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February 11, 2020


Community Public Broadcasting:

Golden Valley Community Broadcasters has experienced a change in accounting staff and CPA. Due to this fact, the process of accounting and closing the books for the fiscal year ended June 30, 2019 has been challenging.

In 2018 the financial statements were audited by the firm of Harrison-Dailey-Wright, An Accountancy Corporation. Usually an audited financial statement is required every other year. Since there is a change in accounting staff and CPA a compilation was prepared for the current year.

I was hired as the new CPA for Golden Valley Community Broadcasters for the June 30, 2019 reporting year. I have prepared the attached Independent Accountant's Compilation Report.

Sincerely,


George M. Jackson, CPA

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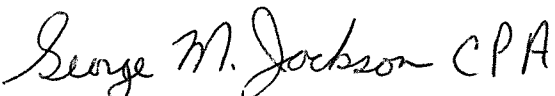
Independent Accountant's Compilation Report

To the Board of Directors
Golden Valley Community Broadcasters

I have compiled the accompanying financial statements of Golden Valley Community Broadcasters (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. I have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.


George M. Jackson, CPA

February 10, 2020

Golden Valley Community Broadcasters

(A Nonprofit Corporation)

Statement of Financial Position

June 30, 2019

	<u>2,019</u>
ASSETS	
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 202,619
Accounts Receivable	2,229
Prepaid Expenses	7,502
Employee Advances	570
	<hr/>
Total Current Assets	212,920
Fixed Assets - Net	7,568
Other Assets:	
Deposits	370
North Valley Community Foundation Fund	9,548
	<hr/>
Total Other Assets	9,918
TOTAL ASSETS	<hr/> <hr/> \$230,406
LIABILITIES AND NET ASSETS	
Liabilities	
Current Liabilities	
Accounts Payable	
Accrued Payroll Taxes	
Accrued Wages, Vacations and Benefits	
Credit Cards	\$ 964
Deferred Revenue	18,819
	<hr/>
Total Current Liabilities	19,783
	<hr/>
Total Liabilities	19,783
Net Assets	
Unrestricted Net Assets	210,623
	<hr/>
Total Net Assets	\$ 210,623
	<hr/>
TOTAL LIABILITIES & NET ASSETS	<hr/> <hr/> \$ 230,406

Golden Valley Community Broadcasters
(A Nonprofit Corporation)

Statements of Activities
For the Year Ended June 30, 2019

	<u>2019</u>
Revenues, Support and Other:	
Underwriting	\$ 107,770
Pledge Drives	108,600
Grants	74,573
Donations	30,122
Investment Income	190
Gain or Loss on Sale of Assets	(681)
Other Income	
	<u>320,574</u>
Special Events/Fundraisers:	
Revenues	127,706
Less Direct Expenses	(75,012)
Net	<u>52,694</u>
Total Revenues, Support and Other	<u>\$ 373,268</u>
Expenses	
Program Services Expense	154,796
Management	102,572
Fundraising	58,598
	<u>315,966</u>
Total Expenses	\$ 315,966
Changes in Net Assets	\$ 57,302
Net Assets, Beginning of Year	<u>\$ 153,320</u>
Net Assets, End of Year	<u><u>\$ 210,622</u></u>

Golden Valley Community Broadcasters
(A Nonprofit Corporation)

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Supporting Services			
	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 17,874	\$ 49,500.00	\$ 31,465.00	\$ 98,839
Payroll Taxes	2,210	3,877.00	2,684.00	8,771
Worker's Compensation	379	948	397	1,724
Total Compensation	20,463	54,325	34,546	109,334
Accounting		7,767		7,767
Advertising & Promotion	20,399		3,726	24,125
Bank Fees	5,488		86	5,574
Broadcast Expenses	8,469			8,469
Computer Hardware & Software	355	888	372	1,615
Depreciation	5,768			5,768
Donations		5,170		5,170
Dues and Subscriptions		2,603		2,603
Gift Cards - Camp Fire Funds	23,315			23,315
Insurance	2,229	5,572	2,330	10,131
Interest Expense		14		14
Investment Fees		118		118
Outside/Professional Labor	28,101	7,389	325	35,815
Licensing/Permits	715			715
Miscellaneous Expense	457			457
Office Supplies	821	2,053		3,733
Pledge Drive			6,079	6,079
Postage & Delivery			2,818	2,818
Programming	6,415			6,415
Rent	16,750	9,720	4,308	30,778
Repairs & Maintenance	108	271	114	493
Taxes - Property	926			926
Telephone	1,494	3,734	1,561	6,789
Utilities	10,317	2,948	1,474	14,739
Volunteer Expenses	2,206			2,206
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 154,796	\$ 102,572	\$ 58,598	\$ 315,966

Golden Valley Community Broadcasters
(A Nonprofit Corporation)

Statements of Cash Flows
For the Year Ended June 30, 2019

	2019
Cash Flows from Operations:	
Change in Net Assets from operations	\$ 57,302
Noncash transactions:	
Depreciation/Amortization	\$ 5,768
Unrealized market gain	
Change in accounts receivable	2,990
Change in prepaid expenses and deposits	30
Change in accrued expenses and payables	(15,160)
Change in deferred revenues	2,588
	\$ 53,518
 Cash Flows from Investing Activities:	
Change in investments	48
Change in fixed assets	
	\$ 48
 Financing Activities	
	-
 Net Cash increase for the period	 \$ 53,566
 Cash at beginning of period	 149,053
 Cash at end of period	 \$ 202,619

GOLDEN VALLEY COMMUNITY BROADCASTERS

(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Golden Valley Community Broadcasters is a nonprofit corporation, operating a radio broadcasting facility located in Chico, California, organized in November 1985 for the following purposes:

