



Financial Statements
December 31, 2018

KCEP Power 88 FM Radio

**The Public Telecommunications Division
of the Economic Opportunity Board of
Clark County**

KCEP Power 88 FM Radio
The Public Telecommunication Division of
the Economic Opportunity Board of Clark County
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Independent Auditor's Report

The Board of Directors
Economic Opportunity Board of Clark County
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of KCEP Power 88 FM Radio, the Public Telecommunications Division of the Economic Opportunity Board of Clark County (a Nevada nonprofit organization), which comprise the statements of financial position as of December 31, 2018, 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 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCEP Power 88 FM Radio, the Public Telecommunications Division of the Economic Opportunity Board of Clark County as of December 31, 2018, 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.

Adjustments to Prior Period Financial Statements

The financial statements of KCEP Power 88 FM Radio as of and for the year ended December 31, 2017, were audited by other auditors, whose report dated August 13, 2018, expressed an unmodified opinion on those statements. As discussed in Note 8 to the financial statements, certain errors were discovered during the audit related to improper revenue recognition for certain grant funds and certain donated facilities. Accordingly, the 2017 financial statements have been restated to correct the errors. The other auditors reported on the 2017 financial statements before the restatement.

As part of our audit of the 2018 financial statements, we also audited the adjustments described in Note 8 that were applied to restate the 2017 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2017 financial statements of the organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 19 is presented for the purposes of additional analysis and is 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.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Las Vegas, Nevada
November 25, 2019

KCEP Power 88 FM Radio
The Public Telecommunication Division of
the Economic Opportunity Board of Clark County
Statements of Financial Position
Years Ended December 31, 2018 and 2017

	2018	2017 As Restated
Assets		
Accounts receivable, net	\$ 49,770	\$ 66,450
Due from Economic Opportunity Board	143,631	66,506
Prepaid expenses and other assets	27,538	12,040
In-kind contributions receivable, net	570,980	612,913
Property and equipment, net	203,513	245,573
Total assets	\$ 995,432	\$ 1,003,482
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 24,330	\$ 13,332
Accrued payroll and other liabilities	16,493	11,369
Deferred revenue	19,900	-
Total liabilities	60,723	24,701
Net Assets		
Without donor restrictions	363,729	365,868
With donor restrictions	570,980	612,913
Total net assets	934,709	978,781
Total liabilities and net assets	\$ 995,432	\$ 1,003,482

KCEP Power 88 FM Radio
The Public Telecommunication Division of
the Economic Opportunity Board of Clark County
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Federal and state grants	\$ 116,204	\$ 35,238	\$ 151,442
Underwriting income	441,864	-	441,864
Rent income	60,000	-	60,000
Membership contributions	31,390	-	31,390
In-kind contributions	-	1,255	1,255
Gross special events revenue	142,953	-	142,953
Less cost of direct benefits to donors	(60,733)	-	(60,733)
	<u>82,220</u>	<u>-</u>	<u>82,220</u>
Net special events revenue			
	<u>82,220</u>	<u>-</u>	<u>82,220</u>
Net assets released from restrictions - other	<u>78,426</u>	<u>(78,426)</u>	<u>-</u>
Total revenue, support, and gains	810,104	(41,933)	768,171
Expenses and Losses			
Program expenses	741,610	-	741,610
Management and general	70,633	-	70,633
	<u>812,243</u>	<u>-</u>	<u>812,243</u>
Total expenses and losses			
	<u>812,243</u>	<u>-</u>	<u>812,243</u>
Change in Net Assets	(2,139)	(41,933)	(44,072)
Net Assets, Beginning of Year	<u>365,868</u>	<u>612,913</u>	<u>978,781</u>
Net Assets, End of Year	<u>\$ 363,729</u>	<u>\$ 570,980</u>	<u>\$ 934,709</u>

KCEP Power 88 FM Radio
The Public Telecommunication Division of
the Economic Opportunity Board of Clark County
Statement of Activities
Year Ended December 31, 2017 As Restated

