Financial Statements
September 30, 2015 and 2014

Nevada Public Radio

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Nevada Public Radio
Las Vegas, Nevada

Report on the Financial Statements
We have audited the accompanying financial statements of Nevada Public Radio (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 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.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada Public Radio as of September 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 a Matter – Correction of an Error
As discussed in Note 15 to the financial statements, an error in the classification of temporarily restricted membership revenue and losses on uncollectable temporarily restricted promises to give, was identified during our audit procedures. Accordingly, unrestricted membership revenue, temporarily restricted membership revenue, bad debt expense, losses on temporarily restricted promises to give, and net assets released from restriction have been restated in the statements of activities now presented to correct the error. This error did not result in any changes to the amounts previously reported as net assets. Our opinion is not modified with respect to that matter.

Eide Bailly LLP

Las Vegas, Nevada
May 13, 2016

	2015	2014
Assets		
Cash and cash equivalents	$ 326,312	$ 445,993
Investments, unrestricted	56,606	132,488
Accounts receivable, net of allowance	302,228	286,886
Member pledges receivable, net of allowance	250,274	214,731
Prepaid expenses	41,719	44,211
Investments, temporarily restricted	2,298,902	2,362,169
Investments, restricted for deferred compensation	-	81,919
Intangible assets, net of accumulated amortization	104,593	135,177
Building, net of accumulated depreciation	2,558,710	2,676,803
Other property, net of accumulated depreciation	629,639	757,933
Investments, permanently restricted	850,310	850,310
Total assets	$ 7,419,293	$ 7,988,620
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 625,447	$ 446,492
Accrued expenses	162,296	147,228
Capital lease payable	15,408	18,152
Notes payable	119,275	156,257
Deferred revenue	86,625	119,522
Deferred compensation	-	81,919
Total liabilities	1,009,051	969,570
Net Assets		
Unrestricted	1,916,203	2,309,158
Temporarily restricted	3,643,729	3,859,582
Permanently restricted	850,310	850,310
Total net assets	6,410,242	7,019,050
Total liabilities and net assets	$ 7,419,293	$ 7,988,620

	2015	2014 (as restated)
Unrestricted Net Assets		
Revenue, gains and other support:		
Membership revenue and corporate contributions	$ 1,672,520	$ 1,556,608
Underwriting	3,048,646	2,925,649
CPB - CSG grants	356,396	351,276
Donated services and equipment	29,902	29,902
Net investment return/(loss):		
Endowment	5,995	69,316
Cash reserves	-	2,167
Legislative grants	75,351	62,696
State and other production grants	9,428	-
Sales and other income	69,408	60,356
Sale of donated items	465,388	416,930
	5,733,034	5,474,900
Net assets released from restrictions through satisfaction of program restrictions	564,639	578,113
Total unrestricted revenues, gains and other support	6,297,673	6,053,013
Expenses		
Program services:		
Programming	1,195,845	1,287,448
Engineering	835,839	805,798
Community relations	225,710	191,206
Desert companion	1,382,570	1,208,512
News	499,063	484,377
Total program services	4,139,027	3,977,341
Support services		
Fundraising:		
Membership and development	977,252	928,117
Underwriting	970,437	898,842
	1,947,689	1,826,959
Administration	603,912	522,937
Total supporting services	2,551,601	2,349,896
Total expenses	6,690,628	6,327,237
Change in unrestricted net assets	(392,955)	(274,224)

	2015	2014 (as restated)
Temporarily Restricted Net Assets		
Membership revenue	$ 248,682	$ 207,809
CPB - CSG grants	119,157	114,908
Net investment return/(loss):		
Endowment	12,299	252,212
Net assets released from restrictions throught satisifaction of program restrictions	(564,639)	(578,113)
Total temporarily restricted revenues, gains and other support	(184,501)	(3,184)
Loss on uncollectable temporarily restricted promises to give	(31,352)	(41,829)
Change in temporarily restricted net assets	(215,853)	(45,013)
Change in Net Assets	(608,808)	(319,237)
Net Assets, Beginning of Year	7,019,050	7,338,287
Net Assets, End of Year	$ 6,410,242	$ 7,019,050

