
**THE FOUNDATION FOR CREATIVE
BROADCASTING, INC.**

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.

TABLE OF CONTENTS

	<i>Page</i>
Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities	5
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplementary Information	
• Schedule of Functional Expenses	16

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Foundation for Creative Broadcasting, Inc.
Tucson, Arizona

We have audited the accompanying financial statements of The Foundation for Creative Broadcasting, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2014 and 2013, 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 audits 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.

(continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation for Creative Broadcasting, Inc. as of September 30, 2014 and 2013, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 16-19 are presented for purposes of additional analysis and are 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 audits 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.

Regier Cant & Monroe, L.L.P.

February 26, 2015
Tucson, Arizona

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
STATEMENTS OF FINANCIAL POSITION

September 30, 2014 and 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$ 112,079	\$ 46,634
Accounts receivable, less allowance for doubtful accounts of \$4,733 in 2014 (\$4,019 in 2013)	132,285	128,526
Pledges receivable, less allowance for doubtful accounts of \$21,203 in 2014 (\$11,802 in 2013)	63,600	50,564
Grants receivable	5,500	2,250
Prepaid expenses and other current assets	41,982	26,118
Total current assets	355,446	254,092
PROPERTY AND EQUIPMENT		
Land	11,160	11,160
Buildings and improvements	256,494	256,494
Furniture and equipment	52,274	52,274
Broadcast equipment	339,361	339,361
Construction in process	155,384	8,662
Total	814,673	667,951
Less accumulated depreciation	558,906	534,712
Total property and equipment, net	255,767	133,239
OTHER ASSETS		
Pledges receivable, less discount to present value of \$4,938 in 2014 (\$3,105 in 2013)	78,793	47,546
Music library collection	48,657	48,407
Loan fees	1,024	1,278
Total other assets	128,474	97,231
Total assets	\$ 739,687	\$ 484,562

The Notes to Financial Statements are an integral part of these statements

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
STATEMENTS OF FINANCIAL POSITION

September 30, 2014 and 2013

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES		
Accounts payable	\$ 14,714	\$ 27,921
Accrued payroll and related taxes	15,818	14,582
Due to Corporation for Public Broadcasting	92,531	77,462
Deferred revenue	24,353	22,134
Current portion of long-term debt	8,422	7,969
Total current liabilities	155,838	150,068
 LONG-TERM LIABILITIES		
Lease payable	192,655	200,748
Long-term debt, less current portion	28,321	36,023
Total long-term liabilities	220,976	236,771
Total liabilities	376,814	386,839
 NET ASSETS		
Unrestricted	105,579	(18,186)
Temporarily restricted	257,294	115,909
Total net assets	362,873	97,723
Total liabilities and net assets	\$ 739,687	\$ 484,562

The Notes to Financial Statements are an integral part of these statements

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Memberships	\$ 302,541	\$ -	\$ 302,541
Underwriting	118,681	-	118,681
Capital campaign	-	333,535	333,535
Program service revenue - concert admissions and sponsorship	25,036	-	25,036
Other program service revenue	4,494	-	4,494
Corporation for Public Broadcasting grants	51,952	24,353	76,305
Other grant revenues	13,046	-	13,046
Barter transactions - services and supplies	98,302	-	98,302
Donations	48,434	-	48,434
Other income	8,527	-	8,527
Net assets released from restrictions	216,503	(216,503)	-
Total revenues	887,516	141,385	1,028,901
EXPENSES			
Program services			
Programming	329,727	-	329,727
Community events - concert activities	44,924	-	44,924
Total program services	374,651	-	374,651
Supporting services			
Membership development and fundraising	160,761	-	160,761
Underwriting solicitation	165,872	-	165,872
Management and general	62,467	-	62,467
Total supporting services	389,100	-	389,100
Total expenses	763,751	-	763,751
CHANGE IN NET ASSETS	123,765	141,385	265,150
NET ASSETS, BEGINNING OF YEAR	(18,186)	115,909	97,723
NET ASSETS, END OF YEAR	\$ 105,579	\$ 257,294	\$ 362,873

