

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**FRIENDS OF PUBLIC RADIO ARIZONA  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF ACTIVITIES</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>7</b>

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Friends of Public Radio Arizona  
Tempe, Arizona

We have audited the accompanying consolidated financial statements of Friends of Public Radio Arizona (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Friends of Public Radio Arizona

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Friends of Public Radio Arizona as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 3, 2017

**FRIENDS OF PUBLIC RADIO ARIZONA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 2,451,076
Accounts Receivable	5,385
Total Current Assets	2,456,461

**NONCURRENT ASSETS**

Interest in Arizona Community Foundation Investment Pool	2,008,216
Interest in Maricopa County Community College District Foundation Investment Pool	6,108,021
Property and Equipment	278,729
Total Noncurrent Assets	8,394,966

Total Assets	\$ 10,851,427
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 46,632
Deferred Revenue and Other Current Liabilities	10,962
Total Current Liabilities	57,594

**NET ASSETS**

Unrestricted	9,720,453
Temporarily Restricted	1,073,380
Total Net Assets	10,793,833

Total Liabilities and Net Assets	\$ 10,851,427
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*See accompanying Notes to Consolidated Financial Statements.*

**FRIENDS OF PUBLIC RADIO ARIZONA  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND SUPPORT</b>			
Contributions and Donations	\$ 4,585,328	\$ 789,586	\$ 5,374,914
Donated Goods and Services	426,571	-	426,571
Investment Income	441,856	-	441,856
Other Revenue	41,232	-	41,232
Change in Interest in Arizona Community Foundation Investment Pool	(135,058)	-	(135,058)
Change in Interest in Maricopa County Community College District Foundation Investment Pool	(288,756)	-	(288,756)
Sales	\$ 1,205		
Less: Cost of Goods Sold	(312)		
	893	-	893
Special Events Revenue	\$ 356,227		
Less: Cost of Direct Benefit to Donors	(203,909)		
	152,318	-	152,318
Net Assets Released From Restriction	336,503	(336,503)	-
Total Revenues and Support	5,560,887	453,083	6,013,970
<b>EXPENSES</b>			
Program Services	4,661,838	-	4,661,838
Support Services	316,656	-	316,656
Fundraising	743,883	-	743,883
Total Expenses	5,722,377	-	5,722,377
<b>CHANGE IN NET ASSETS</b>	(161,490)	453,083	291,593
Net Assets - Beginning of Year	9,881,943	620,297	10,502,240
<b>NET ASSETS - END OF YEAR</b>	\$ 9,720,453	\$ 1,073,380	\$ 10,793,833

See accompanying Notes to Consolidated Financial Statements.

**FRIENDS OF PUBLIC RADIO ARIZONA  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2016**

	Program Services	Support Services	Fundraising	Totals
Distributions to Public Radio	\$ 3,891,588	\$ -	\$ -	\$ 3,891,588
Public Radio Program Production	303,283	-	-	303,283
Professional Fees	120,242	62,379	26,341	208,962
Advertising	-	-	4,598	4,598
Printing and Postage	-	-	78	78
Public Awareness	311,940	-	40,334	352,274
Membership	-	-	351,467	351,467
Donated Services	30,018	75,488	321,065	426,571
Conference, Conventions, and Meetings	-	10,383	-	10,383
Supplies	-	373	-	373
Donations Processing and Bank Fees	-	139,038	-	139,038
Other	4,767	28,995	-	33,762
Total	<u>\$ 4,661,838</u>	<u>\$ 316,656</u>	<u>\$ 743,883</u>	<u>\$ 5,722,377</u>
Percentage	<u>81%</u>	<u>6%</u>	<u>13%</u>	<u>100%</u>

*See accompanying Notes to Consolidated Financial Statements.*

**FRIENDS OF PUBLIC RADIO ARIZONA  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Sales, Grants and Contributions	\$ 5,763,123
Cash Received from Interest and Dividends	167,460
Cash Payments to Suppliers for Goods and Services	<u>(5,476,509)</u>
Net Cash Provided by Operating Activities	454,074

