

GREAT PLAINS CHRISTIAN RADIO, INC.  
Meade, Kansas

FINANCIAL STATEMENTS  
December 31, 2016 and 2015

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Great Plains Christian Radio, Inc.  
Meade, Kansas

We have audited the accompanying financial statements of Great Plains Christian Radio, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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 Great Plains Christian Radio, Inc. as of December 31, 2016 and 2015, 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.

*Hay•Rice & Associates, Chartered*

May 8, 2017

GREAT PLAINS CHRISTIAN RADIO, INC.  
Meade, Kansas

STATEMENTS OF FINANCIAL POSITION  
December 31, 2016 and 2015

ASSETS	2016			<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<u>Current Assets</u>				
Cash	\$1,113,824	-	\$1,113,824	\$1,211,006
Prepaid expenses	15,268	-	15,268	27,385
Inventory	<u>4,915</u>	<u>-</u>	<u>4,915</u>	<u>891</u>
Total current assets	<u>\$1,134,007</u>	<u>-</u>	<u>\$1,134,007</u>	<u>\$1,239,282</u>
<u>Property and Equipment</u>				
Land	\$ 44,521	-	\$ 44,521	\$ 44,521
Construction in progress	-	-	-	-
Buildings	630,347	-	630,347	630,347
Tower, antenna, translator and transmitting equipment	2,023,209	-	2,023,209	1,929,802
Studio equipment	432,204	-	432,204	376,144
Furniture and fixtures	135,569	-	135,569	127,851
Vehicles	<u>122,379</u>	<u>-</u>	<u>122,379</u>	<u>105,566</u>
Net property and equipment	\$3,388,229	-	\$3,388,229	\$3,214,231
Less – Accumulated depreciation	<u>1,933,615</u>	<u>-</u>	<u>1,933,615</u>	<u>1,802,786</u>
Total property and equipment	<u>\$1,454,614</u>	<u>-</u>	<u>\$1,454,614</u>	<u>\$1,411,445</u>
<u>Other Assets</u>				
Station costs and license fees, net of accumulated amortization of \$188,173	<u>\$ 30,426</u>	<u>-</u>	<u>\$ 30,426</u>	<u>\$ 46,696</u>
Total Assets	<u>\$2,619,047</u>	<u>-</u>	<u>\$2,619,047</u>	<u>\$2,697,423</u>
 <b>LIABILITIES AND NET ASSETS</b> 				
<u>Current Maturities</u>				
Accrued vacation	\$ 27,306	-	\$ 27,306	\$ 29,150
Accrued payroll and related deductions	15,858	-	15,858	13,305
Accounts payable	25,389	-	25,389	21,839
Sales tax payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Total current liabilities	\$ 68,553	-	\$ 68,553	\$ 64,299
Net Assets	<u>2,550,494</u>	<u>-</u>	<u>2,550,494</u>	<u>2,633,124</u>
Total Liabilities and Net Assets	<u>\$2,619,047</u>	<u>-</u>	<u>\$2,619,047</u>	<u>\$2,697,423</u>

See Independent Auditor's Report and Notes to the Financial Statements.

