
Marfa Public Radio Corporation

Annual Financial
Report and
Independent Auditor's
Report

Years ended December 31, 2015
and 2014

Marfa Public Radio Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and General Manager
Marfa Public Radio Corporation
106 E. San Antonio Street
Marfa, TX 79843

Report on the Financial Statements

I have audited the accompanying financial statements of Marfa Public Radio Corporation (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statement of activities and the statement of 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 the 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marfa Public Radio Corporation as of December 31, 2015 and 2014, and the changes in activities and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for 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 audit 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Patsy C. Culver, CPA

Alpine, TX

April 11, 2016

Marfa Public Radio Corporation
Statement of Financial Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Checking/Savings		
Restricted Cash for Loan Repayment	\$ 8,015	\$ 4,409
Cash	257,470	214,192
Cash and Cash Equivalents	\$ 265,485	\$ 218,601
Other Current Assets		
Pledges Receivable	\$ 500	\$ 34,329
Rental Deposit	3,300	2,338
Prepaid Legal Expenses	3,000	3,000
Total Other Current Assets	\$ 6,800	\$ 39,667
Total Current Assets	\$ 272,285	\$ 258,268
FCC License	\$ 392,207	\$ 373,177
Fixed Assets:		
Buildings, Intern Housing	\$ 350,682	\$ 409,244
Broadcast Equipment	264,145	264,145
Leasehold Improvements	156,847	156,846
Radio Tower	841,883	841,883
Less: Accumulated Depreciation	(737,641)	(598,604)
Total Fixed Assets - Net	\$ 875,916	\$ 1,073,514
Other Assets		
Other	\$ -	\$ 3,300
Total Assets	\$ 1,540,408	\$ 1,708,259

Marfa Public Radio Corporation
Statement of Financial Position

December 31, 2015 and 2014

LIABILITIES & EQUITY

	<u>2015</u>	<u>2014</u>
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	\$ 1,500	\$ 33,642
Accounts Payable	<u>\$ 1,500</u>	<u>\$ 33,642</u>
Other Current Liabilities		
Employee Benefit Payable	1,600	1,500
Payroll Taxes Liabilities	737	744
Sales Tax Payable	551	340
Current Portion, Long Term Debt	129,419	118,379
Current Liabilities	<u>\$ 132,307</u>	<u>\$ 120,963</u>
Total Current Liabilities	<u>\$ 133,807</u>	<u>\$ 154,605</u>
Long Term Liabilities		
Notes Payable, less current portion	<u>\$ 208,249</u>	<u>\$ 391,409</u>
Total Long Term Liability	<u>\$ 208,249</u>	<u>\$ 391,409</u>
Total Liabilities	<u>342,056</u>	<u>546,014</u>
Net Assets:		
Unrestricted Net Assets		
Available for Operations	\$ 39,738	\$ 33,478
Invested in Fixed Assets	1,073,514	981,849
Total Unrestricted Net Assets	<u>\$ 1,113,252</u>	<u>\$ 1,015,327</u>
Temporarily Restricted Net Assets		
Grants	47,512	84,955
Total Temporarily Restricted Net Assets	<u>\$ 47,512</u>	<u>\$ 84,955</u>
Unrestricted Net Assets - Current	37,588	61,963
Total Net Assets	<u>\$ 1,198,352</u>	<u>\$ 1,162,245</u>
Total Liabilities and Total Net Assets	<u><u>\$ 1,540,408</u></u>	<u><u>\$ 1,708,259</u></u>

Marfa Public Radio Corporation
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenues			
Memberships & Donations	\$ 270,932	\$ -	\$ 270,932
Donated Services	15,923	-	15,923
Event Fundraisers	43,599	-	43,599
Grants	400,918	47,512	448,430
Underwriting	67,547	-	67,547
Merchandise Income	8,861	-	8,861
Rental Income	23,677	-	23,677
Gain on Sale of Real Estate	55,355		55,355
Net Assets Released from Restrictions			
Expiration of Time Restriction-CPB	84,955	(84,955)	-
Total Public Support and Revenue	<u>\$ 971,767</u>	<u>\$ (37,443)</u>	<u>\$ 934,324</u>
Expenses			
Programming Services	\$ 522,236	\$ -	522,236
Support Services	\$ 374,500	-	374,500
Total Expenses	<u>\$ 896,736</u>	<u>\$ -</u>	<u>\$ 896,736</u>
Change in Net Assets	\$ 75,031	\$ (37,443)	\$ 37,588
Net Assets - January 1, 2015	<u>1,160,764</u>		<u>1,160,764</u>
Net Assets - December 31, 2015	<u>\$ 1,235,795</u>	<u>\$ (37,443)</u>	<u>\$ 1,198,352</u>

