Financial Statements
December 31, 2018

Economic Opportunity Board of Clark County

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Independent Auditor's Report

The Board of Directors
Economic Opportunity Board of Clark County
Las Vegas, Nevada

Report on the Financial Statements
We have audited the accompanying financial statements of the Economic Opportunity Board of Clark County (a Nevada nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, functional expenses, and cash flows for the year 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.

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 the Economic Opportunity Board of Clark County as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adjustments to Prior Period Financial Statements
The financial statements of the Economic Opportunity Board of Clark County as of and for the year ended December 31, 2017, were audited by other auditors, whose report dated August 13, 2018, expressed an unmodified opinion on those statements. As discussed in Note 8 to the financial statements, certain errors were discovered during the audit related to improper revenue recognition for certain grant funds and certain donated facilities as well as the write off of certain receivables. Accordingly, the beginning balance of net assets as of December 31, 2017 has been restated to correct this error. The other auditors reported on the 2017 financial statements before the restatement.

As part of our audit of the 2018 financial statements, we also audited the adjustments described in Note 8 that were applied to restate the beginning balance of net assets as of December 31, 2017. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2017 financial statements of the Economic Opportunity Board of Clark County other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 15 is presented for the 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 audits 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Las Vegas, Nevada
November 25, 2019

Assets		
Cash and cash equivalents	$	551,010
Accounts receivable, net		49,770
Prepaid expenses and other assets		27,538
In-kind contributions receivable, net		570,980
Property and equipment, net		203,513
Retirement fund forfeiture balance		49,444
Total assets	$	1,452,255
Liabilities and Net Assets		
Liabilities		
Accounts payable	$	127,496
Accrued expenses and other liabilities		36,384
Deferred revenue		19,900
Grant funds received in advance		147,076
Total liabilities		330,856
Net Assets		
Without donor restrictions		550,419
With donor restrictions		570,980
Total net assets		1,121,399
Total liabilities and net assets	$	1,452,255

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Federal and state grants	$ 318,582	$ 35,238	$ 353,820
Generated income	458,889	-	458,889
Rent income	60,000	-	60,000
Membership contributions	36,390	-	36,390
In-kind contributions	-	1,255	1,255
Gross special events revenue	142,953	-	142,953
Less cost of direct benefits to donors	(60,733)	-	(60,733)
Net special events revenue	82,220	-	82,220
Net assets released from restrictions - other	78,426	(78,426)	-
Total Revenue, Support, and Gains	1,034,507	(41,933)	992,574
Expenses and Losses			
Program expenses	1,042,595	-	1,042,595
Management and general	104,075	-	104,075
Total expenses and losses	1,146,670	-	1,146,670
Change in Net Assets	(112,163)	(41,933)	(154,096)
Net Assets, Beginning of Year (as restated)	662,582	612,913	1,275,495
Net Assets, End of Year	$ 550,419	$ 570,980	$ 1,121,399

	Program Services	Management and General	Special events	Total
Expenses by Function				
Salaries and employee benefits	$ 490,199	$ 54,467	$ -	$ 544,666
Rent and utilities	134,373	14,930	-	149,303
Fixed asset depreciation	37,854	4,206	-	42,060
Building and maintenance	21,537	2,393	-	23,930
Office and operating expenses	8,511	946	-	9,457
Bad debt expenses	7,179	-	-	7,179
Broadcasting expenses	66,848	-	-	66,848
Public relations	31,894	-	-	31,894
Insurance	19,598	2,178	-	21,775
Bank and merchant fees	6,192	688	-	6,880
Professional fees	218,410	24,268	-	242,678
Cost of direct benefits to donors	-	-	60,733	60,733
Total expenses by function	$ 1,042,595	$ 104,075	$ 60,733	$ 1,207,403
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	$ -	$ -	$ (60,733)	$ (60,733)
Total expenses included in the expense section on the statement of activities	$ 1,042,595	$ 104,075	$ -	$ 1,146,670

Operating Activities	
Change in net assets	$ (154,096)
Adjustments to reconcile change in net assets to net cash from operating activities	
Fixed asset depreciation	42,060
In-kind contributions receivable, net	41,933
Changes in operating assets and liabilities	
Accounts receivable, net	16,681
Prepaid expenses and other assets	(15,498)
Retirement fund forfeiture balance	(10,575)
Accounts payable	114,164
Accrued expenses and other liabilities	25,015
Deferred revenue	19,900
Grant funds received in advance	147,076
Net Cash from Operating Activities	226,660
Net Change in Cash and Cash Equivalents	226,660
Cash and Cash Equivalents, Beginning of Year	324,350
Cash and Cash Equivalents, End of Year	$ 551,010

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Economic Opportunity Board of Clark County ("EOB") was incorporated in the state of Nevada and was organized as a nonprofit corporation in September 1964. As a result of a July 1972 amendment to its Articles of Incorporation, EOB became a nonprofit corporation that functions as an agency for Clark County, Nevada in presenting opportunities for its citizens under programs established by the Economic Opportunities Act of 1964. EOB provides various community service programs in keeping with its mission: "To assist low-income people to become self-sufficient and to improve their quality of life."

