

REDWOOD EMPIRE PUBLIC TELEVISION, INC.

**FINANCIAL STATEMENTS**

For the Years Ended June 30, 2016 and 2015

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June 30, 2016

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REDWOOD EMPIRE PUBLIC TELEVISION, INC.

**BOARD OF DIRECTORS**

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June 30, 2016

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MEMBERS

ADDRESS

Paul McNally, President	Eureka, California
James Hunter, Treasurer	Eureka, California
Margaret Fleming, Secretary	Eureka, California
Annette De Modena, Director	Eureka, California
Cynthia Denbo, Director	Eureka, California
Carol Larsen, Director	Ferndale, California
Marie Liscom, Director	Eureka, California
Doralee Smith, Director	Arcata, California
Alexandra Stillman, Director	Arcata, California
Deepak Stokes, M.D., Director	Eureka, California
Chris Young, Director	Eureka, California

EXECUTIVE DIRECTOR/CEO

Larry Cicalone

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To the Board of Directors  
Redwood Empire Public Television, Inc.

We have audited the accompanying statement of financial position of Redwood Empire Public Television, Inc. (a nonprofit organization) as of June 30, 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 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 Redwood Empire Public Television, Inc. as of June 30, 2016 and 2015, 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.

To the Board of Directors  
Redwood Empire Public Television, Inc.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional support and revenues and functional expenses, 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.

Aycock and Edgmon  
January 19, 2017



## **FINANCIAL STATEMENTS**

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**STATEMENT OF FINANCIAL POSITION**

June 30, 2016 and 2015

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 197,802	\$ 169,319
Accounts receivable - Net	31,739	33,156
Unconditional promises to give	17,119	10,137
Grants receivable	3,002	5,557
Prepaid expenses	58,410	29,224
<b>Total Current Assets</b>	<u>308,072</u>	<u>247,393</u>
<b>Property and Equipment</b>		
Land and land improvements	434,799	434,799
Buildings and equipment	442,064	434,631
Engineering building and equipment	2,923,385	2,923,385
Studio equipment	1,936,453	1,928,767
Office furniture and equipment	196,731	195,154
Vehicles	91,321	51,706
Accumulated depreciation	<u>(4,946,948)</u>	<u>(4,711,570)</u>
<b>Total Property and Equipment</b>	<u>1,077,805</u>	<u>1,256,872</u>
<b>Other Assets</b>		
Board designated endowment fund	353,877	365,156
Deposits	465	465
<b>Total Other Assets</b>	<u>354,342</u>	<u>365,621</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,740,219</u>	<u>\$ 1,869,886</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 17,913	\$ 29,569
Current portion of notes payable	22,903	15,799
Sales tax payable	1,059	-
Refundable advances	14,081	13,300
Accrued liabilities:		
Compensation payable	21,211	18,763
Compensated absences	16,869	17,241
<b>Total Current Liabilities</b>	<u>94,036</u>	<u>94,672</u>
<b>Long-Term Liabilities</b>		
Notes payable	37,922	24,242
<b>TOTAL LIABILITIES</b>	<u>131,958</u>	<u>118,914</u>
<b>Net Assets</b>		
Unrestricted net assets	1,585,895	1,708,600
Temporarily restricted net assets	22,366	42,372
<b>Total Net Assets</b>	<u>1,608,261</u>	<u>1,750,972</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,740,219</u>	<u>\$ 1,869,886</u>