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	$ (608,808)	$ (319,237)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation of property and equipment	266,549	263,197
Amortization of intangible assets	30,584	30,587
Realized and unrealized (gain) loss on operating investments	44,484	(272,309)
Bad debt expense (recovery)	31,355	(699)
Change in operating assets and liabilities:		
(Increase) decrease in receivables	(82,240)	2,608
(Increase) decrease in prepaid expenses	2,492	(38)
Increase (decrease) in deferred revenues	(32,897)	24,772
Increase (decrease) in accounts payable and accrued expenses	194,023	29,876
Net cash provided by (used in) operating activities	(154,458)	(241,243)
Cash Flows from Investing Activities		
Cash received from sale of investments	2,389,436	1,775,492
Cash paid for purchase of investments	(2,212,852)	(1,357,203)
Purchase of building and other property	(20,162)	(93,668)
Net cash provided by (used in) investing activities	156,422	324,621
Cash Flows from Financing Activities		
Repayments of long-term debt obligations	(121,645)	(64,764)
Net cash provided by (used in) financing activities	(121,645)	(64,764)
Net Increase (Decrease) in Cash and Cash Equivalents	(119,681)	18,614
Cash and Cash Equivalents, Beginning of Year	445,993	427,379
Cash and Cash Equivalents, End of Year	$ 326,312	$ 445,993
Supplemental Cash Flow Information		
Cash paid for interest	$ 7,071	$ 12,766
Noncash Transactions		
Equipment acquired through a capital lease	$ -	$ 1,515

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Business

Nevada Public Radio (the "Organization") was incorporated as a nonprofit corporation under the laws of the State of Nevada in December 1975. The Organization commenced broadcasting on March 24, 1980. The Organization is licensed to operate non-commercial broadcast frequencies originating from Las Vegas, and a network of repeater and translator frequencies covering Southern Nevada, St. George, Utah and parts of California and Arizona. The Organization's purpose is to provide noncommercial news, information and cultural programming and services through broadcast, online and other media. At September 30, 2015, the Organization operated seven FM radio stations – KNPR and KCNV in Las Vegas, KTPH in Tonopah, KLNR in Panaca, KWPR in the Lund/Ely, Nevada area, KSGU in St. George, Utah and KLKR in Elko. The Organization also operates nine rural translators.

Cash and Cash Equivalents

The Organization considers cash equivalents to be all short-term securities purchased with an original maturity of three months or less.

Receivables and Credit Policies

Accounts receivable consist of amounts due for underwriting. It is the Organization's policy to charge off uncollectible accounts receivable for underwriting fees when management determines the receivable will not be collected. The underwriting fees are delinquent if not collected after 30 days from the invoice date. This allowance, for both the years ended September 30, 2015 and 2014 was $0.

Member Pledges and Contributions

Consistent with public broadcasting entities nationwide, the Organization uses its on-air resources to solicit individual membership contributions and provide various incentives for listeners to do so. Periodic over the air appeals are augmented with direct mail, e-mail, and personal solicitation campaigns. Consistent with on-air messaging, membership revenue supports the Organization in the areas of all broadcast programming, engineering, administration, and community relations.

Contributions may also be solicited through special events, donation of vehicles, bequests and other activities intended to generate individual or corporate gifts. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors. Member pledges receivable are promises to give, which are typically collected within one year of September 30, 2015 and 2014, respectively. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Organization, with the exception of promises to give which are not to be received until subsequent to year end. Promises to give that are receivables as of year-end are temporarily restricted due to time. The usage is consistent with appeals for contributions and pledges.

Property and Equipment

We record property and equipment additions over $1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to thirty-nine years, or in the case of capitalized leased assets or leasehold 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.

Intangible Assets

From time to time the Organization acquires additional frequencies from other entities with approval from the Federal Communications Commission (FCC). Costs directly associated with the acquisition of the new frequency have been capitalized and are amortized over fifteen years.

The Organization operates on their acquired frequencies under licenses obtained from the FCC. Licenses are renewable every seven years. The Organization's next renewal date is October 2021. The risk of non-renewal is minimal.

Included in intangible assets is a service mark for the Desert Companion, the magazine published by the Organization. Amortization is computed using a straight-line method over 15 years.

Investments

The investment balances consist of money market accounts, certificates of deposit, investments in marketable securities with readily determinable market values, and alternative investments in managed funds and hedge funds. All investments in debt securities and alternative investments are reported at fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consist of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees. Investments are exposed to various risks such as significant world events, interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amount reported in the statements of financial position.