The Notes to Financial Statements are an integral part of these statements

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Memberships	\$ 314,799	\$ -	\$ 314,799
Underwriting	145,390	-	145,390
Capital campaign	-	201,244	201,244
Program service revenue - concert admissions and sponsorship	43,296	-	43,296
Other program service revenue	4,470	-	4,470
Corporation for Public Broadcasting grants	47,903	22,134	70,037
Other grant revenues	7,275	-	7,275
Barter transactions - services and supplies	65,184	-	65,184
Donations	24,951	-	24,951
Other income	5,342	-	5,342
Net assets released from restrictions	107,469	(107,469)	-
Total revenues	766,079	115,909	881,988
EXPENSES			
Program services			
Programming	322,804	-	322,804
Community events - concert activities	43,311	-	43,311
Total program services	366,115	-	366,115
Supporting services			
Membership development and fundraising	243,818	-	243,818
Underwriting solicitation	122,649	-	122,649
Management and general	57,667	-	57,667
Total supporting services	424,134	-	424,134
Total expenses	790,249	-	790,249
CHANGE IN NET ASSETS	(24,170)	115,909	91,739
NET ASSETS, BEGINNING OF YEAR,	5,984	-	5,984
NET ASSETS, END OF YEAR	\$ (18,186)	\$ 115,909	\$ 97,723

The Notes to Financial Statements are an integral part of these statements

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 265,150	\$ 91,739
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	24,448	21,919
Collection of contributions for capital campaign	(279,851)	(88,227)
Bad debt and allowance	27,094	30,219
Increase to music library	(250)	-
Increase (decrease) in cash resulting from changes in		
Accounts receivable	(24,701)	(37,039)
Pledges receivable	(53,685)	(113,017)
Prepaid expenses and other assets	(15,864)	(3,948)
Accounts payable	(13,207)	17,370
Due to Corporation for Public Broadcasting	15,069	16,673
Accrued payroll and related taxes	1,236	4,487
Lease expense payable	(8,093)	-
Deferred income	2,219	(1,904)
Net cash provided (used) by operating activities	(60,435)	(61,728)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(146,722)	(25,162)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(7,249)	(7,524)
Collection of contributions for capital campaign	279,851	88,227
Net cash provided (used) by financing activities	272,602	80,703
Net increase (decrease) in cash	65,445	(6,187)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	46,634	52,821
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 112,079	\$ 46,634
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 3,141	\$ 3,263

The Notes to Financial Statements are an integral part of these statements

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Foundation for Creative Broadcasting, Inc. (the "Foundation") is a nonprofit organization whose stated purpose is to act as an educational foundation for the creative use of media; encouraging community access to media and promoting the development of art in media, primarily, but not limited to, noncommercial educational broadcasting. The Foundation operates a noncommercial community radio station in Tucson, Arizona (KXCI-FM 91.3). The Foundation's main sources of revenue include membership fees, underwriting, and grant revenue.

Basis of Accounting

The financial statements of the Foundation, have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Comparative Information

Certain reclassifications have been made to the September 30, 2013 financial statements in order to conform to the September 30, 2014 presentation. Such reclassifications had no effect on reported income.

Basis of Presentation

Financial statement presentation follows the recommendations of the U.S. generally accepted accounting principles; the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Foundation has no permanently restricted net assets.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Memberships – Membership revenues are considered unrestricted support of the Foundation and are recognized as revenue in the period pledged. Members receive benefits, including the monthly newsletter, KXCI t-shirts, music products donated to the Foundation, and discounts at Foundation events. Membership receivables outstanding over one year are written off as bad debts.

Underwriting – Revenues are recognized when the spot is broadcast. Newsletter advertising is recognized in the month of the printed advertisement. Underwriting receivables are written off when an account is deemed uncollectible.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand; cash in banks, and investments with original maturities of three months or less. The Foundation maintains its cash balances in one financial institution and the balances are insured up to \$250,000.

Property and Equipment

Property and equipment is stated at cost except for donated property, which is recorded at fair market value at the date of gift. Assets with an estimated useful life greater than one year and \$1,000 are capitalized. Depreciation is calculated using the straight-line method over the asset's estimated useful life. Depreciable asset classifications and the range of estimated lives are summarized below:

	<u>Life</u>
• Buildings and improvements	7 - 40 years
• Furniture and equipment	3 - 5 years
• Broadcast equipment	7 - 10 years

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Collections

The Foundation capitalizes its music library collection. Additions are capitalized at cost if purchased and at appraised or fair value if received by donation. Items received as promotions from record companies are not recorded in the financial statements. No depreciation or amortization is recorded on the collection. In 2009, the book value of the collection was decreased based on an appraisal of the collection.

