

**NORTHERN CALIFORNIA
EDUCATIONAL TELEVISION
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
JUNE 30, 2015 AND 2014**

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Northern California Educational Television Association, Inc.
Redding, California**

We have audited the accompanying financial statements of the Northern California Educational Television Association, Inc. (Station), which comprise the statements of financial position as of June 30, 2015 and 2014, 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 audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northern California Educational Television Association, Inc. as of June 30, 2015 and 2014, 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.

Emphasis-of-Matter regarding Going Concern

The accompanying financial statements have been prepared assuming that the Station will continue as a going concern. As discussed in note 13 to the financial statements, the Station has suffered recurring significant reductions in net income and has a net deficiency in unrestricted net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters are also described in note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

October 23, 2015

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION
ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 108,841	\$ 115,501
Accounts receivable	21,280	21,865
Other assets	<u>15,407</u>	<u>27,191</u>
Total current assets	145,528	164,557
PROPERTY AND EQUIPMENT, Net	<u>1,095,040</u>	<u>1,277,981</u>
TOTAL ASSETS	<u>\$ 1,240,568</u>	<u>\$ 1,442,538</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 56,042	\$ 59,849
Accrued expenses and other liabilities	61,374	61,910
Line of credit	<u>155,989</u>	<u>170,250</u>
Total current liabilities	<u>273,405</u>	<u>292,009</u>
NET ASSETS:		
Unrestricted:		
Deficit	(127,877)	(147,688)
Investment in property and equipment	<u>1,095,040</u>	<u>1,277,981</u>
Total unrestricted	967,163	1,130,293
Temporarily restricted	<u>-</u>	<u>20,236</u>
Total net assets	<u>967,163</u>	<u>1,150,529</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,240,568</u>	<u>\$ 1,442,538</u>

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

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION
ASSOCIATION, INC.**

**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS:		
REVENUES:		
Community service grants	\$ 701,373	\$ 673,999
Contributions	543,820	394,695
Membership contributions	339,826	328,976
Special events	116,670	121,088
Underwriting contributions	97,467	105,385
Contract services	26,327	52,217
Other grants	21,100	19,820
Other revenues	12,995	36,937
Net assets released from restriction	<u>20,236</u>	<u>208,751</u>
Total revenues	<u>1,879,814</u>	<u>1,941,868</u>
EXPENSES:		
Program services:		
Programming and production	601,867	572,208
Broadcasting and engineering	<u>484,398</u>	<u>515,020</u>
Total program services	1,086,265	1,087,228
Supporting services:		
Fundraising, underwriting and membership	604,876	484,970
Management and general	<u>351,803</u>	<u>369,684</u>
Total expenses	<u>2,042,944</u>	<u>1,941,882</u>
DECREASE IN UNRESTRICTED NET ASSETS	<u>(163,130)</u>	<u>(14)</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	-	20,236
Net assets released from restriction	<u>(20,236)</u>	<u>(4,500)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(20,236)</u>	<u>15,736</u>
PERMANENTLY RESTRICTED NET ASSETS:		
Investment income	-	22,347
Net assets released from restriction	<u>-</u>	<u>(204,251)</u>
DECREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>-</u>	<u>(181,904)</u>
DECREASE IN NET ASSETS	(183,366)	(166,182)
NET ASSETS, Beginning of Year	<u>1,150,529</u>	<u>1,316,711</u>
NET ASSETS, End of Year	<u>\$ 967,163</u>	<u>\$ 1,150,529</u>

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

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION
ASSOCIATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Programming and production</u>	<u>Broadcasting and engineering</u>	<u>Fundraising, underwriting and membership</u>	<u>Management and general</u>	
Personnel	\$ 137,292	\$ 160,981	\$ 213,565	\$ 189,115	\$ 700,953
Program acquisition	310,574	91,413	-	-	401,987
Donated services, materials and facilities	-	53,936	232,316	92,581	378,833
Depreciation	98,322	58,993	19,664	19,665	196,644
Utilities	23,249	43,530	4,650	4,650	76,079
Professional fees	3,310	8,713	11,421	23,475	46,919
Premiums	-	-	48,930	-	48,930
Rent and leases	-	18,826	5,480	-	24,306
Insurance	15,124	9,074	3,025	3,325	30,548
Repairs and maintenance	138	19,171	-	-	19,309
Interest expense	8,245	4,947	1,649	1,649	16,490
Bank charges	-	-	14,396	105	14,501
Postage and freight	32	1,609	12,428	38	14,107
Printing and supplies	-	71	24,097	2,022	26,190
Travel and conferences	151	2,374	1,147	3,061	6,733
Computer expense	-	7,948	-	6,487	14,435
Telephone	3,078	1,847	616	614	6,155
Other expenses	<u>2,352</u>	<u>965</u>	<u>11,492</u>	<u>5,016</u>	<u>19,825</u>
Total	<u>\$ 601,867</u>	<u>\$ 484,398</u>	<u>\$ 604,876</u>	<u>\$ 351,803</u>	<u>\$ 2,042,944</u>

