

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP – FM

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Independent Auditor's Report

May 4, 2018

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, 2017 and 2016, 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, 2017 and 2016, 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.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 144,430	\$ 167,240
Total Current Assets	<u>144,430</u>	<u>167,240</u>
 <u>Property And Equipment:</u>		
Building	538,461	538,461
Transmitter tower/equipment	492,872	479,009
	<u>1,031,333</u>	<u>1,017,470</u>
Less: accumulated depreciation	(361,541)	(328,661)
Property And Equipment, Net	<u>669,792</u>	<u>688,809</u>
Total Assets	<u><u>\$ 814,222</u></u>	<u><u>\$ 856,049</u></u>
 <u>Liabilities And Net Assets</u>		
<u>Current Liabilities:</u>		
Accounts payable/accruals	\$ 2,395	\$ 2,727
Total Current Liabilities	<u>2,395</u>	<u>2,727</u>
 <u>Net Assets:</u>		
Unrestricted	771,827	835,197
Temporarily restricted	40,000	18,125
Total Net Assets	<u>811,827</u>	<u>853,322</u>
Total Liabilities And Net Assets	<u><u>\$ 814,222</u></u>	<u><u>\$ 856,049</u></u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017		Total
	Unrestricted	Temporarily Restricted	
<u>Public Support And Revenues:</u>			
<u>Public Support:</u>			
Grant-Corporation for Public Broadcasting	\$ 99,748	\$ 27,017	\$ 126,765
Grant-State of Minnesota - Heritage	80,019	-	80,019
Grant-Ampers	29,941	-	29,941
Grants - local government	-	2,700	2,700
Grants and donations-other	28,500	50,500	79,000
In-kind contributions	27,744	-	27,744
Net assets released from restrictions	58,342	(58,342)	-
Total Public Support	<u>324,294</u>	<u>21,875</u>	<u>346,169</u>
<u>Revenues:</u>			
Memberships	146,551	-	146,551
Business underwriting	115,740	-	115,740
Interest income	213	-	213
Miscellaneous activities	20,856	-	20,856
Total Revenues	<u>283,360</u>	<u>-</u>	<u>283,360</u>
Total Public Support/Revenue	<u>607,654</u>	<u>21,875</u>	<u>629,529</u>
<u>Operating Expenses:</u>			
Program services	450,260	-	450,260
Fundraising	128,881	-	128,881
Management and general	91,882	-	91,882
Total Operating Expenses	<u>671,023</u>	<u>-</u>	<u>671,023</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (63,369)	\$ 21,875	\$ (41,494)
<u>Net Assets:</u>			
Beginning of year	<u>835,197</u>	<u>18,125</u>	<u>853,322</u>
End of year	<u>\$ 771,827</u>	<u>\$ 40,000</u>	<u>\$ 811,827</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2016		
	Unrestricted	Temporarily Restricted	
<u>Public Support And Revenues:</u>			
<u>Public Support:</u>			
Grant-Corporation for Public Broadcasting	\$ 104,393	\$ 28,376	\$ 132,769
Grant-State of Minnesota - Heritage	109,209	-	109,209
Grant-Ampers	31,813	-	31,813
Grants - local government	-	3,000	3,000
Grants and donations-other	-	50,594	50,594
In-kind contributions	31,021	-	31,021
Net assets released from restrictions	73,573	(73,573)	-
Total Public Support	<u>350,009</u>	<u>8,397</u>	<u>358,406</u>
<u>Revenues:</u>			
Memberships	134,869	-	134,869
Business underwriting	113,913	-	113,913
Interest income	284	-	284
Miscellaneous activities	12,596	-	12,596
Total Revenues	<u>261,662</u>	<u>-</u>	<u>261,662</u>
Total Public Support/Revenue	<u>611,671</u>	<u>8,397</u>	<u>620,068</u>
<u>Operating Expenses:</u>			
Program services	445,299	-	445,299
Fundraising	125,894	-	125,894
Management and general	88,310	-	88,310
Total Operating Expenses	<u>659,503</u>	<u>-</u>	<u>659,503</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (47,832)	\$ 8,397	\$ (39,435)
<u>Net Assets:</u>			
Beginning of year	<u>883,028</u>	<u>9,728</u>	<u>892,756</u>
End of year	<u>\$ 835,197</u>	<u>\$ 18,125</u>	<u>\$ 853,322</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			Total
	Program Services	Fundraising	Management And General	
Salaries	\$ 197,214	\$ 71,126	\$ 54,961	\$ 323,301
Payroll taxes	17,256	6,224	4,809	28,289
Employee benefits	25,874	9,332	7,211	42,417
Total Compensation	<u>240,344</u>	<u>86,682</u>	<u>66,981</u>	<u>394,007</u>
Administrative expense	-	-	16,165	16,165
Advertising/marketing	34,954	-	-	34,954
Advertising/marketing-in kind	-	27,744	-	27,744
Building expenses	12,874	-	4,291	17,165
Depreciation	32,880	-	-	32,880
Dues/conferences	12,598	-	-	12,598
Equipment	4,136	-	-	4,136
Fundraising	-	14,455	-	14,455
Professional fees	-	-	4,445	4,445
Radio programming	63,577	-	-	63,577
Technical services	16,827	-	-	16,827
Telephone	5,480	-	-	5,480
Translator/transmitter	3,939	-	-	3,939
Transmitter expense	19,860	-	-	19,860
Volunteer	2,791	-	-	2,791
	<u>\$ 450,260</u>	<u>\$ 128,881</u>	<u>\$ 91,882</u>	<u>\$ 671,023</u>