Net Assets

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

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations and are available for use in general operations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will either be met by actions of the Organization and/or the passage of time and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by our Board of Directors.

We report contributions as temporarily restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization. The donors of these assets permit the Organization to use the income earned on the related investments for general or specific purposes.

Revenue and Revenue Recognition

Revenue is recognized when earned. Underwriting contract payments received in advance are deferred to the applicable period in which the underwriting credit is provided. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Donated Services and In-Kind Contributions

Contributed materials, supplies, facilities and property are recorded at their estimated fair value at the date of donation. We record donated professional services at the respective fair values of the services received. Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

Volunteers contribute significant amounts of time to our 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 the recognition criteria prescribed by generally accepted accounting principles.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying organizations. CSGs are used to augment the financial resources of organizations and thereby to enhance the quality of programming and expand the scope of the organizations. 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). 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 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.

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

Advertising Costs

Advertising costs are expensed in the period in which they are incurred. They amounted to $186,837 and $175,940 for the years ended September 30, 2015 and 2014, respectively. A majority, if not all, of advertising expense consists of the Organization providing underwriting acknowledgement to donors in exchange for advertising services.

Functional Allocation of Expenses

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

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A). In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. In accordance with the accounting standards, management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded as uncertain tax positions. We would recognize future accrued interest and penalties in income related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to six years.

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. These estimates and assumptions affect the reported 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. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by us and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Subsequent Events

We have evaluated subsequent events through May 13, 2016, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particulate input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of our investment assets are classified within Level 1 because they are comprised of open-end mutual funds and equity securities with readily determinable fair values based on daily redemption values. We invest in certificates of deposit traded in the financial markets. Those certificates of deposit and U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2. The fair values of hedge funds and managed funds are based on the fair value of fund investments as reported by our financial advisor. These are considered to be Level 3 measurements.

We use Net Asset Value (NAV) per share, to estimate the fair values of the hedge funds and managed funds, which do not have readily determinable fair values. Investments valued at NAV are classified within Level 2 if we have the ability to redeem the investment at NAV per share at the measurement date or within the near term; otherwise, the investment is classified within Level 3.

Level 3 assets are held in long hedge funds and managed funds as of the years ended September 30, 2015 and 2014. There were no unfunded commitments as of the years thus ended. All investments in hedge funds are invested in the Endowment (PMF) TEI fund which seeks to preserve capital and to generate consistent long-term appreciation across a market cycle of five to seven years. It is not actively managed as it is a liquidating fund that will distribute cash as the underlying assets of the current portfolio are liquidated. Distributions will occur quarterly as available. The process to fully liquidate is expected to take up to ten years.

The following table presents assets measured at fair value on a recurring basis at September 30, 2015:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities				
Consumer discretionary	$ 215,829	$ 215,829	$ -	$ -
Consumer staples	215,065	215,065	-	-
Energy sector	78,954	78,954	-	-
Equities blend	28,834	28,834	-	-
Financial sector	345,743	345,743	-	-
Health care sector	228,974	228,974	-	-
Industrial	182,855	182,855	-	-
Information technology	325,334	325,334	-	-
Materials	54,901	54,901	-	-
Telecommunications	32,939	32,939	-	-
Utilities	70,779	70,779	-	-
	1,780,207	1,780,207	-	-
				-
Mutual Funds				
Blended equities	295,166	295,166	-	-
Nontraditional bond	40,522	30,280	10,242	-
Multisector bond	86,468	-	86,468	-
Intermediate term bond	485,624	485,624	-	-
	907,780	811,070	96,710	-
Money market funds (at cost)	245,847	-	-	-
U.S. Treasury	50,940	50,940	-	-
U.S. agency notes	111,734	-	111,734	-
Hedge funds	109,310	-	-	109,310
	$ 3,205,818	$ 2,642,217	$ 208,444	$ 109,310

