

**Tri-State Public Communications, Inc.**

**Audited Financial Statements**

**December 31, 2015 and 2014**

**Lakeview Accounting Services, LLC**

**148 Clayton Road, P.O. Box 1293**

**Canaan, CT 06018**

**Phone (860) 824-8443 Fax (860) 824-8456**

# Lakeview Accounting Services LLC

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# Lakeview Accounting Services LLC

**Shannon Allyn and Cathleen Caranci CPA**

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## Independent Auditor's Report

**Tri-State Public Communications, Inc.**

**77 South Canaan Road**

**Canaan, CT 06018**

I have audited the accompanying statement of financial position of Tri-State Public Communications, Inc. as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements' presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Tri-State Public Communications, Inc. as of December 31, 2015 and 2014 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



**Cathleen A. Caranci**

**Certified Public Accountant**

**May 2, 2016**

# Lakeview Accounting Services LLC

Tri-State Public Communications, Inc.  
Statement of Financial Position  
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and cash equivalents	\$ 178,808	\$ 152,256
Furniture and equipment, net of accumulated depreciation	<u>251,963</u>	<u>272,281</u>
Total assets	<u>\$ 430,771</u>	<u>\$ 424,537</u>
Liabilities and net assets:		
Liabilities:		
Credit cards payable	\$ 33,309	\$ 32,594
Payroll taxes payable	148	1,579
Line of credit payable	77,082	82,242
Loan from officer	<u>986,642</u>	<u>986,642</u>
Total liabilities	<u>1,097,181</u>	<u>1,103,057</u>
Net Assets:		
Unrestricted	(666,410)	(678,520)
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	(666,410)	(678,520)
Total liabilities and net assets	<u>\$ 430,771</u>	<u>\$ 424,537</u>

The Notes to Financial Statements are an integral part of this Statement  
See the accompanying Independent Auditor's Report

# Lakeview Accounting Services LLC

## Tri-State Public Communications, Inc.

### Statement of Activities

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues, Gains and Other Support:		
Donations	\$ 310,019	\$ 439,531
Underwriting	203,340	197,455
Grants	175,294	168,772
Fundraising income	9,115	6,911
Air time lease	21,000	37,000
Production income	725	-
Investment income	-	-
	<u>719,493</u>	<u>849,669</u>
Total Public Support and Revenues		
Expenses and Losses:		
Program Services		
Programming and production	71,651	86,201
Program information/promotion	111,811	98,909
Broadcast and engineering	2,023	2,549
Support Services		
Fundraising/membership development	100	2,275
Management and General		
Administrative	87,142	60,943
Occupancy	132,978	151,246
Maintenance and supplies	193,320	192,694
Professional fees	7,025	8,709
Other management and general expenses	63,055	129,232
Underwriting/grant solicitation	3,846	19,482
Depreciation expense	34,432	33,021
	<u>707,383</u>	<u>785,261</u>
Total expenses and losses		
Change in net assets	12,110	64,408
Net assets, beginning of year	<u>(678,520)</u>	<u>(742,928)</u>
Net assets, end of year	\$ <u><u>(666,410)</u></u>	\$ <u><u>(678,520)</u></u>

The Notes to Financial Statements are an integral part of this Statement.

See the accompanying Independent Auditor's Report

# Lakeview Accounting Services LLC

Tri-State Public Communications, Inc.  
Statement of Cash Flows  
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 12,110	\$ 64,408
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	34,432	33,021
Change in payroll taxes payable	(1,431)	(100)
Change in credit cards payable	<u>715</u>	<u>4,185</u>
Net cash provided by operating activities	45,826	101,514
Cash flows from investing activities:		
Purchases of fixed assets	<u>(14,114)</u>	<u>(13,247)</u>
Net cash used in investing activities	(14,114)	(13,247)
Cash flows from financing activities:		
Loans from officer		-
Line of credit advances		-
Repayment of debt	<u>(5,160)</u>	<u>(3,947)</u>
Net cash used in financing activities	(5,160)	(3,947)
Net increase in cash and cash equivalents	26,552	84,320
Cash and cash equivalents, beginning of year	<u>152,256</u>	<u>67,936</u>
Cash and cash equivalents, end of year	\$ <u><u>178,808</u></u>	\$ <u><u>152,256</u></u>