- a) To establish a corporation organized and operated exclusively for educational purposes, no part of the net earnings of which inures to the benefit of any director of the corporation.
- b) To establish and operate for educational purposes, one or more radio broadcasting stations licensed by the Federal Communications Commission in such manner that the facilities involved shall be as nearly self-sufficient as possible.
- c) To promote the cultural welfare of the community by providing outlets and training for creative skills and activities through radio broadcasting operations.
- d) To engage in radio broadcasting operations and any other activities that shall contribute to the lasting understanding between nations and between the individuals of all nations, races, creeds, colors, abilities, genders, and sexual orientations; to gather and disseminate information on the causes of conflict between any and all of such groups; and through any and all means compatible with the purposes of this corporation, to promote the study of political and economic problems and of the causes of religious, philosophical and racial antagonisms.
- e) To promote through radio broadcasting operations, the full distribution of public information from sources of news not commonly brought together in the same medium; and to present news and information on matters vitally affecting the community.
- f) To engage in any and all other activities permitted of a California Nonprofit Public Benefit Corporation, and of an organization exempt from taxation under subsection 501(c)(3) of Title 26, Subtitle A, Chapter 1, Subchapter F, Part 1 of the U.S. Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of the financial statements.

Basis of Presentation

The financial statements have been prepared on the accrual basis. The Organization reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

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

Temporarily restricted net assets – 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 – Net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities as designated by the donors.

GOLDEN VALLEY COMMUNITY BROADCASTERS

(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

All highly liquid investments, with a maturity of three months or less when purchased, are considered to be cash equivalents. There were no cash equivalents at June 30, 2019. The carrying amount of cash accounts represent fair value as all accounts are demand deposits.

Income Taxes

The Organization is exempt from income taxes under Section 501(a)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The Organization has been classified as an organization that is not a private foundation under Section 509(a)(2).

Such exempt organizations may be subject to taxation from unrelated business activities or excess benefit transactions. The Organization has recorded no tax liabilities from such events and believes it has appropriate support for the position, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's tax returns are subject to examination by federal tax authorities for a period of three years from the date they are filed and a period of four years for California tax authorities.

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash accounts. At June 30, 2019, all cash accounts were fully covered by Federal insurance.

GOLDEN VALLEY COMMUNITY BROADCASTERS
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

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

Advertising

The Organization expenses advertising production costs as they are incurred and advertising communication costs the first time advertising takes place.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts and written off through a change to the valuation allowance and a credit to accounts receivable. Changes to the valuation allowance have not been material to the financial statements. At the June 30, 2019 fiscal year end, management considered all accounts fully collectible.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level.

- Level 1 inputs – quoted prices in active markets for identical assets
- Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets
- Level 3 inputs – estimates using the best information available when there is little or no market

The specific techniques used to measure fair value for financial statement elements are described in the notes that relate to each element.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the fiscal year, the Organization also receives broadcast services from a number of volunteers that are not recognized as contributions in the financial statement since the recognition criteria was not met.

GOLDEN VALLEY COMMUNITY BROADCASTERS
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - FIXED ASSETS

Fixed assets are summarized by major category as follows:

	<u>June 30, 2019</u>
Equipment – Broadcasting	\$ 128,412
Equipment - Office	6,204
Leasehold Improvements	<u>22,675</u>
Subtotal	157,291
Less accumulated depreciation	149,723
Total Fixed Assets - Net	<u>\$ 7,568</u>

Assets are stated at cost. Depreciation of equipment is provided on the estimated useful lives of the assets using the straight-line method, generally over periods of 5 to 15 years. Depreciation of leasehold improvements is provided on the straight-line method, generally over a 7 year period.

The Organization has not established a dollar threshold for capitalization of fixed assets.

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

North Valley Community Foundation Fund

North Valley Community Foundation – represents monies transferred by the Organization or received from third party donors and held and invested by the North Valley Community Foundation. The purpose of the fund is to provide ongoing and growing source of funds for support of the programs and operations of the Organization. Distributions from the Foundation to the Organization are made at the discretion of the Foundation in accordance with the distribution policy adopted by the Foundation board. The agreement may be terminated by the Organization board of directors with revision of all remaining fund assets.

The fair value has been measured on a recurring basis using quoted prices in active markets for identical assets or similar assets (Level 1 inputs).

NOTE 5 – DEFERRED REVENUE

Underwriting contracts are generally entered into for periods ranging from three to twelve months, with payment due at the beginning of the contract. Deferred revenue consists of the unexpired portion of contract revenue received as of the fiscal year end.

GOLDEN VALLEY COMMUNITY BROADCASTERS
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – GRANT REVENUE

The Organization reported annual grants from the Corporation for Public Broadcasting (CPB), of \$74,573 for the June 30, 2019 fiscal year end. The grant is conditioned upon maintaining minimum revenue levels which have not been met for the 2018 grant fiscal year. CPB has notified the Organization of a transition path which will allow for grand funding for the 2019 grant fiscal year if the minimum revenue level is not met, and removal from the grant program for the 2020 grant fiscal year if the minimum revenue level is not met.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 10, 2020 which is the date the financial statements were available to be issued.

In November 2018, a federally declared disaster known as the Camp Fire destroyed significant areas within Butte County, California, in which the Organization had businesses that utilized underwriting services and patrons which provided pledge drive and donation support. Management estimates that they will lose 25% of their underwriting support and 30% of their pledge drive/donation support in the 2019 calendar year, due to businesses and homeowners being burned out by the fire. Management and the Board recognizes the negative impact on revenues from the event and will seek out avenues for expansion of listeners in surrounding communities in order to increase business and individual financial support.