The following table presents assets measured at fair value on a recurring basis at September 30, 2014:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities				
Consumer discretionary	$ 285,100	$ 285,100	$ -	$ -
Consumer staples	203,036	203,036	-	-
Energy sector	113,223	113,223	-	-
Equities blend	64,145	64,145	-	-
Financial sector	349,183	349,183	-	-
Health care sector	241,370	241,370	-	-
Industrial	193,163	193,163	-	-
Information technology	385,443	385,443	-	-
Materials	27,318	27,318	-	-
Telecommunications	39,646	39,646	-	-
Utilities	63,099	63,099	-	-
	1,964,726	1,964,726	-	-
				-
Mutual Funds				
Blended equities	297,645	297,645	-	-
Nontraditional bond	20,065	20,065	-	-
Multisector bond	239,292	239,292	-	-
Intermediate term bond	254,024	254,024	-	-
	811,026	811,026	-	-
Money market funds (at cost)	280,144	-	-	-
U.S. Treasury	135,784	135,784	-	-
U.S. agency notes	65,516	-	65,516	-
Hedge funds	133,116	-	-	133,116
Managed funds	36,574	-	-	36,574
	$ 3,426,886	$ 2,911,536	$ 65,516	$ 169,690

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended September 30, 2015 and 2014:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Managed Investment Funds	Hedge Funds
Year Ended September 30, 2015		
Balance at September 30, 2014	$ 36,574	$ 133,116
Purchases/contributions of investments	-	5,166
Net realized and unrealized gain (loss)	393	7,476
Transfers out of Level 3	-	-
Distributions	(36,967)	(36,448)
Balance at September 30, 2015	$ -	$ 109,310
Unrealized gain (loss) included in net investment return in the statement of activities relating to assets still held at September 30, 2015	$ -	$ 5,534
Year Ended September 30, 2014		
Balance at September 30, 2013	$ 136,636	$ 214,256
Purchases/contributions of investments	-	170,339
Net realized and unrealized gain (loss)	7,474	18,875
Distributions	(107,536)	(270,354)
Balance at September 30, 2013	$ 36,574	$ 133,116
Unrealized gain (loss) included in net investment return in the statement of activities relating to assets still held at September 30, 2014	$ 18,035	$ 38,421

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended September 30:

	2015	2014
Interest and dividends	$ 103,229	$ 81,921
Realized gains	266,069	115,621
Unrealized gains (losses)	(310,553)	156,688
Total investment gain (loss)	58,745	354,230
Less: investment management and custodial fees	(40,451)	(32,702)
	$ 18,294	$ 321,528

Net investment returns are reported in the statements of activities under the following classifications:

	2015	2014
Unrestricted endowment	$ 5,995	$ 69,316
Temporarily restricted endowment	12,299	252,212
	$ 18,294	$ 321,528

Note 4 - Member Pledges Receivable

Member pledges receivable represent contributions pledged by donors that have not been received by the Organization. It is the Organization's policy to estimate an allowance for member pledge and endowment receivables balances based on a monthly assessment. All contributions unconditionally pledged are expected to be collected as shown in the table below and have been reported at their estimated net realizable value.

The following is a schedule of membership pledges receivable at September 30:

	2015	2014
General campaign	$ 275,820	$ 218,746
Special events	1,592	6,922
	277,412	225,668
Less: allowance for bad debt	(27,138)	(11,636)
	$ 250,274	$ 214,731

Receivables are expected to be collected as follows:

	2015	2014
Collected in less than one year	$ 250,274	$ 214,731

Note 5 - Building and Other Property

At September 30, other property and building consists of:

	2015	2014
Broadcast equipment and furniture	$ 3,124,845	$ 3,122,729
Music library	186,272	186,272
Radio reading equipment	65,576	65,576
Office equipment	367,067	349,021
Courtyard	19,158	19,158
	3,762,919	3,742,756
Less: accumulated depreciation	(3,133,280)	(2,984,823)
	$ 629,639	$ 757,933
Building	$ 4,092,717	$ 4,092,717
Less: accumulated depreciation	(1,534,007)	(1,415,914)
	$ 2,558,710	$ 2,676,803

Broadcast equipment and furniture includes $2,410 of capitalized interest.

The Organization acquired certain items of broadcasting equipment under several grants from a governmental agency beginning on March 31, 2001. These grants carry with them a lien on all equipment so acquired in favor of the governmental agency extending ten years from the end of the grant period. As of September 30, 2015, there was a $10,677 lien on the equipment.