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Interest in Maricopa County Community District Foundation Investment Pool	(101,121)
Purchase of Interest in Arizona Community Foundation Strategic Initiative	(65,651)
Purchases of Property and Equipment	<u>(278,729)</u>
Net Cash Used by Investing Activities	<u>(445,501)</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

8,573

Cash and Cash Equivalents - Beginning of Year

2,442,503

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 2,451,076

**RECONCILIATION OF CHANGE IN NET ASSETS TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in Net Assets	\$ 291,593
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Change in Interest in Arizona Community Foundation Investment Pool	135,058
Change in Interest in Maricopa County Community College District Foundation Investment Pool	288,756
Realized Gain, Net, on Investments	(274,396)
(Increase) Decrease in Current Assets:	
Accounts Receivable	(5,385)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	23,206
Deferred Revenue	<u>(4,758)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 454,074</u></u>

**SCHEDULE OF NONCASH TRANSACTIONS**

Donated Goods and Services	<u>\$ 426,571</u>
Donated Auction Items	<u>\$ 13,170</u>

See accompanying Notes to Consolidated Financial Statements.



**FRIENDS OF PUBLIC RADIO ARIZONA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Friends of Public Radio Arizona's (the Organization) mission is to assure the future vitality and excellence of the Phoenix community's public radio and to broaden public radio support. Funding for the Organization is provided through individual donations and fundraising.

**Basis of Accounting**

The consolidated financial statements of Friends of Public Radio Arizona have been prepared on the accrual basis of accounting. The more significant of the Organization's accounting policies are described below.

**Principles of Consolidation**

These consolidated financial statements include the activities of Friends of Public Radio Arizona and SPOT 127. SPOT 127 began operations in conjunction with Friends of Public Radio Arizona in 2011 and was organized as a separate entity in fiscal year 2014. All material intercompany accounts and transactions have been eliminated in consolidation.

**Financial Statement Presentation**

The Organization follows generally accepted accounting principles in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted**

Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted**

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

**Permanently Restricted**

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Grants from governmental agencies which are restricted are reflected as unrestricted revenue if these funds are received and spent during the same year as permitted by U.S. GAAP.

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Contributions**

Support is recognized when received. Support that is restricted by the donor/grantor is reported as an increase in unrestricted net assets if the restriction expires in the fiscal year in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are released to unrestricted net assets. Support that is permanently restricted by the donor/grantor is reported as an increase in permanently restricted net assets. The Organization had no permanently restricted net assets at June 30, 2016.

**Revenue Recognition**

Revenue received from exchange transactions, investment activity and other non-contribution revenue is recognized as earned.

**Special Events**

The Organization conducts several special events to raise funds for the benefit of the Phoenix community's public radio. Special event revenue consists of event attendance fees and sales of goods at events. Cost of direct benefits to donors is the cost incurred by the Organization to provide goods and services to donors at the events.

**Deferred Revenue**

Cash received for special events in advance of their occurrence is deferred until the period in which the event takes place.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, has no provision for federal income taxes.

The Organization follows a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization has not identified any uncertain tax positions.

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash Equivalents**

Cash equivalents consisted of short term, highly liquid investments that are both (a) readily convertible to known amounts of cash; and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy at the measurement date. This fair value hierarchy maximizes the use of observable inputs by requiring that the observable inputs be used when available. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Accounts Receivable**

Accounts receivable consisted of amounts owed to the Organization under event sponsorship agreements and amounts owed to the Organization for proceeds of donated vehicle auctions.

**Property and Equipment**

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets which are seven years.

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in the consolidated statement of activities.

**FRIENDS OF PUBLIC RADIO ARIZONA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

Donated services are allocated based on job descriptions and the best estimates of management. Expenses, other than donated services, which are not directly identifiable by program or supporting service, are allocated based on the best estimate of management.

**Designation of Unrestricted Net Assets**

The board of directors of the Organization reviews its plans for future support of the local Phoenix public radio stations KJZZ and KBAQ. It has designated a portion of unrestricted net assets as board-designated endowments to assure adequate funds are available for such support.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 3, 2017, the date the consolidated financial statements were available to be issued.