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Federal and state grants	\$ 117,951	\$ 35,277	\$ 153,228
Underwriting income	418,834	-	418,834
Rent income	25,000	-	25,000
Membership contributions	45,716	-	45,716
In-kind contributions	-	627,309	627,309
Gross special events revenue	84,464	-	84,464
Less cost of direct benefits to donors	(40,725)	-	(40,725)
Net special events revenue	43,739	-	43,739
Net assets released from restrictions - other	49,673	(49,673)	-
Total revenue, support, and gains	700,913	612,913	1,313,826
Expenses and Losses			
Program Expenses	688,944	-	688,944
Management and General	62,737	-	62,737
Total expenses and losses	751,681	-	751,681
Change in Net Assets	(50,768)	612,913	562,145
Net Assets, Beginning of Year	416,636	-	416,636
Net Assets, End of Year	\$ 365,868	\$ 612,913	\$ 978,781

KCEP Power 88 FM Radio
The Public Telecommunication Division of
the Economic Opportunity Board of Clark County
Statement of Functional Expense
Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Expenses by Function				
Salaries and employee benefits	\$ 398,802	\$ 44,311	\$ -	\$ 443,113
Rent and utilities	124,081	13,787	-	137,868
Fixed asset depreciation	37,854	4,206	-	42,060
Building and maintenance	8,225	914	-	9,139
Office and operating expenses	8,511	946	-	9,457
Bad debt expenses	7,179	-	-	7,179
Broadcasting expenses	66,848	-	-	66,848
Public relations	31,894	-	-	31,894
Insurance	19,597	2,178	-	21,775
Bank and merchant fees	6,169	685	-	6,854
Professional fees	32,450	3,606	-	36,056
Cost of direct benefits to donors	-	-	60,733	60,733
	<u>\$ 741,610</u>	<u>\$ 70,633</u>	<u>\$ 60,733</u>	<u>\$ 872,976</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	\$ -	\$ -	\$ (60,733)	\$ (60,733)
	<u>\$ 741,610</u>	<u>\$ 70,633</u>	<u>\$ -</u>	<u>\$ 812,243</u>

KCEP Power 88 FM Radio
The Public Telecommunication Division of
the Economic Opportunity Board of Clark County
Statement of Functional Expense
Year Ended December 31, 2017 As Restated

	Program Services	Management and General	Special events	Total
Expenses by Function				
Salaries and employee benefits	\$ 380,508	\$ 42,279	\$ -	\$ 422,787
Rent and utilities	82,629	7,581	-	90,210
Fixed asset depreciation	37,854	4,206	-	42,060
Building and maintenance	13,102	1,456	-	14,558
Office and operating expenses	8,763	973	-	9,736
Bad debt expenses	29,000	-	-	29,000
Broadcasting expenses	43,187	-	-	43,187
Public relations	37,728	-	-	37,728
Insurance	17,981	1,998	-	19,979
Bank and merchant fees	4,094	455	-	4,549
Professional fees	34,098	3,789	-	37,887
Cost of direct benefits to donors	-	-	40,725	40,725
	<u>\$ 688,944</u>	<u>\$ 62,737</u>	<u>\$ 40,725</u>	<u>\$ 792,406</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	\$ -	\$ -	\$ (40,725)	\$ (40,725)
	<u>\$ 688,944</u>	<u>\$ 62,737</u>	<u>\$ -</u>	<u>\$ 751,681</u>

KCEP Power 88 FM Radio
The Public Telecommunication Division of
the Economic Opportunity Board of Clark County
Statement of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017 As Restated
Operating Activities		
Change in net assets	\$ (44,072)	\$ 562,145
Adjustments to reconcile change in net assets to net cash from operating activities		
Fixed asset depreciation	42,060	42,060
In-kind contributions receivable, net	41,933	(612,913)
Changes in operating assets and liabilities		
Accounts receivable, net	16,680	(17,585)
Due from Economic Opportunity Board	(77,125)	27,879
Prepaid expenses and other assets	(15,498)	2,803
Accounts payable	10,998	(3,825)
Accrued payroll and related liabilities	5,124	(564)
Deferred revenue	19,900	-
	-	-
Net Cash from Operating Activities	-	-
Net Change in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, Beginning of Year	-	-
Cash and Cash Equivalents, End of Year	\$ -	\$ -

Note 1 - Principal Activity and Significant Accounting Policies

Organization

KCEP Power 88 FM (the "Station") is the Public Telecommunications Division of the Economic Opportunity Board of Clark County ("EOB"). The Station began operations in 1974 and was established to provide opportunities in radio broadcasting and training for minorities and low-income residents of Clark County. The Station generates income through underwriting, contributions, state and federal grants, and special fundraising events in the Las Vegas, Nevada area. EOB is licensed to operate the Station. EOB also operates other programs that are not related to the operations of the Station and therefore are not included in these financial statements.