The Notes to Financial Statements are an integral part of this Statement.  
See the accompanying Independent Auditor's Report



# Lakeview Accounting Services LLC

Tri-State Public Communications, Inc.  
Notes to Financial Statements  
December 31, 2015 and 2014

## Note A – Summary of Significant Accounting Policies

### Description of Programs

Tri-State Public Communications, Inc. (“Tri-State”) is a local not-for-profit organization whose purpose is to improve the quality of life in Northwest Connecticut communities through noncommercial, educational, informational and entertaining television and radio programs that are produced for and by residents of Northwest Connecticut. For the years ended December 31, 2015 and 2014, Tri-State provided television and radio broadcasts of daily news and information programs, as well as local weather alerts, sports and school activities and local government meetings.

### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, Tri-State 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.

### Contributions and Promises to Give

Tri-State follows the recommendations of the Financial Accounting Standards Board in its SFAS No. 11, *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 116, contributions received are reported as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions as recognized when a donor makes a promise to give to Tri-State that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted 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.

As of December 31, 2015 and 2014, Tri-State had no temporarily or permanently restricted net assets.

# Lakeview Accounting Services LLC

Tri-State Public Communications, Inc.  
Notes to Financial Statements  
December 31, 2015 and 2014

## Note A – Summary of Significant Accounting Policies- continued

### 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 reports 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. Accordingly, actual results could differ from those estimates.

### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Tri-State considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

### Income Taxes

Tri-State is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. In addition, Tri-State qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

### Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contribution of cash that are restricted by donors to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, Tri-State reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Tri-State reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided over the estimated useful lives of the assets ranging from five to twenty five years using straight line methods.



# Lakeview Accounting Services LLC

Tri-State Public Communications, Inc.  
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## Note B – Property and Equipment

Property and equipment consists of the following:

	<u>2015</u>	<u>2014</u>
Station Purchase	\$ 236,724	\$ 236,724
Transmitter Site work	42,904	42,904
Furniture, fixtures and equipment	298,530	284,416
Automobile	<u>29,900</u>	<u>29,900</u>
Total	608,058	593,944
Less: accumulated depreciation	<u>(356,095)</u>	<u>(321,663)</u>
	<u>\$ 251,963</u>	<u>\$ 272,281</u>

Depreciation expense for the year ended December 31, 2015 and 2014 was \$ 34,432 and \$ 33,021 respectively.

## Note C – Line of Credit Payable

Tri-State has a line of credit at a local bank to help finance short term cash flow needs. As of December 31, 2015 and 2014 the outstanding balance was \$ 77,082 and \$ 82,242. Interest is based on the bank's prime lending rate. The interest rate as of December 31, 2015 and 2014 was 4.0% and 4.0%, respectively.

## Note D – Classification of Expenses

Tri-State has allocated expenses to program and supporting services as follows:

	<u>2015</u>	<u>2014</u>
Program services	\$ 668,703	\$ 749,235
Support services		
Management and general	<u>38,680</u>	<u>36,068</u>
Total expenses	<u>\$ 707,383</u>	<u>\$ 785,303</u>

# Lakeview Accounting Services LLC

Tri-State Public Communications, Inc.  
Notes to Financial Statements  
December 31, 2015 and 2014

## Note E – Related Party Transactions

During the year an officer of Tri-State made loans to the organization to fund cash flow shortages and asset purchases. The total amount of the loans and balance as of December 31, 2015 and 2014 was \$ 986,642 and \$ 986,642, respectively. No interest was paid on the loans during the year.