Marfa Public Radio Corporation
Statement of Activities
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Public Support and Revenues			
Capital Campaign	\$ 31,720	\$ -	\$ 31,720
Donated Services	27,700		27,700
Membership & Donations	345,101	-	345,101
Event Fundraisers	54,600	-	54,600
Grants	417,807	84,955	502,762
Underwriting	58,784	-	58,784
Merchandise Income	9,680	-	9,680
Net Assets Released from Restrictions			
Expiration of Time Restriction-CPB	-	-	-
 Total Public Support and Revenue	 <u>\$ 945,392</u>	 <u>\$ 84,955</u>	 <u>\$ 1,030,347</u>
 Expenses			
Programming Services	\$ 491,434		491,434
Support Services	476,950	-	476,950
 Total Expenses	 <u>\$ 968,384</u>	 <u>\$ -</u>	 <u>\$ 968,384</u>
 Change in Net Assets	 \$ (22,992)	 \$ 84,955	 \$ 61,963
 Net Assets - January 1, 2014	 <u>1,100,281</u>		 <u>1,100,281</u>
 Net Assets - December 31, 2014	 <u>\$ 1,077,289</u>	 <u>\$ 84,955</u>	 <u>\$ 1,162,244</u>

Marfa Public Radio Corporation
Statement of Cash Flows
For the year ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Activities		
Change in Net Assets	\$ 37,588	\$ 61,963
Adjustments to reconcile change in net assets to to net cash provided by operations:		
Increase (Decrease) Pledges Receivable	(33,829)	(34,229)
Increase (Decrease) Deposit on Purchase	-	(705)
Increase (Decrease) Depreciation and Amortization	163,093	87,788
Increase (Decrease) Rental Deposits	2,338	(2,488)
Increase (Decrease) in Prepaid Expenses	-	-
Increase (Decrease) in Accounts Payable	(32,142)	29,448
Increase (Decrease) in Payroll Liabilities	2,330	1,831
Increase (Decrease) in Sales Tax Payable	212	(345)
Increase (Decrease) in Current Portion, Long Term Debt	47,000	35,960
Net cash provided (used) by Operating Activities	\$ 186,590	\$ 179,223
Investing Activities		
Proceeds on Sale - Intern Housing	120,000	-
Purchase of Equipment & Leashold Improvements	(74,175)	(179,455)
Purchase of FCC Costs/License & Legal	(19,030)	-
Net cash provided (used) by Investing Activities	\$ 26,795	\$ (179,455)
Financing Activities		
Opening Balance Equity Adjustment	\$ (1,141)	\$ (2,138)
Temp Restricted Net Assets: Grants	47,512	84,955
Unrestricted Net Assets: Operations	(340,300)	(437,715)
Unrestricted Net Assets: Fixed Assets	322,640	355,901
Reduction of Notes Payable from Sale	(115,000)	-
Note Payable, less current portion	(78,212)	31,030
Net cash provided (used) by Financing Activities	\$ (164,501)	\$ 30,033
Net cash increase (decrease) in Cash or Cash Equivalents	\$ 48,884	\$ 29,801
Cash and Cash Equivalents - January 1	\$ 216,601	\$ 186,800
Cash and Cash Equivalents - December 31	\$ 265,485	\$ 218,601

Marfa Public Radio Corporation

Notes to the Audited Financial Statements

For the years ended December 31, 2015 and 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Nature of Activities

The Marfa Public Radio Corporation (the "Station") is a Texas not-for-profit corporation chartered in February, 2005. The Station's purpose is to furnish not-for-profit educational FM radio broadcasting service to Marfa, Texas and surrounding areas and to operate and maintain one or more radio stations for charitable and educational purposes.