See accompanying notes.

COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2016			Total
	Program Services	Fundraising	Management And General	
Salaries	\$ 202,979	\$ 67,551	\$ 56,163	\$ 326,693
Payroll taxes	17,061	5,678	4,721	27,460
Employee benefits	22,780	7,581	6,303	36,664
Total Compensation	<u>242,820</u>	<u>80,810</u>	<u>67,187</u>	<u>390,817</u>
Administrative expense	-	-	15,894	15,894
Advertising/marketing	28,550	-	-	28,550
Advertising/marketing-in kind	-	31,021	-	31,021
Building expenses	14,476	-	4,826	19,302
Depreciation	34,080	-	-	34,080
Dues/conferences	8,700	-	-	8,700
Equipment	2,632	-	-	2,632
Fundraising	-	14,063	-	14,063
Professional fees	-	-	403	403
Radio programming	69,518	-	-	69,518
Technical services	11,830	-	-	11,830
Telephone	5,581	-	-	5,581
Translator/transmitter	3,108	-	-	3,108
Transmitter expense	20,386	-	-	20,386
Volunteer	3,618	-	-	3,618
	<u>\$ 445,299</u>	<u>\$ 125,894</u>	<u>\$ 88,310</u>	<u>\$ 659,503</u>

See accompanying notes.

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COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Cash Flows From Operating Activities:</u>		
Increase (decrease) in net assets	\$ (41,494)	\$ (39,435)
<u>Adjustments to reconcile to net cash flows</u> <u>from operating activities:</u>		
Depreciation	32,880	34,080
<u>Increase (decrease) in:</u> Payables and accruals	<u>(332)</u>	<u>(3,764)</u>
Net Cash Flows From Operating Activities	<u>(8,946)</u>	<u>(9,119)</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of building and equipment	<u>(13,864)</u>	<u>(21,805)</u>
Net Cash Flows From Investing Activities	<u>(13,864)</u>	<u>(21,805)</u>
NET INCREASE (DECREASE) IN CASH	(22,810)	(30,924)
<u>Cash And Cash Equivalents:</u>		
Beginning of year	<u>167,240</u>	<u>198,163</u>
End of year	<u>\$ 144,430</u>	<u>\$ 167,240</u>

See accompanying notes.

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COOK COUNTY COMMUNITY RADIO
D/B/A WTIP-FM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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. The Organization provides local programming.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. The financial statements have been prepared in conformity with the standards set forth for not-for-profit organizations.

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 over \$1,000 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.

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.

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP-FM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, 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.

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 local 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 as they cannot be reasonably estimated.

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.

Functional Expenses

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

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP-FM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

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

Advertising Costs

Advertising costs are expensed as incurred.

Subsequent Events

Management has evaluated subsequent events through May 4, 2018, the date on which the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalent investments consist of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Petty cash	\$ 20	\$ 20
Checking accounts	13,751	4,279
Savings accounts	130,659	162,941
	<u>\$ 144,430</u>	<u>\$ 167,240</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 \$53,321 at December 31, 2017 of which \$29,562 represents permanent contributions.

COOK COUNTY COMMUNITY RADIO

D/B/A WTIP-FM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

Grants and donations that are originally restricted when received and have not been expended for that restricted purpose at December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Duluth-Superior Area Community Fund	\$ -	\$ 2,875
Food Sustain Grant	-	250
Lloyd K. Johnson Foundation	40,000	15,000
	<u>\$ 40,000</u>	<u>\$ 18,125</u>

NOTE E – OTHER GRANTS

The detail of Grants and Donations – Other is as follows:

	<u>2017</u>	<u>2016</u>
Duluth-Superior Area Community Fund	\$ -	\$ 3,000
Ham Lake	2,500	-
Lloyd K. Johnson Foundation	40,000	30,000
MNDNR Clean Water Grant	-	3,165
NEMOJT	4,000	-
New Initiative JWF Fund	17,500	5,000
North House	4,000	-
Other grants and donations	-	4,429
Round up - Youth	-	5,000
Schaap Foundation	11,000	-
	<u>\$ 79,000</u>	<u>\$ 50,594</u>