The lien expires as follows:

2016	$ 8,228
2017	2,449
	$ 10,677

Note 6 - Intangible Assets

At September 30, intangible assets consist of:

	2015	2014
Frequency acquisition costs	$ 418,249	$ 418,249
Less: accumulated amortization	(316,156)	(285,857)
	$ 102,093	$ 132,392
Trademark	$ 4,285	$ 4,285
Less: accumulated amortization	(1,785)	(1,500)
	$ 2,500	$ 2,785
Total intangible assets, net	$ 104,593	$ 135,177

The frequency acquisition costs are costs incurred in acquiring the use of the seven FM stations operated by the Organization as detailed in Note 1. For the years ended September 30, 2015 and 2014 the amortization expense related to the frequency acquisition costs was $30,299 and $30,300, respectively. For the years ended September 30, 2015 and 2014 the amortization expense related to the trademark was $285 and $283, respectively.

The future estimated amortization for these assets is as follows for the years ended September 30:

2016	$ 26,678
2017	26,054
2018	26,054
2019	19,195
2020	6,612
	$ 104,593

Note 7 - Line of Credit

On July 21, 2014, the Organization obtained a $200,000 revolving line of credit, secured by all inventory, contract rights, chattel paper, accounts, equipment and general intangibles. The line has been extended through August 1, 2016. Borrowings under the line bear interest at the greater of the bank's prime rate plus 1.75% or a floor rate of 5.0%. There were no borrowings outstanding against the line of credit at September 30, 2015 and 2014, respectively.

Note 8 - Notes Payable

Notes payable at September 30 consists of:

	2015	2014
Note payable to a financial institution, payable in monthly installments of approximately $3,671, interest rate is 5%, due on or before August 2, 2018.	$ 119,275	$ 156,257
	$ 119,275	$ 156,257

The collateral for the loan includes all inventory, contract rights, chattel paper, accounts, equipment and general intangibles.

The future maturities, as of September 30, 2015 are as follows

Year ending September 30,	
2016	38,980
2017	40,974
2018	39,221
	$ 119,275

Note 9 - Leases

Land Lease

The Organization owns and operates the Donald W. Reynolds Broadcast facility, a building constructed on 1.5 acres of land under the terms of a 99-year lease with the Board of Regents of the Nevada System of Higher Education, located on College of Southern Nevada campus, which commenced December 14, 1995. In exchange for sponsor recognition and on-air program time, the leased land value and payment of utilities of $60,000 have been included as part of a trade agreement for each of the years ended September 30, 2015 and 2014. The lease expires in 2095.

Operating

The Organization leases various transmitting sites and space under non-cancelable operating leases expiring on various terms from 3 – 17 years. These leases are automatically renewed unless notice is given by the lessor or lessee.

Approximate future rental commitments for these items at September 30, 2015 are as follows:

Year ending September 30,	
2016	$ 91,077
2017	94,411
2018	98,097
2019	34,980
2020	31,364
Thereafter	226,025
	$ 575,954

Rent incurred under non-cancelable operating leases for the above items were approximately $88,000 and $84,000, respectively for the years ended September 30, 2015 and 2014. It is anticipated that leases that expire will be renewed or replaced in the ordinary course of business.

Capital

In May 2013, the Organization entered into an agreement to fund the purchase of a copier due in monthly installments of $685 at an interest rate of 36.53%. In December 2013, a fax expansion kit was added to the lease, increasing monthly installments to $720. Interest expense related to this capital lease for September 30, 2015 and 2014 was $5,897 and $6,626, respectively.

The following property included in the accompanying financial statements was leased under capital leases as of September 30:

	2015	2014
Copier	$ 20,510	$ 20,510
Less: accumulated depreciation	(9,109)	(5,007)
	$ $11,401	$ $15,503

Future net minimum rental payments, which are required under the capital lease for the year ending September 30, are as follows:

Year ending September 30,		
2016	$	8,642
2017		8,642
2018		7,201
		24,484
Less amount representing interest		(9,076)
Obligations under capital lease	$	15,408
Current obligations under capital lease	$	3,842
Long-term obligations under capital lease		11,566
Total obligations under capital lease	$	15,408

Note 10 - Endowments

As of September 30, 2015 and 2014, the Organization had one permanent endowment and two term endowments. The permanent endowment (Endowment #2) has a corpus of $850,310 with the earnings on the investment to be used for general operations.