The Station qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code, and, therefore, has no provision for federal income taxes. In addition, money contributed to the Station qualifies for the charitable contribution deduction under Section 1709(b) (1) (A) of the Internal Revenue Code. The Station has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

B. Basis of Presentation

The Station has adopted Statement of Financial Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to the three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon 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 not subject to donor-imposed stipulations. Assets restricted solely through actions of the Board are reported as unrestricted net assets. Board designated net assets represent amounts subject to Board-imposed restrictions that will be met by actions of the Station.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that will be met by actions of the Station and/or passage of time. The balance represents donor restricted contributions and pledge receivables. When a restriction expires, either by actions of the Station or collections of the pledges, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that the assets be maintained permanently. Generally, the donors of these assets permit the Station to use all or part of the income earned on the related investments for general or specific purpose.

Marfa Public Radio Corporation

Notes to Audited Financial Statements

For the years ended December 31, 2015 and 2014

C. Comparative Data

The amounts shown for the year ended December 31, 2014 in the accompanying financial statements are included to provide a basis for comparison with 2015.

D. Public Support and Revenue

Grants and other contributions of cash and other assets are reported 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 the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

E. Use of Estimates

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

F. Cash and Cash Equivalents

The Station has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents and considers cash equivalents to be all temporary investments that are readily convertible to cash, such as certificates of deposits, commercial paper, and treasury bills with maturity of less than three (3) months. Cash and cash equivalents for the purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents.

G. Fixed Assets

Capital assets are carried at cost or fair value of donated assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (5 to 15 years). Costs for normal maintenance and repairs are recognized in the period paid, while major renewals are capitalized. When property and equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in income of the period.

The Station capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Station reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Station reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are

Marfa Public Radio Corporation

Notes to Audited Financial Statements

For the years ended December 31, 2015 and 2014

depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

H. Advertising

The Station expenses advertising costs as incurred. Advertising totaled approximately \$13,261 in 2015 and \$5,027 in 2014.

I. Income Taxes

The Station is a not-for-profit organization exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code, and is not a "private foundation" within the meaning of Section 509 (a). Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The station is not subject to the Texas Franchise tax.

Under Section 501(c)(6) of the Internal Revenue Code, the Association is exempt from federal income tax on all income except unrelated business income as noted under Section 511 of the Internal Revenue Code. Under that section, an unrelated trade or business of an exempt organization is any trade or business which is frequently and regularly carried on and which does not contribute importantly to the Organization's exercise or performance of its exempt purpose. Under this definition, the 2015 rental income of \$13,777 from the Intern Housing is not considered unrelated business income. This facility is for Sale as of December 31, 2015. In addition, the 2015 broadcast tower sub-lease income in the amount of \$9,900 is also excluded as unrelated business income because no acquisition indebtedness occurred. As such, no provision for income taxes has been accrued.

Management is not aware of any further tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

J. Concentration of Credit Risk

Financial instruments that potentially subject the Station to concentrations of credit risk consist principally of cash and investments. The Station maintains cash deposits with major financial institutions which, from time-to-time, may exceed federally insured limits. The Station periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal. The Station periodically assesses the financial condition of the institutions holding any investments, as well as the diverse nature of its investments, and believes the risk of loss is minimal.

K. Subsequent Event

Subsequent events have been evaluated by management through April 20, 2016, which is the date the financial statements were available to be issued. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

Marfa Public Radio Corporation

Notes to Audited Financial Statements

For the years ended December 31, 2015 and 2014

L. New Accounting Pronouncements

Management is not aware of any new accounting pronouncements that have been released, and are not yet effective, which will have a significant impact to its financial position or results of operations in future periods.

NOTE 2: FCC LICENSE

A Federal Communications Commission (FCC) license, with the cost of \$230,634, was donated in 2007 for KRTS. A FCC license is valued at either cost or estimated fair value at the date contributed. Since the FCC license is determined to be renewed indefinitely it is not subject to Amortization. As of December 31, 2014 and 2013, the Station tested for impairment and determined there was no impairment.