**Risks and Uncertainties**

The Organization invests in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of activities. Subsequent to year-end, there continues to be fluctuations in the fair market value of investments due to changes in market conditions and other factors.

In the ordinary course of business, the Organization is subject to various litigation risks. In the opinion of management, there are no current proceedings or claims against the Organization that would have a material effect on the consolidated statements of financial position, activities, or cash flows.

**NOTE 2 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of a book balance of \$2,451,076 and bank balances of \$2,881,917, of which \$250,000 was insured by federal depository insurance. The remaining \$2,631,917 was uninsured and uncollateralized.

**FRIENDS OF PUBLIC RADIO ARIZONA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 BOARD-DESIGNATED ENDOWMENT FUND**

Included within unrestricted net assets on the consolidated statement of financial position, the Organization has board-designated endowment funds established for the purpose of providing an operating cash reserve. As required by U.S. GAAP, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization’s interpretation of the laws governing restrictions on net appreciation of donor-restricted endowments is based on the State of Arizona Management of Charitable Fund Act. The Organization reinvests earnings on the fund back into the board-designated endowment. In addition, management fees are deducted from the fund. The fund is spendable based on appropriations from the board. The board has deposited the fund with the Arizona Community Foundation and the Maricopa County Community College District Foundation for an interest in the respective investment pools.

The endowment net assets and activity for the year ended June 30, 2016 have been presented in Note 4.

**NOTE 4 INTEREST IN INVESTMENT POOLS AND FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest in Arizona Community Foundation Investment Pool	\$ -	\$ -	\$ 2,008,216	\$ 2,008,216
Interest in Maricopa County Community College District Foundation Investment Pool	-	-	<u>6,108,021</u>	<u>6,108,021</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,116,237</u>	<u>\$ 8,116,237</u>

**FRIENDS OF PUBLIC RADIO ARIZONA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 INTEREST IN INVESTMENT POOLS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)**

The Organization has monies held and administered by the Maricopa County Community College District Foundation and Arizona Community Foundation to enhance investment return opportunity and as a means of holding portions of the Organization's unrestricted net assets. Under agreements with the Maricopa County Community College District Foundation and Arizona Community Foundation, the funds will remain at the Maricopa County Community College District Foundation and Arizona Community Foundation as board-designated endowment funds. The funds are stated at fair value, which was determined based on quoted market prices.

As both the resource provider (the transferor of assets to the Maricopa County Community College District Foundation and Arizona Community Foundation) and as the self-named beneficiary, Friends of Public Radio Arizona recognizes the funds held by the Maricopa County Community College District Foundation and Arizona Community Foundation as community foundation holdings and classifies the funds in long-term assets. The Maricopa County Community College District Foundation and Arizona Community Foundation hold these assets in a board-advised fund with the income and principal available for distribution to the Organization subject to the Organization's board of director's approval and subject to the Organization advising that the distribution be made in accordance with the provisions of the respective agreements.

The board-designated endowments net assets and activity for the year ended June 30, 2016, consisted of the following:

	Unrestricted Board- Designated
Board-Designated Endowment Net Assets - Beginning	\$ 8,098,883
Contributions	55,130
Realized Gain, Net	274,396
Interest and Dividends	163,230
Change in Value in Arizona Community Foundation Investment Pool	(135,058)
Change in Value in Maricopa County Community Foundation Investment Pool	(288,756)
Fees	(51,588)
Board-Designated Endowment Net Assets - Ending	\$ 8,116,237

**FRIENDS OF PUBLIC RADIO ARIZONA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 INTEREST IN INVESTMENT POOLS AND FAIR VALUE MEASUREMENTS**  
**(CONTINUED)**

**Level 3 Assets and Liabilities**

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended June 30, 2016:

	Arizona Community Foundation Investment Pool	Maricopa County Community College District Foundation Investment Pool	Total
Balances at July 1, 2015	\$ 2,000,383	\$ 6,098,500	\$ 8,098,883
Contributions	55,130	-	55,130
Realized Gain, Net	77,240	197,156	274,396
Interest and Dividends	27,010	136,220	163,230
Change in Value	(135,058)	(288,756)	(423,814)
Fees	(16,489)	(35,099)	(51,588)
Balances at June 30, 2016	<u>\$ 2,008,216</u>	<u>\$ 6,108,021</u>	<u>\$ 8,116,237</u>

The following table describes the valuation techniques used to calculate fair value for assets in Level 3. There were no changes in valuation techniques and related inputs from the prior year.