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

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION
ASSOCIATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Programming and production</u>	<u>Broadcasting and engineering</u>	<u>Fundraising, underwriting and membership</u>	<u>Management and general</u>	
Personnel	\$ 132,212	\$ 168,391	\$ 175,162	\$ 180,741	\$ 656,506
Program acquisition	281,774	85,753	-	-	367,527
Donated services, materials and facilities	-	80,643	163,596	105,135	349,374
Depreciation	100,881	60,529	20,176	20,176	201,762
Utilities	20,158	42,848	4,032	4,032	71,070
Professional fees	7,110	100	14,343	26,043	47,596
Premiums	-	-	37,099	-	37,099
Rent and leases	-	21,283	7,410	-	28,693
Insurance	14,131	8,479	2,826	2,826	28,262
Repairs and maintenance	-	22,677	902	92	23,671
Interest expense	10,211	6,131	2,042	2,042	20,426
Bank charges	-	-	12,510	6,138	18,648
Postage and freight	-	1,945	13,225	85	15,255
Printing and supplies	157	190	12,314	2,406	15,067
Travel and conferences	1,513	5,428	2,561	3,074	12,576
Computer expense	-	8,407	-	1,831	10,238
Telephone	2,691	1,614	1,265	538	6,108
Other expenses	<u>1,370</u>	<u>602</u>	<u>15,507</u>	<u>14,525</u>	<u>32,004</u>
Total	<u>\$ 572,208</u>	<u>\$ 515,020</u>	<u>\$ 484,970</u>	<u>\$ 369,684</u>	<u>\$ 1,941,882</u>

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

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION
ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (183,366)	\$ (166,182)
Reconciliation to net cash provided (used) by operating activities:		
Depreciation	196,644	201,762
Net realized and unrealized gain on investments	-	(14,284)
Gain on disposal of property and equipment	(5,966)	-
Receipt of donated property and equipment	(4,181)	(11,821)
Changes in:		
Accounts receivable	585	(5,279)
Other assets	11,784	(23,574)
Accounts payable	(3,807)	19,948
Accrued expenses and other liabilities	(536)	4,263
Dues payable to PBS	-	(145,925)
Net cash provided (used) by operating activities	<u>11,157</u>	<u>(141,092)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	-	(60,198)
Proceeds from sale of investments	-	256,386
Proceeds from disposal of property and equipment	5,966	-
Purchases of property and equipment	<u>(9,522)</u>	<u>(10,952)</u>
Net cash provided (used) by investing activities	<u>(3,556)</u>	<u>185,236</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds on line of credit	240,739	313,596
Repayment on line of credit	<u>(255,000)</u>	<u>(249,996)</u>
Net cash provided (used) by financing activities	<u>(14,261)</u>	<u>63,600</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,660)	107,744
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>115,501</u>	<u>7,757</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 108,841</u>	<u>\$ 115,501</u>
OTHER CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 19,309</u>	<u>\$ 23,671</u>

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

NORTHERN CALIFORNIA EDUCATIONAL TELEVISION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

1. ORGANIZATION AND PROGRAMS

Northern California Educational Television Association, Inc., (Station) is a nonprofit corporation which was incorporated in 1964 under the laws of the State of California. Its purpose is to provide educational television programming to the Northern California area. Following is a description of the Station's primary programs:

- **Programming and production** consists of the selection of programs to be aired by the Station and the production of video by the Station to be aired locally, nationally on other Public Broadcasting Service (PBS) stations, and internationally.
- **Broadcasting and engineering** is related to the transmission of the Station's content to viewers through various media, including over-the-air broadcasting, cable, satellite, and the Internet.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Station reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Revenue recognition – Membership contributions, contributions, private grants, and underwriting contributions are recognized in full when received or unconditionally promised, in accordance with professional standards. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in temporarily or permanently restricted net assets. Temporarily restricted net assets become unrestricted, and are reported in the statement of activities as net assets released from restrictions, when the time restrictions expire or the contributions are used for the restricted purposes. Temporarily restricted contributions whose restrictions are met in the same reporting period are shown as unrestricted. Permanently restricted net assets are those net assets whose use by the Station is restricted by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by the actions of the Station and consist of contributions to the Station's endowment fund. Distributions of net income are reported in the statement of activities as net assets released from restrictions when disbursed.