A Federal Communications Commission (FCC) license, with the cost of \$142,043, was purchased in 2011 for KXWT. A Federal Communications Commission (FCC) license, with the cost of \$19,030, was purchased in 2015 for a Presidio expansion. A FCC license is valued at either cost or estimated fair value at the date contributed. This license was valued at cost. Since the FCC license is determined to be renewed indefinitely it is not subject to Amortization. As of December 31, 2015 and 2014, the Station tested for impairment and determined there was no impairment.

NOTE 3: FIXED ASSETS

The following schedule sets forth the Station's capital assets at December 31, 2015.

	Beginning of the Year	Additions	Transfers & Retirements	End of Year
Leasehold Improvements	\$ 156,847	\$ -	\$ -	\$ 156,847
Buildings - Intern Housing	409,244	-	58,562	350,682
Radio Tower	841,883	-	-	841,883
Broadcast Equipment	<u>264,145</u>	<u>-</u>	<u>-</u>	<u>264,145</u>
	1,672,119	-	58,562	1,613,557
Accumulated Depreciation & Amortization	<u>(607,435)</u>	<u>(128,706)</u>	<u>(1,500)</u>	<u>(737,641)</u>
	<u>\$ 1,064,684</u>	<u>\$ (128,706)</u>	<u>\$ 57,062</u>	<u>\$ 875,916</u>

The following schedule sets forth the Station's capital assets at December 31, 2014.

Marfa Public Radio Corporation

Notes to Audited Financial Statements

For the years ended December 31, 2015 and 2014

	Beginning of the Year	Additions	Transfers & Retirements	End of Year
Leasehold Improvements	\$ 4,416	\$ 156,847	\$ 4,416	\$ 156,847
Buildings - Intern Housing	409,129	115	-	409,244
Radio Tower	841,883	-	-	841,883
Broadcast Equipment	<u>237,236</u>	<u>26,909</u>	<u>-</u>	<u>264,145</u>
	1,492,664	183,871	4,416	1,672,119
Accumulated Depreciation & Amortization	<u>(510,815)</u>	<u>(92,204)</u>	<u>(4,416)</u>	<u>(607,435)</u>
	<u>\$ 981,849</u>	<u>\$ 91,667</u>	<u>\$ -</u>	<u>\$ 1,064,684</u>

Depreciation for the year ended 2015 was \$128,706 and 2014 was \$92,204.

NOTE 4: LEASE COMMITMENTS

Facilities - The Station moved to a new facility in November 2014. The rent commencement date is 180 days after the lease commencement date and the organization began paying rent of this lease in May 2015. It now conducts its operations from facilities that are leased under a ten-year operating Lease expiring November, 2024. There are scheduled rent escalations on each anniversary of the commencement date in 2018, 2021, and 2024. The renewal option associated with this lease allows for extension for a five-year term.

Tower Rent - The Station leases broadcasting tower space for the transmission of its radio signals under several operating leases. Certain leases include escalation clauses that range from 3% to 4% per year. These leases include automatic renewal of additional terms following the end of initial terms which end December 2014 and 2015.

The future minimum lease payments required under the above operating leases as of December 31, 2015:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$46,306
2017	47,415
2018	51,057
2019	51,982
2020	<u>53,191</u>
	<u>\$249,951</u>

Rental Expense amounted to \$42,216 in 2015 and \$44,553 in 2014.

Marfa Public Radio Corporation

Notes to Audited Financial Statements

For the years ended December 31, 2015 and 2014

NOTE 5: COMMITMENTS AND CONTINGENCIES

Certain equipment acquired with the Public Telecommunications Facilities Program (PTFP) Grant proceeds is subject to reversionary interest lien for a period of ten (10) years from date of grant which is March 31, 2008. Property acquired with these grant proceeds may not be conveyed, transferred, assigned, mortgaged, leased or in any other manner encumbered by the Station, except as expressly authorized by grantor. The lien expires in 2018.

