

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP – FM

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Licari,
Larsen & Co., Ltd.

Certified Public Accountants & Consultants

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Independent Auditor's Report

Steven S. Licari, CPA
Terry J. Larsen, CPA

May 10, 2014

To the Board of Directors
Cook County Community Radio
D/B/A WTIP-FM
Grand Marais, Minnesota

We have audited the accompanying financial statements of Cook County Community Radio D/B/A WTIP-FM (a tax-exempt organization), which comprise the statements of financial position as of December 31, 2013 and 2012, 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 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 Cook County Community Radio D/B/A WTIP-FM as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Licari, Larsen & Co. Ltd.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 208,256	\$ 127,847
Total Current Assets	<u>208,256</u>	<u>127,847</u>
 <u>Property And Equipment:</u>		
Building	536,170	536,170
Transmitter tower/equipment	<u>337,194</u>	<u>332,944</u>
	873,364	869,114
Less: accumulated depreciation	<u>(218,323)</u>	<u>(180,951)</u>
Property And Equipment, Net	<u>655,041</u>	<u>688,163</u>
 Total Assets	<u><u>\$ 863,297</u></u>	<u><u>\$ 816,010</u></u>
 <u>Liabilities And Net Assets</u>		
<u>Current Liabilities:</u>		
Current portion of long-term debt	\$ 90,000	\$ 110,000
Accounts payable/accruals	<u>7,225</u>	<u>5,265</u>
Total Current Liabilities	<u>97,225</u>	<u>115,265</u>
 <u>Net Assets:</u>		
Unrestricted	766,072	700,745
Temporarily restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>766,072</u>	<u>700,745</u>
 Total Liabilities And Net Assets	<u><u>\$ 863,297</u></u>	<u><u>\$ 816,010</u></u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013		
	Unrestricted	Temporarily Restricted	Total
<u>Public Support And Revenues:</u>			
<u>Public Support:</u>			
Grant-Corporation for Public Broadcasting	\$ 129,594	\$ -	\$ 129,594
Grant-MN Heritage/Ampers	185,932	-	185,932
Grants and donations-other	5,355	43,000	48,355
In-kind contributions	25,775	-	25,775
Donations-capital campaign	-	32,058	32,058
Net assets released from restrictions	75,058	(75,058)	-
Total Public Support	421,714	-	421,714
<u>Revenues:</u>			
Memberships	114,830	-	114,830
Business underwriting	115,933	-	115,933
Interest income	227	-	227
Miscellaneous activities	8,364	-	8,364
Total Revenues	239,354	-	239,354
Total Public Support/Revenue	661,068	-	661,068
<u>Operating Expenses:</u>			
Program services	400,183	-	400,183
Fundraising	108,448	-	108,448
Management and general	87,110	-	87,110
Total Operating Expenses	595,741	-	595,741
INCREASE IN NET ASSETS	\$ 65,327	\$ -	\$ 65,327
<u>Net Assets:</u>			
Beginning of year	700,745	-	700,745
End of year	\$ 766,072	\$ -	\$ 766,072

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2012		
	Unrestricted	Temporarily Restricted	Total
<u>Public Support And Revenues:</u>			
<u>Public Support:</u>			
Grant-Corporation for Public Broadcasting	\$ 167,072	\$ -	\$ 167,072
Grant-MN Heritage/Ampers	154,152	-	154,152
Grants and donations-other	19,732	-	19,732
In-kind contributions	23,815	-	23,815
Donations-capital campaign	-	61,907	61,907
Net assets released from restrictions	61,907	(61,907)	-
Total Public Support	<u>426,678</u>	<u>-</u>	<u>426,678</u>
<u>Revenues:</u>			
Memberships	110,068	-	110,068
Business underwriting	97,867	-	97,867
Interest income	159	-	159
Miscellaneous activities	9,708	-	9,708
Total Revenues	<u>217,802</u>	<u>-</u>	<u>217,802</u>
Total Public Support/Revenue	<u>644,480</u>	<u>-</u>	<u>644,480</u>
<u>Operating Expenses:</u>			
Program services	434,339	-	434,339
Fundraising	106,573	-	106,573
Management and general	72,584	-	72,584
Total Operating Expenses	<u>613,496</u>	<u>-</u>	<u>613,496</u>
INCREASE IN NET ASSETS	\$ 30,984	\$ -	\$ 30,984
<u>Net Assets:</u>			
Beginning of year	669,761	-	669,761
End of year	<u>\$ 700,745</u>	<u>\$ -</u>	<u>\$ 700,745</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013		
	Program Services	Fundraising	Management And General
			Total
Salaries	\$ 170,553	\$ 61,165	\$ 56,379
Payroll taxes	14,196	5,091	4,692
Employee benefits	13,517	4,848	4,468
Total Compensation	198,266	71,104	65,539
Administrative expense	-	-	15,906
Advertising/marketing	22,958	-	-
Advertising/marketing-in kind	-	25,775	-
Building expenses	15,356	-	5,118
Depreciation	37,372	-	-
Dues/conferences	13,685	-	-
Equipment	3,897	-	-
Fundraising	-	11,569	-
Professional fees	-	-	547
Radio programming	53,680	-	-
Technical services	9,685	-	-
Telephone	6,647	-	-
Translator/transmitter	3,690	-	-
Transmitter expense	31,897	-	-
Volunteer	3,050	-	-
	<u>\$ 400,183</u>	<u>\$108,448</u>	<u>\$ 87,110</u>
			<u>\$ 595,741</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2012		
	Program Services	Fundraising	Management And General
			Total
Salaries	\$ 178,662	\$ 62,390	\$ 42,539
Payroll taxes	14,656	5,118	3,489
Employee benefits	19,477	6,801	4,637
Total Compensation	212,795	74,309	50,665
Administrative expense	-	-	13,962
Advertising/marketing	22,986	-	-
Advertising/marketing-in kind	-	23,815	-
Building expenses	13,893	-	4,631
Depreciation	37,317	-	-
Dues/conferences	23,021	-	-
Equipment	7,478	-	-
Fundraising	-	8,449	-
Professional fees	-	-	3,326
Radio programming	65,487	-	-
Technical services	10,624	-	-
Telephone	6,608	-	-
Translator/transmitter	5,117	-	-
Transmitter expense	28,505	-	-
Volunteer	508	-	-
	<u>\$ 434,339</u>	<u>\$106,573</u>	<u>\$ 72,584</u>
			<u>\$ 613,496</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Cash Flows From Operating Activities:</u>		
Increase in net assets	\$ 65,327	\$ 30,984
<u>Adjustments to reconcile to net cash flows</u>		
<u>from operating activities:</u>		
Depreciation	37,372	37,317
<u>(Increase) decrease in:</u>		
Grant receivable	-	5,070
<u>Increase (decrease) in:</u>		
Payables and accruals	<u>1,960</u>	<u>(4,479)</u>
Net Cash Flows From Operating Activities	<u>104,659</u>	<u>68,892</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of building and equipment	<u>(4,250)</u>	<u>(9,461)</u>
Net Cash Flows From Investing Activities	<u>(4,250)</u>	<u>(9,461)</u>
<u>Cash Flows From Financing Activities:</u>		
Payments on debt	<u>(20,000)</u>	<u>(35,000)</u>
Net Cash Flows From Financing Activities	<u>(20,000)</u>	<u>(35,000)</u>
NET INCREASE IN CASH	80,409	24,431
<u>Cash And Cash Equivalents:</u>		
Beginning of year	<u>127,847</u>	<u>103,416</u>
End of year	<u><u>\$ 208,256</u></u>	<u><u>\$ 127,847</u></u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Organization