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT, REVENUE, AND GAINS</b>				
<b>Support</b>				
Contracts, grants, and exchange transactions	\$ 101,280	\$ -	\$ -	\$ 101,280
Contributions	1,018,466	-	-	1,018,466
Fund-raising	128,493	-	-	128,493
In-kind and trade-out support	25,534	-	-	25,534
<b>Total Support</b>	<u>1,273,773</u>	<u>-</u>	<u>-</u>	<u>1,273,773</u>
<b>Revenue and Gains</b>				
Production	1,529	-	-	1,529
Underwriting	117,757	-	-	117,757
Rents	180,852	-	-	180,852
Power reimbursement	93,763	-	-	93,763
Other income	3,430	-	-	3,430
Interest income	7,955	-	-	7,955
Realized gains on investments	3,605	-	-	3,605
<b>Total Revenue and Gains</b>	<u>408,891</u>	<u>-</u>	<u>-</u>	<u>408,891</u>
<b>TOTAL SUPPORT, REVENUE, AND GAINS</b>	<u>1,682,664</u>	<u>-</u>	<u>-</u>	<u>1,682,664</u>
<b>EXPENSES</b>				
<b>Program Services</b>				
Programing and production	648,351	-	-	648,351
Broadcasting	450,825	-	-	450,825
Program information and promotion	60,362	-	-	60,362
<b>Total Program Services</b>	<u>1,159,538</u>	<u>-</u>	<u>-</u>	<u>1,159,538</u>
<b>Support Services</b>				
Fund-raising and membership	202,896	-	-	202,896
General and administrative	462,941	-	-	462,941
<b>Total Support Services</b>	<u>665,837</u>	<u>-</u>	<u>-</u>	<u>665,837</u>
<b>TOTAL EXPENSES</b>	<u>1,825,375</u>	<u>-</u>	<u>-</u>	<u>1,825,375</u>
<b>CHANGE IN NET ASSETS</b>	(142,711)	-	-	(142,711)
Depreciation on grant funded equipment	20,006	(20,006)	-	-
<b>NET ASSETS, JULY 1</b>	<u>1,708,600</u>	<u>42,372</u>	<u>-</u>	<u>1,750,972</u>
<b>NET ASSETS, JUNE 30</b>	<u>\$ 1,585,895</u>	<u>\$ 22,366</u>	<u>\$ -</u>	<u>\$ 1,608,261</u>

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT, REVENUE, AND GAINS</b>				
<b>Support</b>				
Contracts, grants, and exchange transactions	\$ 229,821	\$ -	\$ -	\$ 229,821
Contributions	961,851	-	-	961,851
Fund-raising	133,051	-	-	133,051
In-kind and trade-out support	62,271	-	-	62,271
<b>Total Support</b>	<u>1,386,994</u>	<u>-</u>	<u>-</u>	<u>1,386,994</u>
<b>Revenue and Gains</b>				
Production	3,525	-	-	3,525
Underwriting	125,933	-	-	125,933
Rents	175,540	-	-	175,540
Power reimbursement	97,019	-	-	97,019
Other income	15,269	-	-	15,269
Interest	6,160	-	-	6,160
Unrealized gains on investments	-	-	-	-
Realized gains on investments	6	-	-	6
<b>Total Revenue and Gains</b>	<u>423,452</u>	<u>-</u>	<u>-</u>	<u>423,452</u>
<b>TOTAL SUPPORT, REVENUE, AND GAINS</b>	<u>1,810,446</u>	<u>-</u>	<u>-</u>	<u>1,810,446</u>
<b>EXPENSES</b>				
<b>Program Services</b>				
Programing and production	687,199	-	-	687,199
Broadcasting	530,667	-	-	530,667
Program information and promotion	89,109	-	-	89,109
<b>Total Program Services</b>	<u>1,306,975</u>	<u>-</u>	<u>-</u>	<u>1,306,975</u>
<b>Support Services</b>				
Fund-raising and membership	217,450	-	-	217,450
General and administrative	282,872	-	-	282,872
<b>Total Support Services</b>	<u>500,322</u>	<u>-</u>	<u>-</u>	<u>500,322</u>
<b>TOTAL EXPENSES</b>	<u>1,807,297</u>	<u>-</u>	<u>-</u>	<u>1,807,297</u>
<b>CHANGE IN NET ASSETS</b>	3,149	-	-	3,149
Depreciation on grant funded equipment	34,918	(34,918)	-	-
<b>NET ASSETS, JULY 1</b>	<u>1,670,533</u>	<u>77,290</u>	<u>-</u>	<u>1,747,823</u>
<b>NET ASSETS, JUNE 30</b>	<u>\$ 1,708,600</u>	<u>\$ 42,372</u>	<u>\$ -</u>	<u>\$ 1,750,972</u>