Both term endowments were established per agreements with the Donald W. Reynolds Foundation. The first of these (Endowment #1) has a corpus of $906,452. The corpus and earnings on the investment are restricted for providing maintenance and upkeep of the building donated by the Donald W. Reynolds Foundation. During the year ended September 30, 2013, the Donald W. Reynolds Foundation reclassified Endowment #1 from a permanent endowment to a term endowment which allows the Organization to spend up to 5% of the corpus per year. Consequently, the original corpus was reclassified from permanently restricted to temporarily restricted funds.

The second term endowment (Restricted Fund for Programs) was received during the year ended September 30, 2009, with an original corpus of $906,452. The earnings on the investment and 5% of the corpus may be spent on programs and operations each year.

The endowments include only donor-restricted endowment funds and earnings. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Our Board of Directors has interpreted Nevada Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund

2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment net asset composition by type of fund as of September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment #1	$ -	$1,046,642	$ -	$1,046,642
Endowment #2	-	663,068	850,310	1,513,378
Restricted Fund for Programs	56,606	589,191	-	645,798
Total funds	$ 56,606	$2,298,901	$ 850,310	$ 3,205,818

Endowment net asset composition by type of fund as of September 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment #1	$ -	$1,073,918	$ -	$1,073,918
Endowment #2	-	653,736	850,310	1,504,046
Restricted Fund for Programs	132,488	634,515	-	767,003
Total funds	$ 132,488	$2,362,169	$ 850,310	$ 3,344,967

Investment and Spending Policies

We have adopted investment and spending policies for endowment assets, the primary emphasis of which is to (1) increase the overall purchasing power of the endowment through asset growth and income returns and (2) provide a source of funds if the Committee and the Board of Directors deem it necessary for capital expenditures or annual operations. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results attainable over a three to five year time frame. The Organization expects its endowment funds, over time, to provide an average rate of return approximately equal to those of the overall market for similar investment types. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a spending policy which governs the rate at which funds may be transferred from the permanent endowment fund (Endowment #2) to the operating budget. The annual allocations to the operating fund are calculated as a percentage of the endowment market value. Year-to-year fluctuations caused by changes in market value are moderated by using a moving average, computed on the last sixteen quarters of endowment market values. The annual allocation to the operating fund is limited to 7% of the sixteen-quarter moving average of the endowment market value. There were no transfers made to the operating budget in 2015 or 2014. This policy is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the year ended September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 132,488	$ 2,362,169	$ 850,310	$ 3,334,967
Investment return:				
Investment income	24,290	78,939	-	103,299
Net appreciation (realized and unrealized)	(18,295)	(66,640)	-	(84,935)
Total investment return	5,994	12,299	-	18,294
Program related expenses	(157,444)			
Release of restrictions	75,567	(75,567)	-	-
Endowment net assets, end of year	$ 56,606	$ 2,298,901	$ 850,310	$ 3,205,818

Changes in endowment net assets for the year ended September 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 63,171	$ 2,199,941	$ 850,310	$ 3,113,422
Investment return:				
Investment income	22,352	59,569	-	81,921
Net appreciation (realized and unrealized)	46,965	192,643	-	239,608
Total investment return	69,317	252,212	-	321,529
Program related expenses	(89,984)			(89,984)
Release of restrictions	89,984	(89,984)	-	-
Endowment net assets, end of year	$ 132,488	$ 2,362,169	$ 850,310	$ 3,334,967

Note 11 - Restricted Net Assets

Temporarily restricted net assets represent grants and contributions whose use by the Organization is limited by donor-imposed restrictions that can either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Temporarily restricted net assets are available for the following purposes at September 30:

	2015	2014
Restricted Fund for Programs	$ 589,191	$ 634,515
Maintenance Fund	1,046,642	1,073,918
Unappropriated permanent endowment funds	663,068	653,736
Equipment with lien	10,677	30,461
Pledges receivable	248,682	207,809
Building	1,085,469	1,259,143
	$ 3,643,729	$ 3,859,582

The building housing Nevada Public Radio was built using funds from a donor. As the donor's funds were restricted for the specific purpose of constructing a broadcast and teaching facility, the building must be used strictly for this purpose or the right of reversion exists for twenty-one years from January 1, 2001 through December 31, 2021.