Grants

Certain grants are restricted for the purchase of equipment and for the payment of certain operational expenses. When Public Broadcaster is notified as a recipient of these grants, the amounts are included as temporarily restricted grant revenue in the accompanying statements of activities.

Corporation for Public Broadcasting 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 broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and, thereby, to enhance the quality of programming and expand the scope of public broadcasting services. Each CSGs 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). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communication Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. In addition, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as increases in temporarily restricted net assets until satisfaction of the time and purpose restrictions, after which they are reported as a release from temporarily restricted net assets and an increase in unrestricted net assets.

Barter Transactions

Barter transactions are recorded as revenue and expense in the accompanying statements of activities at the estimated value of airtime exchanged in the transaction.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Donated services are recognized as contributions in accordance with U.S. generally accepted accounting principles, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

Expense Allocation

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

Advertising

The Foundation uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$7,845 and \$14,569 for the years ended September 30, 2014 and 2013, respectively.

Income Taxes

The Foundation is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under Sections 509(a)(1) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. The returns are subject to examination for three years (four years for Arizona).

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

(continued)

2. ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2014 and 2013 are comprised of the following:

	<u>2014</u>	<u>2013</u>
Membership pledges, net of allowance for doubtful accounts (\$4,733 for 2014; \$4,019 for 2013).	\$ 116,294	\$ 111,440
Underwriting and newsletter advertising, net of allowance for doubtful accounts (none for 2014 or 2013).	15,831	17,185
Other accounts receivable (payable)	<u>160</u>	<u>(449)</u>
Total	<u>\$ 132,285</u>	<u>\$ 128,526</u>

Membership pledges outstanding over one year are written off to expense. Other receivables are written off when deemed uncollectible by averaging prior year's bad debt. The allowance is estimated from historical expense, coupled with a current status of existing receivables. Accounts over 90 days old were \$22,237 and \$16,908 for the years ended September 30, 2014 and 2013, respectively. The total loss if all parties fail to perform and collection efforts prove to be ineffective is the stated balance of \$132,285 at September 30, 2014. The Foundation has no liens to reduce this credit risk.

3. PLEDGES RECEIVABLE

During 2014 and 2013, the Foundation waged a capital campaign to obtain funds for the addition of an auxiliary broadcasting site and to repair their current radio station building. Capital campaign pledges receivable at September 30, 2014 and 2013 represent unconditional promises to give as follows:

	<u>2014</u>	<u>2013</u>
Pledges receivable in less than one year	\$ 84,803	\$ 62,366
Pledges receivable in one to five years	<u>83,731</u>	<u>50,651</u>
Total	168,534	113,017
Less discount to present value at a rate of 5.0%	(4,938)	(3,105)
Less allowance for doubtful accounts	<u>(21,203)</u>	<u>(11,802)</u>
Net capital campaign pledges receivable	<u>\$ 142,393</u>	<u>\$ 98,110</u>

Pledges have been discounted at a 5% annual rate of interest. The capital campaign pledges receivable are temporarily restricted in use for costs and expenses of the auxiliary broadcasting tower, repairing the radio station building, and of the campaign, itself. Allowance for doubtful accounts is estimated based on average bad debt loss experience.

(continued)

4. LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
Mortgage note payable, dated August 1998, due in monthly installments of \$863 including interest at 6.000%, due September 2018. Collateralized by real property.	\$ 36,743	\$ 43,992
Less current portion of long-term debt	<u>8,422</u>	<u>7,969</u>
Total	<u>\$ 28,321</u>	<u>\$ 36,023</u>

Future maturities under long-term borrowings are summarized by year as follows:

Year Ended September 30

2015	\$ 8,422
2016	8,941
2017	9,493
2018	<u>9,887</u>
Total	<u>\$ 36,743</u>

5. OPERATING LEASES

The Foundation leases tower facilities under a 20-year operating lease, which expires in August 2021. The lease payments are to be increased yearly by the greater of 6% or the increase in the Consumer Price Index for all urban consumers. The lease payments are recognized on a straight-line basis during the lease term. At September 30, 2014, \$192,655 was reported as a liability to accrue the lease expense on a straight-line basis (\$200,748 for 2013). The monthly rent is \$6,299 through September 2014 plus utility charges with future Consumer Price Index increases.