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS**

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (142,711)	\$ 3,149
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	235,378	257,668
Realized losses (gains) on sale of investments	(3,605)	(6)
Unrealized losses (gains) on investments	19,340	1,767
(Increases) decreases in operating assets:		
Accounts receivable	1,417	6,154
Grants receivable	2,555	(2,641)
Unconditional promises to give	(6,982)	5,124
Prepaid expenses	(29,186)	9,892
Increase (decrease) in operating liabilities:		
Accounts payable	(11,656)	16,382
Refundable advances	781	(7,040)
Accrued liabilities	3,135	(2,333)
Total Adjustments	<u>211,177</u>	<u>284,967</u>
<b>Net Cash Provided by Operating Activities</b>	<u>68,466</u>	<u>288,116</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(16,696)	(173,810)
Purchase of investments	<u>(4,456)</u>	<u>(179,585)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(21,152)</u>	<u>(353,395)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New borrowings	-	-
Debt repayments	<u>(18,831)</u>	<u>(17,674)</u>
<b>Net Cash Used by Financing Activities</b>	<u>(18,831)</u>	<u>(17,674)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	28,483	(82,953)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>169,319</u>	<u>252,272</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 197,802</u>	<u>\$ 169,319</u>

## Supplemental information:

Interest expense for the years ended June 30, 2016 and 2015 was \$2,401 and \$2,749, respectively.

A vehicle was acquired in exchange for a note payable for \$39,615.

The accompanying notes to financial statements are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**Nature of Activities

Redwood Empire Public Television, Inc. (KEET TV) is a nonprofit corporation chartered on December 11, 1962 for the purpose of providing alternative and educational television to the general public.

Basis of Accounting

The financial statements of KEET TV have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Promises to Give

Contributions are recognized when the donor makes a promise to give to KEET TV that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

KEET TV uses the allowance method to determine uncollectible unconditional promises received. The allowance is based on prior years' experience and management's analysis of specific promises made.

Financial Statement Presentation

KEET TV presents information about its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. During the fiscal years ended June 30, 2016 and 2015, KEET TV had no permanently restricted net assets.

Unrestricted net assets are those whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects, such as by contract, loan agreement, or board designation.

Temporarily restricted net assets are those whose use is subject to a donor-imposed restriction of time or purpose. When a purpose or time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Property and Equipment

Property and equipment are valued at historical cost for purchased items and at estimated fair value for donated items. Depreciation is computed on all depreciable property using the straight line method based on estimated useful lives. The estimated lives of such assets range between four and twenty years. KEET TV has not established an explicit capitalization policy.

Restricted and Unrestricted Support

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**Contributed Services

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by KEET TV.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, KEET TV considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Income Taxes

KEET TV is exempt from federal and state income taxes under Internal Revenue Code Section (IRC) 501(c)(3) and California Revenue and Taxation Code Section 23701. Additionally, the Internal Revenue Service has determined that KEET TV is not a private foundation within the meaning of IRC Section 509(a).

KEET TV has adopted the provisions of Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109" (ASC 740). ASC 740 prescribes a new threshold for determining when an income tax benefit can be recognized, which is a higher threshold than the one imposed for claiming deductions on income tax returns. The adoption of ASC 740 did not have an impact on KEET TV's financial statements. KEET TV's federal and state tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have three and four year statute of limitations, respectively. KEET TV would recognize accrued interest and penalties associated with uncertain tax provisions, if any, as part of the income tax provision.

Functional Expenses

KEET TV allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various statistical bases.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred.

Reclassifications and Comparative Financial Information

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. Moreover, the financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with KEET TV's financial statements for the year ended June 30, 2015, for which summarized information was derived.

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.



**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**NOTE B - CASH AND CASH EQUIVALENTS**

At June 30, 2016 and 2015 cash and cash equivalents were composed of the following:

	<u>2016</u>	<u>2015</u>
Petty cash	\$ 235	\$ 339
Checking and savings	<u>197,567</u>	<u>168,980</u>
	<u>\$ 197,802</u>	<u>\$ 169,319</u>

**NOTE C - RECEIVABLES**

Receivable were composed of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Trade receivables	\$ 40,983	\$ 42,400
Allowance for doubtful accounts	<u>(9,244)</u>	<u>(9,244)</u>
	31,739	33,156
Pledge receivables	17,119	10,137
Grant receivable	<u>3,002</u>	<u>5,557</u>
	<u>\$ 51,860</u>	<u>\$ 48,850</u>