NOTE 6: NOTES PAYABLE

The Organization's obligation under notes payable consists of the following:

	<u>2015</u>	<u>2014</u>
7.75% note payable to Public Radio Fund, LLC, payable in monthly installments with a security interest in substantially all of the acquired assets of KOCV. On November 2, 2015 this note was amended to extend the due date to May 1, 2016 and payment schedule was adjusted accordingly.	\$40,775	\$ 53,875
4.75% variable rate note payable to Marfa National Bank, payable in monthly installments of \$2,949, including interest through November 5, 2018, the annual interest rate change date. In January 2015 the note was reduced by \$95,000 for a sale of a portion of buildings and the principal was adjusted accordingly. After the interest rate change date, interest will be calculated on Prime plus 1% until the maturity date of March 5, 2020. The Note is secured by Deed of Trust on land and buildings.	139,435	268,478
4.00% note payable to individuals, payable in monthly installments of \$1,017, including interest, through September 5, 2016, with a balloon payment due on October 5, 2016. In January 2015 the note was reduced by \$20,000 for a sale of a portion of buildings and the principal was adjusted accordingly. The Note is secured by a second priority lien Deed of Trust on land, buildings, fixtures and furnishings.	36,344	56,376
6.25% variable note payable to TransPecos Banks, payable in monthly installments of \$1,409, including interest, through September 21, 2019, with a balloon payment due on October 21, 2019. The note is guaranteed by the current Landlord and is secured by a first priority lien on leased property including all 2014 leasehold improvements.	121,114	131,059
Less current portion	<u>(129,419)</u>	<u>(118,379)</u>
Total Notes Payable	<u>\$208,249</u>	<u>391,409</u>

Marfa Public Radio Corporation

Notes to Audited Financial Statements

For the years ended December 31, 2015 and 2014

The loan agreements contain various covenants, which among other things, subordinates the landlord's statutory, common law or contractual liens, and places restrictions on the Station's ability to incur additional indebtedness.

The future scheduled maturities of long-term debt are as follows:

Years ending December 31,

2016	\$129,419
2017	52,300
2018	52,299
2019	103,661
2020	-
	<u>\$337,669</u>

Interest paid was \$22,083 and \$26,642 for the years ended 2015 and 2014, respectively.

NOTE 7: CONTRIBUTED GOODS AND SERVICES

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Station receives donated services from unpaid volunteers who assist as on-air personnel and graphics design.

The Station received contributed on-air services during the year ended December 31, 2015 with an estimated fair value on the dates of donation of \$15,922.

The Station received contributed graphics design during the year ended December 31, 2015, with a fair value on the dates of donation of \$4,613.

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of grants from various entities as set forth in the following table. Terms of the grants dictate how the funds are to be spent.

	<u>Purpose</u>	
Corporation of Public Broadcasting	2016 KRTS	\$ 27,227
Corporation of Public Broadcasting	2016 KXWT	<u>20,285</u>
		<u>\$ 47,512</u>

Marfa Public Radio Corporation

Notes to Audited Financial Statements

For the years ended December 31, 2015 and 2014

NOTE 9: FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 10: SUBSEQUENT EVENTS

On April 20, 2016, the station sold the remaining Buildings, Intern Housing for consideration of \$360,000. A portion of these proceeds will be used to pay off the mortgage for the Individual and Marfa National Bank.

These financial statements considered subsequent events through April 22, 2016, the date the financial statements were available to be issued.

NOTE 11: RELATED PARTY TRANSACTION

During 2014 the station's leased facility was with the former President of the Board of Directors. This lease was terminated in October 31, 2014 and the station moved to its current location. The Station's current leased facility is not with a Board of Directors member.

For the year ended 2014 facility rent expense to the related party amounted to \$15,400.

OTHER SUPPLEMENTARY INFORMATION

Marfa Public Radio Corporation
KRTS
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Programming Services		Support Services		Total
	<u>Programming & Production</u>	<u>Broadcasting</u>	<u>Management & General</u>	<u>Fundraising & Membership Development</u>	
Payroll Costs	\$ 73,713		\$ 49,142		\$ 122,855
Advertising & Printing				5,489	5,489
Audio & Tech Equipment		4,340			4,340
Conferences & Meetings					-
Contract Labor	7,829		10,044	480	18,353
Depreciation	92,468		10,274		102,742
Event Fundraiser Expense				1,329	1,329
Grant Project Expense	2,250				2,250
Insurance	6,963		6,963		13,926
Interest Expense			9,639		9,639
Office & Misc Supplies			23,379	3,324	26,703
Professional Fees			18,865		18,865
Merchandise				5,495	5,495
Programming	35,486				35,486
Rent		15,007	6,180		21,187
Repairs & Maintenance		25,332			25,332
Travel & Meetings	2,508	467	1,102	1,600	5,677
Utilities		14,858	12,078		26,936
	<u>\$ 221,217</u>	<u>\$ 60,004</u>	<u>\$ 147,666</u>	<u>\$ 17,717</u>	<u>\$ 446,604</u>