GREAT PLAINS CHRISTIAN RADIO, INC.  
Meade, Kansas

STATEMENTS OF ACTIVITIES  
For the years ended December 31, 2016 and 2015

	<u>2016</u>			<u>2015</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
<u>Public Support and Revenue</u>				
Public support	\$1,188,853	\$ 61,017	\$1,249,870	\$1,241,277
Program service	590,334	-	590,334	592,974
Special events	8,387	-	8,387	9,598
Net assets released from restrictions:				
Satisfaction of equipment acquisition restrictions	<u>61,017</u>	<u>(61,017)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>\$1,848,591</u>	<u>-</u>	<u>\$1,848,591</u>	<u>\$1,843,849</u>
 <u>Operating Expenses</u>				
Administrative and general	\$ 495,786	-	\$ 495,786	\$ 530,803
Programming	1,089,026	-	1,089,026	1,028,442
Special events	1,086	-	1,086	15,253
Fundraising expenses	<u>191,709</u>	<u>-</u>	<u>191,709</u>	<u>171,784</u>
Total expenses	<u>\$1,777,607</u>	<u>-</u>	<u>\$1,777,607</u>	<u>\$1,746,282</u>
 Income (loss) from operations	 <u>\$ 70,984</u>	 <u>-</u>	 <u>\$ 70,984</u>	 <u>\$ 97,567</u>
 <u>Other Income (Expense)</u>				
Interest income	\$ 5,407	-	\$ 5,407	\$ 3,973
Depreciation expense – Programming	(123,340)	-	(123,340)	(123,390)
Depreciation expense – Administrative	(29,942)	-	(29,942)	(33,459)
Amortization – Programming	(7,285)	-	(7,285)	(7,701)
Amortization – Administrative	(8,985)	-	(8,985)	(8,985)
Miscellaneous income	1,538	-	1,538	1,305
Capital gain	<u>8,993</u>	<u>-</u>	<u>8,993</u>	<u>20,306</u>
Total other income (expense)	<u>\$ (153,614)</u>	<u>-</u>	<u>\$ (153,614)</u>	<u>\$ (147,951)</u>
 Change in Net Assets	 <u>\$ (82,630)</u>	 <u>-</u>	 <u>\$ (82,630)</u>	 <u>\$ (50,384)</u>
 Net Assets, Beginning of Year	 <u>2,633,124</u>	 <u>-</u>	 <u>2,633,124</u>	 <u>2,683,508</u>
 Net Assets, End of Year	 <u>\$2,550,494</u>	 <u>-</u>	 <u>\$2,550,494</u>	 <u>\$2,633,124</u>

See Independent Auditor's Report and Notes to the Financial Statements.

GREAT PLAINS CHRISTIAN RADIO, INC.  
Meade, Kansas

STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (82,630)	\$ (50,384)
Items not requiring (providing) cash:		
Depreciation	153,282	156,849
Amortization	16,270	16,686
Capital gain	(8,993)	(20,306)
Changes in:		
Decrease (increase) in inventory, prepaid expenses and receivable	8,093	(952)
Increase (decrease) in accounts payable and accrued expenses	<u>4,254</u>	<u>(20,626)</u>
Net cash provided by operating activities	\$ 90,276	\$ 81,267
<u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	(196,451)	(114,927)
<u>Cash Flows from Financing Activities</u>		
Sale of assets	<u>8,993</u>	<u>32,018</u>
Net Increase (Decrease) in Cash	\$ (97,182)	\$ (1,642)
Cash, Beginning of Year	<u>1,211,006</u>	<u>1,212,648</u>
Cash, End of Year	<u>\$1,113,824</u>	<u>\$1,211,006</u>

See Independent Auditor's Report and Notes to the Financial Statements.

GREAT PLAINS CHRISTIAN RADIO, INC.  
Meade, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016 and 2015

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Great Plains Christian Radio, Inc. was formed to provide Christian broadcasting for Kansas, eastern Colorado, and the Texas and Oklahoma panhandles and generates revenue through underwriting grants, public donations and concert ticket sales. Great Plains Christian Radio, Inc. operates full-power stations (KJIL 99.1, KHYM 103.9, KJOV 90.7, KJRL 105.7, KJHL 90.9, KJLJ 88.5, KNGM 88.9, KJVL 88.1, KHEV 90.3, KJLG 91.9 and KJIH 89.9). The tower for KJIL and KHYM is near Copeland, Kansas. The tower for KJOV is leased and it is near Woodward, Oklahoma. The tower for KJRL is near Herington, Kansas. The tower for KJHL is near Boise City, Oklahoma. The tower for KJLJ is near Scott City, Kansas. The tower for KNGM is leased and is in Guymon, Oklahoma. The tower for KJVL is leased and is in Hutchinson, Kansas. The tower for KJIH is near Manhattan, Kansas. The tower for KHEV is near Fairview, Oklahoma. The tower for KJLG is located in Emporia, Kansas. Great Plains Christian Radio, Inc. also has repeater transmitters in Ashland, Belleville, Clay Center, Dighton, Elkhart, Hays, Haviland, Healy, Junction City, Leoti, McPherson, Ness City, Pratt, Quinter, Salina, Scandia, Scott City, Sharon Springs, St. John, Tribune, Ulysses and Wakeeney, Kansas; Alva, Boise City, Fairview, Felt, Guymon, Keyes and Shattuck, Oklahoma; Booker, Dumas, Follett, Perryton and Spearman, Texas; Holly and Lamar, Colorado. The organization has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