The temporarily restricted net assets consisted of the following assets as September 30:

	2015	2014
Investments	$ 2,298,902	$ 2,362,169
Equipment	10,677	30,461
Pledges receivable	248,682	207,809
Building	1,085,468	1,259,143
	$ 3,643,729	$ 3,859,582

Permanently restricted net assets consist of endowment funds restricted by donors for investment in perpetuity. Earnings on endowment funds are available for the purposes specified by the donors, or in certain cases, for our unrestricted use. The permanently restricted net assets balances are as follows at September 30:

	2015	2014
Endowment #2, income to be used for operations	$ 850,310	$ 850,310

Note 12 - Donated Services and Equipment

Donated services and equipment are recorded, at estimated fair value, as revenue and expenses or capital equipment. Donated services for the years ended September 30, are as follows:

	2015	2014
Internet services	$ 7,101	$ 7,101
Information technology	22,800	22,800
	$ 29,901	$ 29,901

Note 13 - Barter Transactions

Barter transaction service expenses by natural class incurred for the years ended September 30, are as follows:

	2015	2014
Utilities	$ 60,000	$ 60,000
Accounting services	19,320	11,375
Advertising	186,837	180,740
Community events	10,700	-
Meals	36,530	30,650
Fundraising	48,480	20,670
Local programming	16,300	11,500
	$ 378,167	$ 314,935

Note 14 - Employee Retirement Plan

On May 1, 2007, the Organization adopted a 403(b) Thrift Plan with Mutual of America, replacing a Defined Contribution Plan. In December 2013, the Organization added a Designated Roth Option to the Plan. Employees can contribute tax deferred wages with the Organization matching the same amount. The matching contribution was limited to 7% for the years ended September 30, 2015 and 2014. For eligible employees meeting a two-year vesting and 1,000 hour per year requirement, the Organization will contribute a base contribution of 7%. The base contributions are provided despite any contributions made by the employee. Retirement expense for the above plans for years ended September 30, 2015 and 2014 was approximately $248,000 and $209,000, respectively.

The Organization has a supplemental retirement annuity plan covering a key employee who retired March 31, 2007, providing for deferred compensation benefits after retirement. Provisions for these benefits were charged to operations ratably over the employee's expected term of employment. Monthly payments commenced November 2007 and continued until the beneficiary requests a change or until the funds are exhausted. In addition, the plan was amended in September 2007 to include the former employee's deferred compensation portion of their TIAA-CREF account which was invested by the Organization into an account to be held until the former employee requested a total payment in April 2015. The balance in this account as of September 30, 2015 and 2014 was approximately $0 and $82,000, respectively.

Note 15 - Restatement

The statements of activities have been restated to correct the misclassification of temporarily restricted membership revenue previously reported as unrestricted membership revenue, to disaggregate the change in temporarily restricted pledges on the statements of activities, and to record amounts previously reported as unrestricted bad debt expense as losses on uncollectable temporarily restricted promises to give. The Organization reclassified $207,809 of membership revenue to temporarily restricted membership revenue, $41,829 of bad debt expense to loss on uncollectable temporarily restricted promises to give, and increased the releases from restriction by $165,980. These reclassifications do not result in any changes to the net asset balances previously reported.

The correction had the following effect on each of the applicable line items in the statement of activities for the year ended September 30, 2014:

	2014 (as originally presented)	Adjustment	2014 (as restated)
Unrestricted Net Assets			
Membership revenue and corporate contributions	$ 1,764,417	$ (207,809)	$ 1,556,608
Subtotal revenues, gains and other support	$ 5,682,709	$ (207,809)	$ 5,474,900
Net assets released from restrictions through satisfaction of program restrictions	$ 412,133	$ 165,980	$ 578,113
Total unrestricted revenues, gains and other support	$ 6,094,842	$ (41,829)	$ 6,053,013
Bad debt expense	$ 41,829	$ (41,829)	$ -
Total supporting services	$ 2,391,725	$ (41,829)	$ 2,349,896
Total expenses	$ 6,369,066	$ (41,829)	$ 6,327,237
Temporarily Restricted Net Assets			
Membership revenue	$ -	$ 207,809	$ 207,809
Net assets released from restrictions through satisfaction of program restrictions	$ (412,133)	$ (165,890)	$ (578,113)
Total temporarily restricted revenues, gains and other support	$ (45,013)	$ 41,829	$ (3,184)
Loss on uncollectable promises to give	$ -	$ 41,829	$ 41,829