Marfa Public Radio Corporation
KXWT
Statement of Functional Expense
For the Year Ended December 31, 2015

	Programming Services		Support Services		Total
	<u>Programming & Production</u>	<u>Broadcasting</u>	<u>Management & General</u>	<u>Fundraising & Membership Development</u>	
Payroll Costs	\$ 67,481		\$ 44,588		\$ 112,069
Advertising & Printing				7,273	7,273
Audio & Tech Equipment		4,194			4,194
Contract Labor	8,777		4,902	30,745	44,424
Depreciation	23,368		2,596		25,964
Event Fundraiser Expense				14,357	14,357
Grant Project Expense	2,250				2,250
Insurance			13,892		13,892
Interest Expense			12,444		12,444
Office & Misc Supplies			18,990	3,507	22,497
Professional Fees			21,989		21,989
Merchandise				3,698	3,698
Programming	69,025				69,025
Rent		12,421	8,518		20,939
Repairs & Maintenance		13,491			13,491
Travel & Meetings	2,528	521	3,294	4,512	10,855
Utilities		36,959	13,812		50,771
	\$ 173,429	\$ 67,586	\$ 145,025	\$ 64,092	\$ 450,132

Marfa Public Radio Corporation
KRTS
Statement of Functional Expenses
For the Year Ended December 31, 2014

	Programming Services		Support Services		Total
	<u>Programming & Production</u>	<u>Broadcasting</u>	<u>Management & General</u>	<u>Fundraising & Membership Development</u>	
Payroll Costs	\$ 89,589		\$ 59,726		\$ 149,315
Advertising & Printing				3,562	3,562
Audio & Tech Equipment		2,940			2,940
Contract Labor	28,950		10,387	9,804	49,141
Depreciation	61,088		6,788		67,876
Event Fundraiser Expense				23,010	23,010
Grant Project Expense	8,277	407			8,684
Insurance			21,715		21,715
Interest Expense			16,702		16,702
Office & Misc Supplies			22,077	2,349	24,426
Professional Fees			25,182		25,182
Merchandise				6,753	6,753
Programming	45,944				45,944
Rent		5,911	15,475		21,386
Repairs & Maintenance		4,258			4,258
Travel & Meetings	2,675	643	4,026	1,150	8,494
Utilities		18,067	13,672		31,739
	\$ 236,524	\$ 32,226	\$ 195,750	\$ 46,628	\$ 511,127

Marfa Public Radio Corporation
KXWT
Statement of Functional Expense
For the Year Ended December 31, 2014

	Programming Services		Support Services		Total
	<u>Programming & Production</u>	<u>Broadcasting</u>	<u>Management & General</u>	<u>Fundraising & Membership Development</u>	
Payroll Costs	\$ 70,840		\$ 47,226		\$ 118,066
Advertising & Printing				1,465	1,465
Audio & Tech Equipment		2,134			2,134
Contract Labor	15,773		8,062	37,750	61,585
Depreciation	21,895		2,433		24,328
Event Fundraiser Expense				5,876	5,876
Grant Project Expense		500			500
Insurance			21,524		21,524
Interest Expense			27,439		27,439
Office & Misc Supplies			13,879	1,856	15,735
Professional Fees			25,711		25,711
Merchandise				1,857	1,857
Programming	68,553				68,553
Rent		15,467	7,700		23,167
Repairs & Maintenance		1,894			1,894
Travel & Meetings	2,214	301	4,400	4,273	11,188
Utilities		23,115	15,563		38,678
	<u>\$ 179,275</u>	<u>\$ 43,411</u>	<u>\$ 173,937</u>	<u>\$ 53,077</u>	<u>\$ 449,700</u>