During the current year, the Foundation entered into a lease agreement to lease space on an auxiliary broadcasting tower. The initial term of this lease is five years and expires in May 2019. The Foundation has the option to renew the lease for three additional five year periods. The monthly rent is \$1,000 through May 2019, plus utility charges and taxes. Rent will increase by 5% at the beginning of each renewal period.

The leases are amortized on a straight-line basis over the term of the lease. Total lease expense for the years ended September 30, 2014 and 2013 was \$77,441 and \$85,226 respectively.

(continued)

5. OPERATING LEASES (continued)

Future minimum lease payments are as follows:

Year Ended September 30

2015	\$ 91,729
2016	96,512
2017	101,583
2018	106,958
2019	108,655
Thereafter	<u>219,791</u>
Total	<u>\$ 725,228</u>

6. DONATED SERVICES AND TANGIBLE ASSETS

The Foundation utilizes the services of many volunteers. The fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles. Total donated professional services meeting the requirements and recorded for the year ended September 30, 2014 and 2013 were \$10,065 and \$8,325, respectively. Accounting services for management expenses and transmitter services for programming cost consisted of the professional services that were received and recorded as revenue.

Contributions of tangible assets are recognized at fair value when received. No tangible assets were received for the years ended September 30, 2014 and 2013.

7. FAIR VALUE MEASUREMENTS

U.S generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available. The music collection library valuation was valued as a level 2 valuation.

The music library collection valuation was based on an appraisal which is periodically reviewed for impairment. These fair values are on a non-recurring basis. Management estimates these values to be reasonable.

(continued)

7. FAIR VALUE MEASUREMENTS (continued)

Level 1 Fair Value Measurements are based on quoted prices (unadjusted) in active markets for identical assets that the reporting entity has the ability to access at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Fair Value Measurements are based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset.

Level 3 Fair Value Measurements are based on unobservable inputs for the asset. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset. Therefore, unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the (including assumptions about risk). Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net asset activity consists of funds raised and expensed for the capital campaign and funds received and expensed for the Corporation for Public Broadcasting grant during the years ended September 30, 2014 and 2013. Temporarily restricted net asset balances consist of the following:

	<u>2014</u>	<u>2013</u>
Capital Campaign	\$ 257,294	\$ 115,909
CPB Grant	_____ -	_____ -
Total	<u>\$ 257,294</u>	<u>\$ 115,909</u>

9. SUBSEQUENT EVENTS

Subsequent to year end, the Foundation's General Manager resigned. The Foundation is currently operating under the direction of an Interim General Manager while the Board of Directors completes a search for a new General Manager.

Management has evaluated subsequent events through February 26, 2015, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2014

	Program Services			Supporting Services			Total Support Services	Total
	Programming	Community Events	Total Program Services	Membership and Fundraising	Underwriting	Management and General		
Personnel costs	\$ 191,606	\$ 5,750	\$ 197,356	\$ 57,983	\$ 31,686	\$ 16,360	\$ 106,029	\$ 303,385
Dues and subscriptions	958	286	1,244	1,275	591	622	2,488	3,732
Professional and contract services	19,759	5,996	25,755	5,263	4,103	19,364	28,730	54,485
Bad debts (recoveries)	-	-	-	27,093	-	-	27,093	27,093
Computer expense	368	678	1,046	81	9,714	678	10,473	11,519
Staff travel	144	144	288	132	-	-	132	420
Rent	77,441	-	77,441	-	-	-	-	77,441
Utilities	1,265	1,265	2,530	1,265	1,265	1,265	3,795	6,325
Repairs and maintenance	2,555	1,366	3,921	1,011	894	1,010	2,915	6,836
Insurance	1,817	3,042	4,859	1,817	1,817	3,529	7,163	12,022
Membership premiums	-	-	-	26,520	-	-	26,520	26,520
Printing	5,973	1,957	7,930	3,570	2,623	1,744	7,937	15,867
Program acquisition and supplies	7,916	-	7,916	-	-	-	-	7,916
Supplies	1,286	926	2,212	6,157	1,492	1,447	9,096	11,308

