligibility Criteria, “supplant” is defined as “to reduce the amount of funds or other support already being provided by the licensee in proportion to, or because of, funding through the CSG.”
5. CSG funds may not be used to offset an institutional licensee’s overhead or expenses.
6. CSG funds or proceeds from the liquidation or transfer of assets acquired with CSG funds must be used solely for the benefit of the public broadcast station.
7. Full-time station personnel whose salaries are paid by CSG funds must exercise full-time responsibilities over broadcast station operations. Such personnel shall not be required by the licensee to perform duties unrelated to the operation of the broadcast station.
8. CSG funds shall not be used by the grantee for personnel services, programming (both production and acquisition), or technical facilities in excess of standard amounts usually paid, charged or otherwise applies by the grantee for the same services and facilities under similar circumstances.
9. Grantee agrees that if, at any time during the grant period covered by this agreement, it should cease to provide the public broadcasting services for which this grant is made, it shall, upon request of CPB, return any or all of the grant funds to CPB.
10. Approximately 26 percent of the CSG must be spent on national program production and acquisition. This portion of the CSG must be used exclusively for the acquisition, production, promotion, and/or distribution of national programming of high quality, diversity, creativity, excellence, and innovation, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature.

Net assets were released from grantor restrictions by incurring expenses satisfying the purpose specified by the grantor as follow.

Corporation for Public Broadcasting	<u>\$119,756</u>
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KEDM
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

Note 4 – Accounts Receivable

The Station uses the direct write-off method to provide for uncollectible pledges. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

Note 5 – Subsequent Events

Subsequent events have been evaluated through December 7, 2015, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

SUPPLEMENTARY INFORMATION

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services				Supporting Services				Total Expenses
	Programming and Production	Broadcasting	Information and Promotion	Total Program Services	Management and General	Fund Raising and Membership Development	Underwriting and Grant Solicitation	Total Supporting Services	
Advertising	\$ -	\$ -	\$ 2,750	\$ 2,750	\$ -	\$ -	\$ -	\$ -	\$ 2,750
Depreciation Expense	-	-	-	-	47,614	-	-	47,614	47,614
Dues and Subscriptions	16,436	-	-	16,436	-	-	-	-	16,436
Licenses and Fees	116,245	16,414	-	132,659	-	4,459	-	4,459	137,118
Food Purchases	-	-	-	-	-	18	-	18	18
Freight	-	52	-	52	-	-	-	-	52
Maintenance	-	2,699	-	2,699	-	-	-	-	2,699
Materials and Supplies	-	19,005	-	19,005	1,054	1,098	-	2,152	21,157
Meetings	-	-	-	-	-	-	35	35	35
Miscellaneous Operating	-	-	1,041	1,041	-	-	598	598	1,639
Occupancy	-	-	-	-	67,200	-	-	67,200	67,200
Other	-	-	-	-	1,096	-	-	1,096	1,096
Postage and Shipping	-	-	-	-	-	2,542	-	2,542	2,542
Printing	-	-	801	801	-	6,173	-	6,173	6,974
Professional Fees	-	-	-	-	15,544	-	-	15,544	15,544
Salaries and Wages	90,650	28,021	6,718	125,389	46,298	36,679	23,969	106,946	232,335
Special Events Expense	-	-	-	-	-	2,504	-	2,504	2,504
Telephone	-	-	-	-	959	-	-	959	959
Travel	1,600	-	35	1,635	-	2,754	-	2,754	4,389
Utilities	-	37,639	-	37,639	-	-	-	-	37,639
Total Functional Expenses	\$ 224,931	\$ 103,830	\$ 11,345	\$ 340,106	\$ 179,765	\$ 56,227	\$ 24,602	\$ 260,594	\$ 600,700

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