**NOTE D - ENDOWMENT**

The endowment is comprised of a Board designated endowment fund pooled with the Humboldt Area Foundation. The changes in the endowment for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Investment returns:		
Interest and dividends earned	\$ 7,954	\$ 6,159
Realized gains (losses)	3,605	6
Unrealized gains (loss)	(19,340)	(1,767)
Other income	-	-
	<u>(7,781)</u>	<u>4,398</u>
Other changes:		
Gifts	333	175,600
Investment/Management fees	<u>(3,831)</u>	<u>(2,174)</u>
Net changes in endowment	(11,279)	177,824
Endowment, Beginning of period	<u>365,156</u>	<u>187,332</u>
Endowment, End of period	<u>\$ 353,877</u>	<u>\$ 365,156</u>

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**NOTE E - PROPERTY AND EQUIPMENT**

The following is a summary of the changes in property and equipment:

	Balance July 1, 2015	Additions	Disposals	Balance June 30, 2016
Land and land improvements	\$ 434,799	\$ -	\$ -	\$ 434,799
Engineering building and equipment	2,923,385	-	-	2,923,385
Studio equipment	1,928,767	7,686	-	1,936,453
Vehicles	51,706	39,615	-	91,321
Building and improvements	434,631	7,433	-	442,064
Office furniture and equipment	195,154	1,577	-	196,731
Accumulated depreciation	<u>(4,711,570)</u>	<u>(235,378)</u>	<u>-</u>	<u>(4,946,948)</u>
	<u>\$ 1,256,872</u>	<u>\$ (179,067)</u>	<u>\$ -</u>	<u>\$ 1,077,805</u>

	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015
Land and land improvements	\$ 434,799	\$ -	\$ -	\$ 434,799
Engineering building and equipment	2,921,676	1,709	-	2,923,385
Studio equipment	1,769,833	158,934	-	1,928,767
Vehicles	51,706	-	-	51,706
Building and improvements	434,631	-	-	434,631
Office furniture and equipment	181,987	13,167	-	195,154
Accumulated depreciation	<u>(4,453,902)</u>	<u>(257,668)</u>	<u>-</u>	<u>(4,711,570)</u>
	<u>\$ 1,340,730</u>	<u>\$ (83,858)</u>	<u>\$ -</u>	<u>\$ 1,256,872</u>

Depreciation expense for the fiscal years ended June 30, 2016 and 2015 was \$235,378 and \$257,668, respectively.

**NOTE F - REFUNDABLE ADVANCES**

KEET TV records grant and contract revenue as a refundable advance until it is expended for the purpose of the grant or contract, at which time it is recognized as revenue. The balances in refundable advances of \$14,081 and \$13,300 as of June 30, 2016 and 2015, respectively, represent amounts received from funding agencies and not expended for allowable program costs as follows:

	2016	2015
USDA, Rural Utilities Service		
Digital Transition Grant Agreement #BA1601-B33	\$ 10,300	\$ 10,300
Underwriting and Other	1,781	-
Foundation grants	<u>2,000</u>	<u>3,000</u>
	<u>\$ 14,081</u>	<u>\$ 13,300</u>

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**NOTE G - CREDIT LINE**

KEET TV has an available line of credit from Coast Central Credit Union for \$200,000. The credit line bears interest at a rate of 4.75%. The credit line is renewable every two years. A balance of \$0 and \$0 was outstanding as of June 30, 2016 and 2015, respectively.