**Quantitative Information about Level 3 Fair Value Measurements**

	Fair Value at June 30, 2016	Valuation	Unobservable Inputs
Arizona Community Foundation Investment Pool	\$ 2,008,216	Percentage ownership of investment pool	The percentage ownership of investment pool as applied to investment statements
Maricopa County Community College District Foundation Investment Pool	\$ 6,108,021	Percentage ownership of investment pool	The percentage ownership of investment pool as applied to investment statements

The Organization evaluates Level 3 investments for events and changes in circumstances that indicate a transfer into or transfer out of Level 3. The Organization recognizes the transfers into and out of Level 3 as of the date of the event or change in circumstance. During the year ended June 30, 2016, there were no transfers into or out of the Level 3 category.

**FRIENDS OF PUBLIC RADIO ARIZONA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 ECONOMIC DEPENDENCE**

Friends of Public Radio Arizona is dependent upon contributions from individuals, corporations, and foundations and proceeds from its special events for support of its program services.

**NOTE 6 INVESTMENT EARNINGS**

Investment earnings for the year ended June 30, 2016 was comprised of the following:

Interest and Dividend Income	\$ 167,460
Realized Gains, Net	274,396
Total	<u>\$ 441,856</u>

**NOTE 7 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2016:

Vehicles	\$ 26,241
Construction in Progress	252,488
Total Property and Equipment	<u>278,729</u>
Less: Accumulated Depreciation	-
Property and Equipment, Net	<u>\$ 278,729</u>

As the Organization's depreciable fixed asset was placed in service at the end of the fiscal year, no depreciation was taken in the current year.

**NOTE 8 DONATED GOODS AND SERVICES**

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts under U.S. GAAP have not been satisfied.

The Organization received \$426,571 of donated management and fundraising services during the year ended June 30, 2016, that is included in revenues and expenses in the consolidated statement of activities. The value of donated services was obtained using the personnel costs from the organization that provided the services. Additionally, the Organization received proceeds of \$352,337 from the auction of donated vehicles.

The Organization also received \$13,170 in donated auction items for its special events. These donations are included in special event revenue and expenses on the consolidated statement of activities.



**FRIENDS OF PUBLIC RADIO ARIZONA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9 RESTRICTIONS/LIMITATIONS ON NET ASSETS**

The Organization's board of directors has chosen to place the following limitations on unrestricted net assets:

Board-Designated for Endowment Purposes	\$ 8,116,237
Undesignated	1,604,216
Total	<u>\$ 9,720,453</u>

The following is a summary of temporarily restricted net assets at June 30, 2016:

Innovation Project	\$ 309,227
SPOT Capital	300,982
Youth Media	235,791
VG Piper 2016	132,000
Program Underwriting	24,371
Hickey Foundation	22,470
Avnet	10,000
Tower	8,531
Bus / Econ Desk	7,500
AZ Rep SFS	7,500
US Airways	5,886
KBAQ Sounder	5,000
CM Scholarship Fund	1,700
Parsons Grant	1,422
SPOT VAN	1,000
Total	<u>\$ 1,073,380</u>

**NOTE 10 RELATED PARTIES**

The Organization conducts fundraising efforts for which contributions are received and shared with their public radio stations, KBAQ and KJZZ. During the current year, the Organization provided the stations with \$3,891,588.

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

In June 2016 the Organization entered into construction and design contracts for the construction of SPOT127 East. The contracts total approximately \$608,000 and are still outstanding as of June 30, 2016.