(continued)

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
SCHEDULE OF FUNCTIONAL EXPENSES (continued)

For the Year Ended September 30, 2014

	Program Services			Supporting Services			Total	
	Community Events	Program Services	Total	Membership Development and Fundraising	Underwriting	Management and General		Total Support Services
Telephone and internet	4,421	2,467	6,888	1,869	870	1,868	4,607	11,495
Fundraising	2,058	6,087	8,145	14,670	2,058	2,059	18,787	26,932
Advertising and marketing	626	4,463	5,089	1,612	572	572	2,756	7,845
Miscellaneous	2,177	1,143	3,320	1,090	752	2,312	4,154	7,474
Interest and bank charges	2,593	2,591	5,184	2,591	2,591	2,591	7,773	12,957
Real estate taxes	1,302	1,301	2,603	1,301	1,301	1,301	3,903	6,506
Depreciation and amortization	4,833	4,833	9,666	4,833	4,833	5,116	14,782	24,448
Barter transactions - donated services and supplies	-	-	-	-	98,082	-	98,082	98,082
Mortgage interest	629	629	1,258	628	628	629	1,885	3,143
Total	\$ 329,727	\$ 44,924	\$ 374,651	\$ 160,761	\$ 165,872	\$ 62,467	\$ 389,100	\$ 763,751

(continued)

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2013

	Program Services		Supporting Services			Total		
	Programming	Community Events	Total Program Services	Membership and Development Fundraising	Underwriting and Management and General		Support Services	
Personnel costs	\$ 183,799	\$ 5,516	\$ 189,315	\$ 55,621	\$ 30,395	\$ 15,693	\$ 101,709	\$ 291,024
Dues and subscriptions	1,129	337	1,466	1,503	696	733	2,932	4,398
Professional and contract services	20,007	6,071	26,078	5,329	4,155	19,607	29,091	55,169
Bad debts (recoveries)	-	-	-	14,906	-	-	14,906	14,906
Computer expense	141	260	401	31	3,726	260	4,017	4,418
Staff travel	365	365	730	336	-	-	336	1,066
Rent	85,226	-	85,226	-	-	-	-	85,226
Utilities	1,515	1,515	3,030	1,515	1,515	1,515	4,545	7,575
Repairs and maintenance	2,605	1,393	3,998	1,031	911	1,030	2,972	6,970
Insurance	1,594	2,669	4,263	1,594	1,594	3,096	6,284	10,547
Membership premiums	-	-	-	25,251	-	-	25,251	25,251
Printing	870	285	1,155	520	382	254	1,156	2,311
Program acquisition and supplies	7,958	-	7,958	-	-	-	-	7,958
Supplies	1,565	1,127	2,692	7,495	1,816	1,762	11,073	13,765

(continued)

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
SCHEDULE OF FUNCTIONAL EXPENSES (continued)

For the Year Ended September 30, 2013

	Program Services		Supporting Services				Total	
	Community Events	Program Services	Membership and Fundraising	Underwriting	Management and General	Support Services		
Telephone and internet	4,851	2,707	7,558	2,051	955	2,049	5,055	12,613
Fundraising	1,721	5,090	6,811	12,267	1,721	1,722	15,710	22,521
Advertising and marketing	1,163	8,289	9,452	2,993	1,062	1,062	5,117	14,569
Miscellaneous	2,022	1,415	3,437	534	369	1,134	2,037	5,474
Interest and bank charges	-	-	-	11,653	1,897	146	13,696	13,696
Real estate taxes	1,287	1,286	2,573	1,286	1,286	1,286	3,858	6,431
Depreciation and amortization	4,333	4,333	8,666	4,333	4,333	4,587	13,253	21,919
Barter transactions - donated services and supplies	-	-	-	-	65,184	-	65,184	65,184
Commissions	-	-	-	92,917	-	1,078	93,995	93,995
Mortgage interest	653	653	1,306	652	652	653	1,957	3,263
Total	\$ 322,804	\$ 43,311	\$ 366,115	\$ 243,818	\$ 122,649	\$ 57,667	\$ 424,134	\$ 790,249