KCEP Power 88 FM (the "Station") is the Public Telecommunications Division of EOB. The Station began operations in 1974 and was established to provide opportunities in radio broadcasting and training for minorities and low-income residents of Clark County. The Station generates income through underwriting, donations and fundraising efforts in the Las Vegas area. EOB is licensed to operate the Station.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts billed for underwriting contracts with the Station. Allowance for uncollectable receivables is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2018, the allowance was $36,179.

In-Kind Contributions Receivable, Net

EOB receives contributions in the form of the use of donated facilities for specified periods of time. At the time the unconditional promise to allow EOB the use of a donated facility is made, the fair value of the entire contribution is recorded as revenue and a corresponding receivable is recorded. As the facility is being used over the passage of time, rent expense is incurred and the in-kind contribution receivable decreases.

Property and Equipment

Property and equipment additions over $5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven 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.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2018.

Retirement Plan Forfeiture Balance

EOB sponsors a defined contribution retirement plan covering substantially all employees working more than 20 hours a week. The plan permits employees to defer a portion of their current earnings. The employer contributes 4% of each covered employee's salary. Employees who are not fully vested and separate from EOB forfeit all or a portion of their employer contributions. Forfeited contributions are maintained in the retirement plan forfeiture balance and are used to pay future contributions.

Grant Funds Received in Advance

Grant funds received in advance are recorded when cash received under a grant that is treated as an exchange transaction, exceeds the revenue earned.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Revenue is recognized from sales of underwriting contracts when the services are provided. All goods and services are transferred at a point in time.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The Organization’s federal and state grants are a combination of contributions and exchange transactions, conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Donors who provide support through membership are not provided any direct benefit. Therefore, membership contributions, which are nonrefundable are considered unconditional and are recorded as revenue when cash is received, or when an unconditional promise to give is made.

Donated Services and In-Kind Contributions

Volunteers contribute amounts of time to 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 recognition criteria prescribed by generally accepted accounting principles. Contributed goods and facilities are recorded at their estimated fair value at the date of donation. For the year ended December 31, 2018 EOB recognized $1,255 of in-kind contributions related to the use of a donated operating facility.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, rent and utilities, fixed asset depreciation, building and maintenance, office and operating expenses, insurance, bank and merchant fees, and professional fees, which are allocated on a fixed percentage basis.

Income Taxes

EOB is organized as a Nevada nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be private foundations. The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The entity determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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 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.

Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by EOB to be creditworthy. At times, amounts on deposit may exceed insured limits.

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 Presentation of Financial Statements for Not-for-Profit Entities, which modifies the presentation and disclosure requirements of not-for-profit entities. The provisions of this ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). It also introduces new disclosure requirements to provide information about a financial statement user's ability to assess EOB's liquidity and exposure to risk. Finally, it introduces new reporting requirements to present expenses by both function and natural classification in a single location. Management has adopted the ASU because it provides more useful information to financial statement users. This ASU is effective for EOB for the year ended December 31, 2018.

Recent Accounting Guidance

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The core principle of ASU 2014-09 is that revenue should be recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle which may require the use of judgment and estimates. The entity may adopt ASU 2014-09 either by using a full retrospective approach for all periods presented or a modified retrospective approach. This standard is effective for annual reporting periods beginning after December 15, 2018, or January 1, 2019, for EOB. EOB has not yet selected a transition method and is currently evaluating the impact of this standard on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the income statement. The new standard is effective for EOB beginning January 1, 2021. EOB is currently assessing the impact of the adoption of the standard but expects it will have a material effect on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. This standard is effective for annual reporting periods beginning after December 15, 2018, or January 1, 2019, for EOB. EOB has not yet selected a transition method and is currently evaluating the impact of this standard on its financial statements.

Subsequent Events

EOB has evaluated subsequent events through November 25, 2019, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$ 551,010
Accounts receivable, net	49,770
	$ 600,780

Note 3 - Property and Equipment

Property and equipment consists of the following at December 31, 2018 and 2017:

Cash and cash equivalents	$ 49,770
Accounts receivable, net	27,538
	$ 77,308
Cash and cash equivalents	$ -
Accounts receivable, net	1,452,255
	$ 1,452,255

Depreciation and amortization expense totaled $42,060 for the year ended December 31, 2018.