EOB was incorporated in the state of Nevada and was organized as a nonprofit corporation in September 1964. As a result of a July 1972 amendment to its Articles of Incorporation, EOB became a nonprofit corporation that functions as an agency for Clark County, Nevada in presenting opportunities for its citizens under programs established by the Economic Opportunities Act of 1964. EOB provides various community service programs in keeping with its mission: "To assist low-income people to become self-sufficient and to improve their quality of life."

These financial statements represent only the operations and financial position of the Station and do not represent or purport to represent the financial position or operations of EOB or any of its other divisions.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts billed for underwriting contracts. Allowance for uncollectable receivables is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2018 and 2017, the allowance was \$36,179 and \$29,000, respectively.

Due from Economic Opportunity Board

The cash accounts for the Station are maintained and controlled by EOB. Since all cash is controlled by EOB and access is not allowed to the Station independently, cash accounts are not reported on the financial statements. Instead, a receivable is recorded for funds held by EOB on behalf of the Station.

In-Kind Contributions Receivable, Net

The Station receives contributions in the form of the use of donated facilities for specified periods of time. At the time the unconditional promise to allow EOB the use of a donated facility is made, the fair value of the entire contribution is recorded as revenue and a corresponding receivable is recorded. As the facility is being used over the passage of time, rent expense is incurred and the in-kind contribution receivable decreases.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years, or in the case of capitalized leased assets or leasehold KCEP Power 88 FM Radio improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2018.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. KCEP reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Revenue is recognized from sales of underwriting contracts when the services are provided. All goods and services are transferred at a point in time.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The Organization's federal and state grants are a combination of contributions and exchange transactions, conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Donors who provide support through membership are not provided any direct benefit. Therefore, membership contributions, which are nonrefundable are considered unconditional and are recorded as revenue when cash is received, or when an unconditional promise to give is made.

Donated Services and In-Kind Contributions

Volunteers contribute amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods and facilities are recorded at their estimated fair value at the date of donation. For the years ended December 31, 2018 and 2017 the Station recognized \$1,255 and \$627,309, respectively, of in-kind contributions related to the use of a donated operating facility.

Functional Allocation of Expenses

The costs of program and management and general activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and management and general services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, rent and utilities, fixed asset depreciation, building and maintenance, office and operating expenses, insurance, bank and merchant fees, and professional fees, which are allocated on a fixed percentage basis.

Income Taxes

The Station is the Public Telecommunications Division of EOB. EOB is organized as a Nevada nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. EOB is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, EOB is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. EOB 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.

Management believes that EOB 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. EOB 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.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by EOB to be creditworthy. At times, amounts on deposit may exceed insured limits.

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 Presentation of Financial Statements for Not-for-Profit Entities, which modifies the presentation and disclosure requirements of not-for-profit entities. The provisions of this ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). It also introduces new disclosure requirements to provide information to improve a financial statement user's ability to assess the Station's liquidity and exposure to risk. Finally, it introduces new reporting requirements to present expenses by both function and natural classification in a single location. Management has adopted the ASU because it provides more useful information to financial statement users. This ASU is effective for the Station for the year ended December 31, 2018.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The details of these reclassifications are included in Note 8. The reclassifications had no impact on previously reported net assets.

Recent Accounting Guidance

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Core principle of ASU 2014-09 is that revenue should be recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Station expects to be entitled in exchange for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle which may require the use of judgment and estimates. The Station may adopt ASU 2014-09 either by using a full retrospective approach for all periods presented or a modified retrospective approach. This standard is effective for annual reporting periods beginning after December 15, 2018, or January 1, 2019, for the Station. The Station has not yet selected a transition method and is currently evaluating the impact of this standard on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases on the statements of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the income statement. The new standard is effective for the Station beginning January 1, 2021. The Station is currently assessing the impact of the adoption of the standard but expects it will have a material effect on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. This standard is effective for annual reporting periods beginning after December 15, 2018, or January 1, 2019, for EOB. EOB has not yet selected a transition method and is currently evaluating the impact of this standard on its financial statements.