**NOTE H - NOTES PAYABLE**

KEET TV is obligated under two promissory notes as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Note payable to Tri Counties Bank, payable at \$1,571 per month, including interest at 5.0%, secured by real property	\$ 16,580	\$ 6,193	\$ 22,773
Note payable to Coast Central Credit Union, payable at \$591 per month, including interest at 1.90%, secured by a 2016 Honda CRV	6,323	31,729	38,052
	<u>\$ 22,903</u>	<u>\$ 37,922</u>	<u>\$ 60,825</u>

Future minimum payments at June 30, 2016 are approximately as follows:

Year Ending June 30	
2017	\$ 24,273
2018	13,275
2019	6,991
2020	6,991
2021	6,991
2022	<u>5,243</u>
Minimum payments	63,764
Less interest	<u>2,939</u>
	60,825
Less current portion	<u>22,903</u>
Long-term portion	<u>\$ 37,922</u>

**NOTE I - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of equipment and public telecommunications facilities purchased with National Telecommunications and Information Administration/Public Telecommunications Facilities Program grants. All such equipment and facilities have recorded liens identifying the federal government (Department of Commerce) as the priority-secured creditor. The liens extend from the initial receipt of the equipment through a ten-year period following completion of the grant project.

Cost of Equipment and Facilities	Accumulated Depreciation	Net Book Value	Lien Expiration
<u>\$ 494,769</u>	<u>\$ 472,403</u>	<u>\$ 22,366</u>	2015

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**NOTE J - CONTRIBUTED SERVICES**

KEET TV trades for goods and services with businesses in the community. Trade revenues were as follows:

	<u>2016</u>	<u>2015</u>
Underwriting	\$ 5,899	\$ 15,156
Operating supplies	1,140	13,610
Project expenses	3,359	-
Rent	9,000	9,000
Services	<u>6,136</u>	<u>24,505</u>
	<u>\$ 25,534</u>	<u>\$ 62,271</u>

**NOTE K - SIGNIFICANT CONCENTRATION RISK**

KEET TV does not maintain significant cash balances with financial institutions that are insured by the Federal Deposit Insurance Corporation. However, significant cash balances are insured by either the National Credit Union Administration or the Securities Investor Protection Corporation for up to \$250,000. Redwood Empire Public Television, Inc.'s uninsured cash balances at June 30, 2016 and 2015 total \$0 and \$0, respectively.

**NOTE L - COMMUNITY SERVICE GRANTS**

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients. Public broadcasters use these funds for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

The grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

**NOTE M - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**NOTES TO FINANCIAL STATEMENTS**

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June 30, 2016

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**NOTE N - CONTINGENT LIABILITIES**

Financial awards from federal, state, and local governmental entities in the form of grants are subject to audit. Such audits could result in claims against KEET TV for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits because the amounts, if any, cannot be determined at this date.

**NOTE O - SUBSEQUENT EVENTS**

KEET TV's management has evaluated its subsequent events through January 19, 2017, the date the financial statements were available to be issued.

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## **SUPPLEMENTARY INFORMATION**

	Program Services			Total Program Services
	Programming and Production	Broadcasting	Program Information and Promotion	
Community service and interconnection grants	\$ -	\$ -	\$ -	\$ -
Local service grant	-	-	-	-
Other grants and contributions	8,300	20,713	23,267	52,280
In-kind and trade-out revenue	7,035	-	-	7,035
Membership contributions	-	-	25,535	25,535
Fund-raising events	-	-	-	-
	<u>15,335</u>	<u>20,713</u>	<u>48,802</u>	<u>84,850</u>
Production	1,529	-	-	1,529
Underwriting	117,757	-	-	117,757
Rents	-	180,852	-	180,852
Power reimbursement	-	93,763	-	93,763
Other income	-	-	1	1
Interest income	-	-	-	-
Realized gains on investments	-	-	-	-
	<u>119,286</u>	<u>274,615</u>	<u>1</u>	<u>393,902</u>
<b>TOTAL SUPPORT, REVENUE, AND GAINS</b>	<u>\$ 134,621</u>	<u>\$ 295,328</u>	<u>\$ 48,803</u>	<u>\$ 478,752</u>



**SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUES**

For the Year Ended June 30, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

Fund-raising and Membership Development	Support Services		Total Program and Support Services	
	General and Administrative	Total Support Services	2016	2015
\$ -	\$ 587,139	\$ 587,139	\$ 587,139	\$ 580,771
-	79,417	79,417	79,417	76,992
-	49,000	49,000	101,280	229,821
9,800	8,699	18,499	25,534	62,271
326,375	-	326,375	351,910	304,088
128,493	-	128,493	128,493	133,051
<u>464,668</u>	<u>724,255</u>	<u>1,188,923</u>	<u>1,273,773</u>	<u>1,386,994</u>
-	-	-	1,529	3,525
-	-	-	117,757	125,933
-	-	-	180,852	175,540
-	-	-	93,763	97,019
1,293	2,136	3,429	3,430	15,269
-	7,955	7,955	7,955	6,160
-	3,605	3,605	3,605	6
<u>1,293</u>	<u>13,696</u>	<u>14,989</u>	<u>408,891</u>	<u>423,452</u>
<u>\$ 465,961</u>	<u>\$ 737,951</u>	<u>\$ 1,203,912</u>	<u>\$ 1,682,664</u>	<u>\$ 1,810,446</u>

The accompanying notes to financial statements are an integral part of this statement.

	Program Services			Total Program Services
	Programming and Production	Broadcasting	Program Information and Promotion	
Salaries, payroll taxes, and employee benefits	\$ 135,469	\$ 110,994	\$ 26,124	\$ 272,587
Advertising	6,495	-	2,557	9,052
Bad debt	-	-	-	-
Bank charges	-	-	-	-
Commissions	12,467	-	-	12,467
Dues and subscriptions	18	490	1,469	1,977
Freight	483	3,717	508	4,708
Insurance	-	-	-	-
Interest expense	-	-	-	-
Membership campaign expense	-	-	-	-
Postage	90	3	4,932	5,025
Premiums	183	-	-	183
Printing/graphics	-	-	8,087	8,087
Production	-	-	-	-
Professional	16,552	11,540	2,018	30,110
Programming	344,467	-	-	344,467
Rent	-	24,481	-	24,481
Repair and maintenance	5,765	34,150	-	39,915
Supplies	1,266	8,982	11,814	22,062
Taxes and licenses	191	-	-	191
Telephone	258	-	-	258
Travel and training	3,078	330	2,829	6,237
Utilities	-	156,077	-	156,077
Miscellaneous	2,850	29	24	2,903
<b>TOTAL EXPENSES BEFORE DEPRECIATION AND LOSSES</b>	<b>529,632</b>	<b>350,793</b>	<b>60,362</b>	<b>940,787</b>
Depreciation	118,719	100,032	-	218,751
Unrealized losses	-	-	-	-
<b>TOTAL EXPENSES AND LOSSES</b>	<b>\$ 648,351</b>	<b>\$ 450,825</b>	<b>\$ 60,362</b>	<b>\$ 1,159,538</b>

**SCHEDULE OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2016  
 (With Comparative Totals for the Year Ended June 30, 2015)

Fund-raising and Membership Development	Support Services		Total Program and Support Services	
	General and Administrative	Total Support Services	2016	2015
\$ 115,252	\$ 252,636	\$ 367,888	\$ 640,475	\$ 584,310
2,300	99	2,399	11,451	44,926
-	6,628	6,628	6,628	4,098
12,377	372	12,749	12,749	11,268
1,690	-	1,690	14,157	20,830
5,238	1,390	6,628	8,605	3,285
16	259	275	4,983	4,975
-	27,731	27,731	27,731	24,126
-	2,401	2,401	2,401	2,749
13,084	-	13,084	13,084	10,730
2,643	379	3,022	8,047	9,428
13,861	-	13,861	14,044	13,782
2,994	397	3,391	11,478	12,404
-	-	-	-	10,130
80	55,355	55,435	85,545	86,834
-	-	-	344,467	313,724
9,600	7,417	17,017	41,498	41,996
10,359	18,859	29,218	69,133	100,478
2,825	5,650	8,475	30,537	26,839
100	10,049	10,149	10,340	7,373
-	10,910	10,910	11,168	8,723
10,122	9,810	19,932	26,169	20,760
-	15,885	15,885	171,962	182,111
355	747	1,102	4,005	1,983
202,896	426,974	629,870	1,570,657	1,547,862
-	16,627	16,627	235,378	257,668
-	19,340	19,340	19,340	1,767
<u>\$ 202,896</u>	<u>\$ 462,941</u>	<u>\$ 665,837</u>	<u>\$ 1,825,375</u>	<u>\$ 1,807,297</u>

The accompanying notes to financial statements are an integral part of this statement.