Special events revenues are recognized when the related events occur and are shown net of direct benefit to donors of \$855 and \$18,000 in 2015 and 2014, respectively.

Contract services revenues are recognized when the related services occur. Grants from government entities are recognized when qualifying expenses are incurred.

Donations of materials, equipment, and professional services are recorded as in-kind donations and recognized at the estimated fair value as of the date of donation or service. Contributed services that do not meet the criteria for recognition are not reflected in the financial statements.

NORTHERN CALIFORNIA EDUCATIONAL TELEVISION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

Cash and cash equivalents – For financial statement purposes, the Station considers all investments with an initial maturity of three months or less to be cash equivalents, unless held for long-term purposes.

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. The Station capitalizes all expenditures for property and equipment in excess of \$500. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from three to forty years.

Equipment purchased with grant funds from the National Telecommunications and Information Administration may revert to that agency if the Station wishes to dispose of the equipment within ten years from the date of the grant. Such equipment is capitalized and included in property and equipment. Digital equipment was also purchased with funds from the United States Rural Utilities Service grant. The equipment is to revert to that agency if the Station decides to dispose of the equipment within ten years from the date of the grant, which varies for each piece of equipment depending upon when the grant was funded to purchase the equipment.

Functional allocation of expenses – The costs of providing the program and supporting services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated based on employees' time incurred and management's estimate of the usage of resources.

Income taxes – The Station is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code but is subject to income taxes from activities unrelated to its tax-exempt purpose. The Station has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, the Station is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2011.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events have been reviewed through October 23, 2015, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2015, that require recognition or disclosure in such financial statements.

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

3. ACCOUNTS RECEIVABLE

Accounts receivable are due to be received within one year and include the following at June 30:

	<u>2015</u>	<u>2014</u>
Contract services receivable	\$ 7,108	\$ 12,500
Underwriting receivables	9,172	6,365
Grants receivable	5,000	2,000
Other receivables	<u>-</u>	<u>1,000</u>
Accounts receivable	<u>\$ 21,280</u>	<u>\$ 21,865</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 245,000	\$ 245,000
Building	566,259	552,557
Studio and broadcast equipment	3,890,123	3,890,123
Office furniture and equipment	234,460	234,460
Vehicles and related equipment	45,171	79,403
Construction in progress	<u>1,995</u>	<u>1,995</u>
Total	4,983,008	5,003,538
Less accumulated depreciation and amortization	<u>(3,887,968)</u>	<u>(3,725,557)</u>
Property and equipment, net	<u>\$ 1,095,040</u>	<u>\$ 1,277,981</u>

5. LINE OF CREDIT

The Station has a \$250,000 revolving line of credit with a bank, secured by real estate in Shasta County. The line calls for variable interest at the bank's reference rate (prime rate) plus 1%. The bank's reference rate was 6% at June 30, 2015 and 2014. Interest only payments are due monthly until maturity on May 30, 2016. The balance on this line of credit was \$155,989 at June 30, 2015 and \$170,250 at June 30, 2014.

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

6. OPERATING LEASES

The Station leases equipment under various non-cancelable agreements expiring through 2020. Rental expense under lease agreements totaled \$24,306 and \$28,693 in 2015 and 2014, respectively.

Minimum future lease payments under non-cancelable agreements are as follows

Year ending June 30:

2016	\$ 6,063
2017	6,231
2018	5,131
2019	2,700
2020	<u>900</u>
Total	<u>\$ 21,025</u>

7. NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 consisted of unexpended contributions restricted for revitalization of the Station's building and the Station's Early Readers Program, respectively.

The Northern California Educational Television Association, Inc. T/U/A was established and funded in 1985 by the Station. The initial funding was \$100,000, which was invested for the purpose of generating income to be paid entirely to the trust's sole beneficiary, the Station. In 1994, the trust filed and obtained tax exempt status with the Internal Revenue Service. The net income is paid to the Station semi-annually or at more frequent intervals and is intended to assist in accomplishing the educational objectives for which the Station was established.