Subsequent Events

The Station has evaluated subsequent events through November 25, 2019, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure-, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Due from Economic Opportunity Board	\$ 143,631
Accounts receivable, net	49,770
	193,401
	\$ 193,401

Note 3 - Property and Equipment

Property and equipment consists of the following at December 31, 2018 and 2017:

	2018	2017
Leasehold improvements	\$ 44,270	\$ 44,270
Equipment	362,069	362,069
Furniture and fixtures	32,656	32,656
	438,995	438,995
Less accumulated depreciation and amortization	(235,482)	(193,422)
	\$ 203,513	\$ 245,573

Depreciation and amortization expense totaled \$42,060 and \$42,060 for the years ended December 31, 2018 and 2017, respectively.

Note 4 - Commitments

The Station entered into an agreement with American Tower to license a tower site on Black Mountain in Henderson, Nevada for a monthly fee and an additional charge to cover the electricity for the operation of the approved equipment. The monthly fee is adjusted annually by an escalator of 3%. The agreement is due to expire in November 2022 and is expected to renew for another five years. Rent expensed incurred under this commitment for the years ended December 31, 2018 and 2017 was \$62,857 and \$5,225, respectively.

The Station also entered into software and service agreements with Radio Research Consortium, Marketron Broadcast Solutions, and Apollo Contract Services.

Commitments on these contracts follow:

Years Ending December 31,		
2019	\$	91,466
2020		71,294
2021		68,872
2022		63,171
Total minimum lease payments	\$	294,803

Rent expensed incurred under commitments for the years ended December 31, 2018 and 2017 was approximately \$98,654 and \$18,981, respectively.

Note 5 - Operating Leases

The Station leases various transmitting sites and space under non-cancelable operating leases expiring at various dates. Certain leased office space only requires the Station to pay monthly CAMS. The fair market value of base rent and/or CAMS, where applicable, are accounted for as contributions. Extension options related to such contributions are expected to be exercised.

Approximate future rental commitments for these items at December 31, 2018 are as follows:

Years Ending December 31,

2019	\$	29,975
2020		22,548
2021		15,120
2022		15,120
2023		15,120
Thereafter		<u>206,640</u>
 Total minimum lease payments	 \$	 <u><u>304,523</u></u>

Rent expensed incurred under operating leases for the years ended December 31, 2018 was approximately \$22,548 and \$19,436, respectively.

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	2018	2017
Subject to the passage of time		
Use of a Facility	<u>\$ 570,980</u>	<u>\$ 612,913</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows during the years ended December 31, 2018 and 2017:

	2018	2017
Subject to the passage of time		
Use of a Facility	\$ 43,188	\$ 14,396
Satisfaction of purpose		
CPB Grant	<u>35,238</u>	<u>35,277</u>
	<u>\$ 78,426</u>	<u>\$ 49,673</u>

Note 7 - Employee Benefits

EOB sponsors a defined contribution plan (the Plan) qualified under IRC Section 403(b) covering substantially all KCEP employees working twenty or more hours per week. The plan provides that employees who have completed one year of service may voluntarily contribute from 3 percent to 10 percent of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are determined as 4% of each covered employee's salary. During the years ended December 31, 2018, EOB matched employee voluntary contributions of \$6,450 and \$7,852, respectively.

Note 8 - Restatement and Reclassifications

During 2018, the Station identified two misstatements within the 2017 financial statements. The first relates to revenue recognition for certain grants. Based on the terms of the grant agreements with the Corporation for Public Broadcasting, these grants are considered unconditional contributions and in accordance with generally accepted accounting principles, revenue should be recorded at the time the promise to give was made. For 2016 and 2017, these grants were treated as exchange transactions and revenue was recognized as expenses were being incurred. This resulted in deferred revenue being reported on the statements of financial position as of December 31, 2016 and 2017.

The second misstatement relates to revenue recognition for certain donated facilities. In 2017, KCEP entered into a long-term lease agreement which provided the use of an operating facility with rent payments significantly below market value. In accordance with generally accepted accounting principles, contribution revenue representing the difference in the present value of the lease at market value versus the lease payments should be recognized at the time the lease was entered into. Additionally, expenses should be recognized over the lease term as the assets are used. KCEP did not recognize the contribution revenue or the lease payments in 2017.

The Station elected to restate the prior period for the correction of these errors.

As shown below, the statement of financial position as of December 31, 2017 was restated.