Note 4 - Commitments

EOB entered into an agreement with American Tower to license the tower site on Black Mountain in Henderson, Nevada for a monthly fee and an additional charge to cover the electricity for the operation of the approved equipment. The monthly fee is adjusted annually by an annual escalator of 3%. The agreement is due to expire on November 2022 and is expected to renew for another five years. Rent expense incurred under this commitment for the year ended December 31, 2018 was $62,857.

EOB also entered into software and service agreements with Radio Research Consortium, Marketron Broadcast Solutions, and Apollo Contract Services.

Commitments on these contracts follow:

Years Ending December 31,		
2019	$	91,466
2020		71,294
2021		68,872
2022		63,171
Total minimum lease payments	$	294,803

Rent expensed incurred under commitments for the year ended December 31, 2018 was approximately $98,654.

Note 5 - Operating Leases

EOB leases various transmitting sites and space under non-cancelable operating leases expiring on various terms up to 10 years. Certain leased office space only requires EOB to pay monthly CAMS. The fair market value of base rent and/or CAMS, where applicable, are accounted for as contributions. Extension options related to such contributions are expected to be exercised.

Approximate future rental commitments for these items at December 31, 2018 are as follows:

Years Ending December 31,		
2019	$	29,975
2020		22,548
2021		15,120
2022		15,120
2023		15,120
Thereafter		206,640
Total minimum lease payments	$	304,523

Rent expensed incurred under operating leases for the year ended December 31, 2018 was approximately $22,548.

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to the Passage of time		
Use of a Facility	$	570,980

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows during the years ended December 31, 2018 as follows:

Subject to the Passage of time	
Use of a Facility	$ 43,188
Satisfaction of Purpose	
CPB Grant	35,238
	$ 78,426

Note 7 - Employee Benefits

EOB sponsors a defined contribution plan (the Plan) qualified under IRC Section 403(b) covering substantially all employees working twenty or more hours per week. The plan provides that employees who have completed one year of service may voluntarily contribute from 3 percent to 10 percent of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are determined as 4% of each covered employee's salary. During the year ended December 31, 2018, the Organization matched employee voluntary contributions of $6,450.

Note 8 - Restatement

During 2018, EOB identified three misstatements within the 2017 financial statements. The first relates to revenue recognition for certain grants. Based on the terms of the grant agreements with the Corporation for Public Broadcasting, these grants are considered unconditional contributions and in accordance with generally accepted accounting principles, revenue should be recorded at the time the promise to give was made. For 2017, these grants were treated as exchange transactions and revenue was recognized as expenses were being incurred. This resulted in deferred revenue being reported on the statement of financial position as of December 31, 2017.

The second misstatement relates to revenue recognition for certain donated facilities. In 2017, KCEP entered into a long-term lease agreement which provided the use of an operating facility with rent payments significantly below market value. In accordance with generally accepted accounting principles, contribution revenue representing the difference in the present value of the lease at market value versus the lease payments should be recognized at the time the lease was entered into. Additionally, expenses should be recognized over the lease term as the assets are used. KCEP did not recognize the contribution revenue or the lease payments in 2017.

The third misstatement relates to the uncollectability of certain receivables. Several years ago, EOB entered into a contract with the Clark County Housing and Development Authority ("Comstock") to operate an affordable housing unit. The contract was subsequently terminated; however, EOB had an outstanding receivable from the Authority for repayment of maintenance and administrative items. During 2018, management determined that the amount due from Comstock was uncollectable in the prior year and elected to restate the 2017 balance.

As shown below, beginning net assets were restated to correct all errors.

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, Beginning of Year (as previously reported)	$ 603,697	$ -	$ 603,697
Writeoff due from Comstock	(44,957)	-	(44,957)
Grant funds received in advance	103,842	-	103,842
Recognition of contribution income	-	612,913	612,913
Net Assets, Beginning of Year (as restated)	$ 662,582	$ 612,913	$ 1,275,495

Supplementary Information
December 31, 2018

Economic Opportunity Board of Clark County

Federal and state grants		$	353,820
Generated Income			
Underwriting - general	208,530		
Underwriting - gospel	94,850		
Underwriting - talk	96,991		
Underwriting - remotes	16,600		
Underwriting - website/traffic	4,448		
Underwriting - public service announcements	13,070		
Underwriting - social media	2,200		
Production - spots	5,170		
Misc income	17,030		
Total generated income			458,889
Rental Income			60,000
Membership Contributions			36,390
Donated Assets			1,255
Special events revenue			
Gross special events revenue	142,953		
Less cost of direct benefits to donors	(60,733)		
Net special events revenue			82,220
Total revenue		$	992,574