

Tri-State Public Communications, Inc.

Audited Financial Statements

December 31, 2012

Lakeview Accounting Services, LLC
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Lakeview Accounting Services LLC

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Lakeview Accounting Services LLC

Shannon Allyn and Cathleen Caranci CPA

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Independent Auditor's Report

Tri-State Pubic Communications, Inc.
77 South Canaan Road
Canaan, CT 06018

I have audited the accompanying statement of financial position of Tri-State Public Communications, Inc. as of December 31, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements' presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Tri-State Public Communications, Inc. as of December 31, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Cathleen A. Caranci
Certified Public Accountant

April 1, 2013

Lakeview Accounting Services LLC

Tri State Public Communications, Inc.
Statement of Financial Position
December 31, 2012

Assets:

Cash and cash equivalents	\$	93,437
Furniture and equipment, net of accumulated depreciation		<u>311,925</u>
Total assets	\$	<u><u>405,362</u></u>

Liabilities and net assets:

Liabilities:

Credit cards payable	\$	8,038
Payroll taxes payable		12,162
Line of credit payable		93,403
Loan from officer		<u>692,142</u>
Total liabilities		<u>805,745</u>

Net Assets:

Unrestricted		(400,383)
Temporarily restricted		-
Permanently restricted		<u>-</u>
Total net assets		<u>(400,383)</u>
Total liabilities and net assets	\$	<u><u>405,362</u></u>

The Notes to Financial Statements are an integral part of this Statement.
See the accompanying Independent Auditor's Report.

Lakeview Accounting Services LLC

Tri-State Public Communications, Inc.
Statement of Activities
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support:				
Donations	\$ 399,962	\$ -	\$ -	\$ 399,962
Underwriting	118,381	-	-	118,381
Grants	186,852	-	-	186,852
Fundraising income	4,942	-	-	4,942
Production income	21,650	-	-	21,650
Investment Income	-	-	-	-
	731,787	-	-	731,787
Expenses and Losses:				
Advertising and promotion	35,994	-	-	35,994
Auto and travel	41,606	-	-	41,606
Depreciation expense	36,103	-	-	36,103
Engineering	33,983	-	-	33,983
General and administrative	111,363	-	-	111,363
In kind services	-	-	-	-
Insurance	9,346	-	-	9,346
Occupancy	68,150	-	-	68,150
Office expenses	16,981	-	-	16,981
Other operating expenses	67,421	-	-	67,421
Professional services	86,223	-	-	86,223
Programming services and fees	94,034	-	-	94,034
Repairs and maintenance	124,865	-	-	124,865
Utilities and telephone	58,626	-	-	58,626
	784,695	-	-	784,695
Total expenses and losses	784,695	-	-	784,695
Change in net assets	(52,908)	-	-	(52,908)
Net assets, beginning of year	(347,475)	-	-	(347,475)
Net assets, end of year	\$ (400,383)	\$ -	\$ -	\$ (400,383)

The Notes to Financial Statements are an integral part of this Statement.
See the accompanying Independent Auditor's Report.

Lakeview Accounting Services LLC

Tri-State Public Communications, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2012

Cash flows from operating activities:

Change in net assets	\$ (52,908)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	36,103
Change in payroll taxes payable	12,162
Change in credit cards payable	<u>(14,671)</u>
Net cash provided by operating activities	<u>(19,314)</u>

Cash flows from investing activities:

Purchases of fixed assets	<u>(65,839)</u>
Net cash used in investing activities	<u>(65,839)</u>

Cash flows from financing activities:

Loans from officer	124,000
Line of credit advances	-
Repayment of debt	<u>(10,600)</u>
Net cash provided by financing activities	113,400
Net increase in cash and cash equivalents	28,247
Cash and cash equivalents, beginning of year	<u>65,190</u>
Cash and cash equivalents, end of year	<u>\$ 93,437</u>

The Notes to Financial Statements are an integral part of this Statement.
See the accompanying Independent Auditor's Report.

Lakeview Accounting Services LLC

Tri-State Public Communications, Inc.
Notes to Financial Statements
December 31, 2012

Note A – Summary of Significant Accounting Policies

Description of Programs

Tri-State Public Communications, Inc. ("Tri-State") is a local not-for-profit organization whose purpose is to improve the quality of life in Northwest Connecticut communities through noncommercial, educational, informational and entertaining television and radio programs that are produced for and by residents of Northwest Connecticut. For the year ended December 31, 2012, Tri-State provided television and radio broadcasts of daily news and information programs, as well as local weather alerts, sports and school activities and local government meetings.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, Tri-State is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions and Promises to Give

Tri-State follows the recommendations of the Financial Accounting Standards Board in its SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 116, contributions received are reported as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when a donor makes a promise to give to Tri-State that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted 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.

As of December 31, 2012, Tri-State had no temporarily or permanently restricted net assets.

Tri-State Public Communications, Inc.
Notes to Financial Statements
December 31, 2012

Note A – Summary of Significant Accounting Policies – continued

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Tri-State considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Income Taxes

Tri-State is exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code. In addition, Tri-State qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509 (a)(2).

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contribution of cash that are restricted by donors to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, Tri-State reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Tri-State reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided over the estimated useful lives of the assets ranging from five to twenty five years using straight line methods.

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Tri-State Public Communications, Inc.
Notes to Financial Statements
December 31, 2012

Note B – Property and Equipment

Property and Equipment consists of the following:

Station Purchase	\$ 236,724
Transmitter Site work	42,904
Furniture, fixtures, and equipment	260,418
Automobile	<u>29,900</u>
Total	569,946
Less: accumulated depreciation	<u>(258,021)</u>
	\$ <u>311,925</u>

Depreciation expense for the year ended December 31, 2012 was \$ 36,103.

Note C – Line of Credit Payable

Tri-State has a line of credit with a local bank to help finance short term cash flow needs. As of December 31, 2012 the outstanding balance was \$ 93,403. Interest is based on the bank's prime lending rate. The interest rate as of December 31, 2012 was 4.0%.

Note D – Classification of Expenses

Tri-State has allocated expenses to program and supporting services as follows:

Program Services	\$ 656,351
Supporting Services	
Management and General	<u>128,344</u>
Total expenses	\$ <u>784,695</u>

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Tri-State Public Communications, Inc.
Notes to Financial Statements
December 31, 2012

Note F – Related Party Transactions

During the year an officer of Tri-State made loans to the organization to fund cash flow shortages and asset purchases. The total amount of the loans and balance as of December 31, 2011 was \$ 692,142. No interest was paid on the loans during the year.