See Independent Auditor's Report.

GREAT PLAINS CHRISTIAN RADIO, INC.  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016 and 2015  
(Continued)

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

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 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.

Inventory

Inventory is stated at the lower of cost or market using the first-in, first-out method to determine cost.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value.

Property and Equipment

Purchased property and equipment and repairs that prolong the useful life of assets are capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets normally 5-39 years.

Amortization

Start-up and organizational costs are being amortized over five years.

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GREAT PLAINS CHRISTIAN RADIO, INC.  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016 and 2015  
(Continued)

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Contributions

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. The gifts are reported as either temporarily or permanently 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 as unrestricted net assets and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Receipt of contributions which are conditional are reported as liabilities until the conditions are eliminated or the contributed assets are returned to the donor.

Certain local businesses and residents have indicated their intention to give rather than a promise to give. Also, no stated time frame is associated with these intentions to give. The Station does not view these as promises to give and, therefore, has not recorded them as receivables or revenue in the financial statements.

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support:

Unrestricted – no restrictions or designations placed on principal or income.

Temporarily Restricted – principal and income designated for a specific purpose.

Permanently Restricted – principal is to remain intact as an endowment.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Station considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents.

See Independent Auditor's Report.

GREAT PLAINS CHRISTIAN RADIO, INC.  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016 and 2015  
(Continued)

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are expensed when incurred.

Contributed Services

During the years ended December 31, 2016 and 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Station at the residents' facilities, but these services do not meet the criteria for recognition as contributed services under SFAS 116. Volunteer hours total less than 1,000 per year.

Concentrations of Credit Risk

At times throughout the year, Great Plains Christian Radio, Inc. may maintain certain bank accounts in excess of the FDIC insurance limits.

Subsequent Events

Management has evaluated subsequent events through May 8, 2017, the date which the financial statements were available to be issued.

Income Taxes

The company's U.S. federal income tax returns and the company's tax returns for the state of Kansas prior to 2013 are closed to examination.

See Independent Auditor's Report.

GREAT PLAINS CHRISTIAN RADIO, INC.  
Meade, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016 and 2015  
(Continued)

Note 2: Leases

The Station has entered into certain noncancellable lease agreements for land. Lease #1 calls for yearly payments of \$2,000 to be adjusted every five years based on the fair market value of the rent for the underlying land. This lease will expire in 2090. Lease #2 calls for yearly payments of \$1,500 to be adjusted to \$2,000 in 2020. This lease will expire in 2040. Lease #3 calls for annual payments of \$2,400. This lease will expire in 2034.

Land rent expense for the year ended December 31, 2016 was \$5,900.

Management expects to extend current leases or obtain new leases as needed when these leases expire.

Note 3: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Translator purchase	\$ -0-
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Note 4: Defined Contribution Plan

Tax-Deferred Annuity Plan

The Station provides a tax-deferred annuity plan intended to comply with Section 403(b) of the Internal Revenue Code. This plan is offered to all employees, over age 21, who complete two years of service. The Station's contributions to the plan are 5% of the participant's salary. Employees are 100% vested on the first contribution. Employer contributions paid in 2016 were \$26,133.

See Independent Auditor's Report.