Cook County Community Radio D/B/A WTIP-FM is a tax-exempt Minnesota corporation operating a public broadcasting radio station in Grand Marais, Minnesota. The Organization is a charitable organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Revenues are derived from public support and membership support.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is determined on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 40 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Transmitter tower and equipment are recorded at cost, if purchased and at fair market value at date of gift, if donated to WTIP.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2010.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

In-Kind Contributions and Donated Personal Services of Volunteers

In-kind contributions are recorded as revenues in the Statements of Activities. In-kind contributions consist of support for marketing.

The value of personal services of volunteer has not been reflected in the financial statements as no objective basis is available for valuation.

Accrued Vacation

Accrued compensated absences have not been reflected in the financial statements.

Cash Flows

Cash and cash equivalents are defined as checking and short-term investments with maturities of less than one year for purposes of the Statement of Cash Flows.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents at financial institutions and grants receivable.

Advertising Costs

Advertising costs are expensed as incurred.

Subsequent Events

Management has evaluated subsequent events through May 10, 2014, the date on which the financial statements were available to be issued.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalent investments consist of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Petty cash	\$ 20	\$ 20
Checking accounts	15,265	6,647
Savings accounts	192,971	121,180
	<u>\$ 208,256</u>	<u>\$ 127,847</u>

NOTE C – ENDOWMENT FUND

WTIP has endowment funds as part of the Duluth Superior Area Community Foundation. Income generated from investments is available for general operations. The money is maintained under a custodial agreement with the Duluth-Superior Community Foundation and all investing and accounting is performed by them. The asset value is not reflected in these financial statements. Total Fund value is \$43,586 at December 31, 2013 of which \$29,562 represents permanent contributions.

NOTE D – CAPITAL CAMPAIGN

During 2007, the Organization started a capital campaign for the purchase of a new building for the operation of the radio station and offices. The building was purchased for \$330,000 in 2007. The capital campaign raised \$32,058 in 2013 and \$61,907 in 2012 for use in the purchase of the building and equipment.

NOTE E—FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments, including cash, grants receivable and accounts payable approximate their fair market value due to the short term maturities of these instruments. The carrying value of notes payable approximates the fair value based on current market rates and conditions.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE F – LONG-TERM DEBT

Notes payable consist of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Note payable, dated 5/15/2013 at 0% interest requiring payments of \$15,000 in 2013 and \$75,000 in 2014	\$ 90,000	\$ 105,000
Note payable, dated 1/15/08 at 0% interest required payments of \$5,000 per quarter until 1/15/13	-	5,000
	<u>\$ 90,000</u>	<u>\$ 110,000</u>
Less current maturities	90,000	110,000
	<u>\$ -</u>	<u>\$ -</u>

Maturities of long-term debt over the next five years are as follows:

2014	90,000
2015	-
2016	-
2017	-
2018	-
	<u>\$ 90,000</u>

The note payable in the amount of \$90,000 listed above is payable to a member of the Board of the Organization.

The Organization has a line of credit available in the amount \$49,000 which expires on September 12, 2014 at a rate of 5.75%. There was no balance outstanding at December 31, 2013 and 2012.

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	<u>\$ 90,000</u>	<u>\$ 110,000</u>
Less current maturities	90,000	110,000
	<u>\$ -</u>	<u>\$ -</u>

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2014	90,000
2015	-
2016	-
2017	-
2018	-
	<u>\$ 90,000</u>

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2014	90,000
2015	-
2016	-
2017	-
2018	-
	<u>\$ 90,000</u>

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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Less current maturities	90,000	110,000
	<u>\$ -</u>	<u>\$ -</u>

Maturities of long-term debt over the next five years are as follows:

2014	90,000
2015	-
2016	-
2017	-
2018	-
	<u>\$ 90,000</u>

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