During 2014, the Station as the sole donor to the fund, legally terminated its endowment and sold all remaining investments in order to repay its dues to PBS. The Station was able to terminate the endowment because it was originally set up internally and restricted by the Board of Directors.

The Station had the following endowment activities for the year ended June 30, 2014:

Endowment net assets, beginning of year	\$ 181,904
Investment income	8,063
Realized and unrealized gain on investments	14,284
Investment fees and distribution of net income	(4,096)
Distribution upon termination	<u>(200,155)</u>
Endowment net assets, end of year	<u><u>\$ -</u></u>

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

8. DONATED SERVICES, MATERIALS, AND FACILITIES

The Station received the following donated services, materials, and facilities:

	<u>2015</u>	<u>2014</u>
Equipment and supplies	\$ 263,764	\$ 228,250
Professional services	92,581	107,265
Tower facilities	<u>26,668</u>	<u>25,680</u>
Total donated services, materials, and facilities	<u>\$ 383,013</u>	<u>\$ 361,195</u>

9. RENTAL INCOME

The Station has a non-cancelable agreement with a communications company to provide capacity on certain channels expiring in 2040. Rental income totaled \$10,430 and \$13,638 in 2015 and 2014, respectively. Minimum future lease payments to be received under this agreement are as follows:

Year ending June 30:

2016	\$ 8,535
2017	8,791
2018	9,054
2019	9,326
2020	9,606
Thereafter	<u>252,746</u>
Total	<u>\$ 298,058</u>

10. COMMUNITY SERVICE GRANT

The Corporation for Public Broadcasting (CPB) is a private, nonprofit and grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations in order 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. The Station uses these funds for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

The grants are reported on the accompanying financial statements as unrestricted operating revenue; 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.

For the years ended June 30, 2015 and 2014, the CSGs represent 37% and 34%, respectively, of the Station's revenues.

11. RETIREMENT PLAN

The Station has a defined contribution plan. All employees who desire to participate are eligible to contribute. The Station employees can contribute up to the maximum amount allowed under Internal Revenue Code Section 403(b). The Station does not offer matching to employee contributions.

12. INCOME TAXES

While the Station is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively, net income generated by unrelated business activities is taxable as unrelated business income.

For the years ended June 30, 2015 and 2014, net income as calculated for income tax purposes was not sufficient to yield any income tax expense. A carryover net operating loss from prior years is available for application against federal taxable income which might be incurred in the future.

At June 30, 2015, the available net operating loss carryovers are as follows:

Originating Tax Year:	<u>Expiration</u>	Net Operating Loss
1999 (for year ending 6/30/00)	6/30/20	\$ 3,567
2000 (for year ending 6/30/01)	6/30/21	16,171
2001 (for year ending 6/30/02)	6/30/22	20,579
2002 (for year ending 6/30/03)	6/30/23	16,878
2009 (for year ending 6/30/10)	6/30/30	673
2010 (for year ending 6/30/11)	6/30/31	<u>499</u>
Total		<u>\$ 58,367</u>

NORTHERN CALIFORNIA EDUCATIONAL TELEVISION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

13. GOING CONCERN

The Station has sustained certain financial challenges resulting in a decrease in net assets generating concern about the Station's ability to continue operations through June 30, 2016.

The recent unprecedented economic and financial crisis had a negative impact on the Station's membership support and financial situation. The Station's management and Board of Directors are proactively addressing these issues by closely monitoring operations and increasing fundraising, new marketing concepts, and underwriting sales efforts. In addition, the Station is pursuing new avenues of creative service contracts. The Station has adopted a budget which encompasses an increase in staff to effectively increase development and marketing awareness, the return of the popularly supported community auctions, and efforts to improve local programming and content to attract additional membership and business opportunities. The Station has sufficiently revitalized its self by re-branding and updating the on air look, as well as the Station's overall image. By recognizing the need to change and reposition the business the overall community's mindset has been changed. These actions have helped the Station develop new partnerships with community organizations and universities, making a positive impact on the community at large.

Management and the Board believe the outcome from these actions has enhanced the Station's visibility, resulting in the Station becoming more relevant to the community again. Management believes that these measures will enable the Station to remain a going concern through fiscal year 2016.

The ability of the Station to continue as a going concern is dependent upon the success of these actions. There can be no assurance that the Station will be successful in accomplishing its objectives. The financial statements do not include any adjustments that might result in the event that sufficient cash flow from operations does not allow the entity to continue as a going concern.