	As Previously Reported	Adjustment	As Restated
In-kind contributions receivable, net	\$ -	\$ 612,913	\$ 612,913
Total Assets	390,569	612,913	1,003,482
Grant funds received in advance	103,842	(103,842)	-
Total liabilities	128,543	(103,842)	24,701
Net Assets - Without donor restrictions	262,026	103,842	365,868
Net Assets - With donor restrictions	-	612,913	612,913
Total net assets	262,026	716,755	978,781

KCEP Power 88 FM Radio
The Public Telecommunication Division of
the Economic Opportunity Board of Clark County
Notes to Financial Statements
December 31, 2018

As shown below, the statement of activities for the year ended December 31, 2017 was restated. Additionally, the Station made some presentation changes to the 2018 financial statements. In order to maintain consistency between periods, certain reclassifications were made to the 2017 financial statements. These are identified with an asterisk "*" in the statement of activities table below.

	<u>Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Unrestricted Net Assets / Without Donor Restrictions			
Federal and state grants	\$ 163,099	\$ (45,148)	\$ 117,951
Generated income *	463,244	(463,244)	-
Contribution income *	1,306	(1,306)	-
Underwriting income *	-	418,834	418,834
Membership contributions *	-	45,716	45,716
Cost of direct benefits to donors	-	(40,725)	(40,725)
Net special events revenue	-	43,739	43,739
Net assets released from restriction	-	49,673	49,673
Total revenue, support, and gains	737,113	(36,200)	700,913
Program Expenses	674,548	14,396	688,944
Total expenses and losses	778,010	(26,329)	751,681
Change in net assets	(40,897)	(9,871)	(50,768)
Net assets, beginning of year	302,923	113,713	416,636
Net assets, end of year	262,026	103,842	365,868
With Donor Restrictions			
Federal and state grants	-	35,277	35,277
In-kind contributions	-	627,309	627,309
Net assets released from restriction	-	(49,673)	(49,673)
Total revenue, support, and gains	-	612,913	612,913
Change in net assets	-	612,913	612,913
Net assets, end of year	-	612,913	612,913
Total			
Federal and state grants	-	153,228	153,228
Underwriting income *	-	418,834	418,834
Membership contributions *	-	45,716	45,716
In-kind contributions	-	627,309	627,309
Cost of direct benefits to donors	-	(40,725)	(40,725)
Net special events revenue	-	43,739	43,739
Total revenue, support, and gains	-	1,313,826	1,313,826
Program Expenses	-	688,944	688,944
Total expenses and losses	-	751,681	751,681
Change in net assets	-	562,145	562,145
Net assets, beginning of year	302,923	113,713	416,636
Net assets, end of year	262,026	716,755	978,781

KCEP Power 88 FM Radio
The Public Telecommunication Division of
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Notes to Financial Statements
December 31, 2018

As shown below, the statement of functional expenses for the year ended December 31, 2017 was restated.

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Program Services			
Rent and utilities	\$ 68,233	\$ 14,396	\$ 82,629
Total expenses by function	674,548	14,396	688,944
Total Expenses			
Rent and utilities	75,814	14,396	90,210
Total expenses by function	778,010	14,396	792,406

As shown below, the statement of cash flows as of December 31, 2017 was restated.

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Change in Net Assets	\$ (40,897)	\$ 603,042	\$ 562,145
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
In-kind contributions receivable, net	-	(612,913)	(612,913)
Grant Funds Received in Advance	(9,871)	9,871	-



Supplementary Information
December 31, 2018

KCEP Power 88 FM Radio
The Public Telecommunications Division
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KCEP Power 88 FM Radio
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Schedule I – Schedule of Revenues
December 31, 2018

Federal and state grants		\$ 151,442
Underwriting income		
Underwriting - general	208,530	
Underwriting - gospel	94,850	
Underwriting - talk	96,991	
Underwriting - remotes	16,600	
Underwriting - website/traffic	4,448	
Underwriting - public service announcements	13,070	
Underwriting - social media	2,200	
Production - spots	5,170	
Misc income	<u>5</u>	
Total underwriting income		441,864
Rental Income		60,000
Membership contributions		31,390
In-kind contributions		1,255
Special events revenue		
Gross special events revenue	142,953	
Less cost of direct benefits to donors	<u>(60,733)</u>	
Net special events revenue		<u>82,220</u>
Total Revenue		<u><u>\$ 768,171</u></u>