RADIO BILINGÜE, INC.

FRESNO, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2015 AND 2014

RADIO BILINGÜE, INC.
FRESNO, CALIFORNIA

SEPTEMBER 30, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Radio Bilingüe, Inc.
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of Radio Bilingüe, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Organization'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 Organization'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Radio Bilingüe, Inc. as of September 30, 2015 and 2014, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, on our consideration of Radio Bilingüe, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Radio Bilingüe, Inc.'s internal control over financial reporting and compliance.

Price Paige & Company

Clovis, California
March 21, 2016

RADIO BILINGÜE, INC.
FRESNO, CALIFORNIA

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2015 AND 2014

Assets

	2015	2014
Cash and Equivalents	$ 645,006	$ 212,752
Accounts Receivable	21,374	59,085
Prepaid Expenses	44,807	7,489
Other Assets	7,823	7,823
Grants Receivable (Note 2)	312,635	126,393
Property and Equipment, Net of Accumulated Depreciation (Notes 1 and 3)	1,417,470	1,594,831
Total Assets	$ 2,449,115	$ 2,008,373

Liabilities and Net Assets

Liabilities		
Accounts Payable	$ 50,634	$ 36,619
Accrued Expenses	61,943	52,468
Other Liabilities	2,464	4,270
Unearned Revenue (Notes 1 and 2)	619,229	261,990
Total Liabilities	734,270	355,347
Net Assets		
Unrestricted	1,714,845	1,653,026
Total Net Assets	1,714,845	1,653,026
Total Liabilities and Net Assets	$ 2,449,115	$ 2,008,373

The notes to the financial statements are an integral part of this statement.

RADIO BILINGÜE, INC.
FRESNO, CALIFORNIA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Revenues		
Grant Revenue:		
CPB	$ 289,946	$ 369,882
Foundation	1,328,524	1,476,080
Local/Other	367,985	409,945
In-Kind Contributions	294,241	293,760
Fundraising	49,579	7,721
Contributions	6,535	8,545
Other Revenue	6,477	6,765
Total Revenue	2,343,287	2,572,698
Expenditures		
Program Services:		
Programming and Production	1,064,069	1,293,168
Broadcast	718,172	698,063
Fundraising:		
Grants and Underwriting	227,370	238,203
Management and General:		
Grants Administration	58,250	57,360
Management and General	213,607	250,350
Total Expenditures	2,281,468	2,537,144
Changes in Net Assets	61,819	35,554
Net Assets, Beginning of Year	1,653,026	1,617,472
Net Assets, End of Year	$ 1,714,845	$ 1,653,026

The notes to the financial statements are an integral part of this statement.

RADIO BILINGÜE, INC.
FRESNO, CALIFORNIA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities:		
Changes in Net Assets	$ 61,819	$ 35,554
Adjustments to Reconcile Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	173,982	171,727
Loss on Disposal of Construction in Progress	15,828	-
(Increase) Decrease in Grant Receivable	(186,242)	(19,503)
(Increase) Decrease in Accounts Receivable	37,712	32,222
(Increase) Decrease in Prepaid Expenses	(37,318)	739
(Increase) Decrease in Other Assets	-	1,334
Increase (Decrease) in Accounts Payable	14,015	(9,176)
Increase (Decrease) in Other Liabilities	(1,806)	937
Increase (Decrease) in Accrued Liabilities	9,475	(8,246)
Increase (Decrease) in Unearned Revenue	357,239	(178,246)
Net Cash Provided by (Used in) Operating Activities	444,704	27,342
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(12,450)	(121,266)
Net Cash Provided by (Used in) Investing Activities	(12,450)	(121,266)
Cash Flows from Financing Activities:		
Payments on line of credit	-	(250,000)
Net Cash Provided by (Used in) Financing Activities	-	(250,000)
Increase (Decrease) in Cash	432,254	(343,924)
Cash and Equivalents, Beginning of Year	212,752	556,676
Cash and Equivalents, End of Year	$ 645,006	$ 212,752
Supplemental Cash Flow Information		
Cash paid during the period for interest	$ -	$ 7,078

The notes to the financial statements are an integral part of this statement.

RADIO BILINGÜE, INC.
FRESNO, CALIFORNIA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Program Services		Fundraising	Management and General		
	Programming and Production	Broadcast	Grants and Underwriting	Grants Administration	Management and General	Totals
Operating Expenses						
Salaries and Fringe Benefits	$ 582,110	$ 73,338	$ 186,049	$ 51,669	$ 165,061	$ 1,058,227
Professional Fees	114,476	17,140	5,700	-	13,901	151,217
Consumable Supplies	2,476	-	71	200	1,507	4,254
Telephone	43,652	11,299	9,337	2,692	10,929	77,910
Postage and Shipping	4,369	3,695	189	10	1,349	9,612
Rent	58,259	86,783	-	-	1,520	146,561
Buildings and Grounds	12,465	2,725	789	248	1,591	17,818
Utilities	10,892	75,391	3,115	1,019	3,278	93,695
Insurance	12,680	2,526	2,957	870	6,840	25,872
Equipment Rental and Maintenance	8,207	17,662	331	104	828	27,133
Depreciation	7,351	166,631	-	-	-	173,982
Printing and Publications	49	-	296	-	-	345
Conferences and Meetings	30	-	-	-	-	30
Travel	10,608	14,575	6,612	-	1,845	33,640
Production Expenses:						
Production Supplies	639	-	-	-	-	639
Satellite	-	30,450	-	-	-	30,450
Acquisitions and Distributions	65,062	-	138	-	-	65,200
Advertising and Marketing	8,585	-	-	-	-	8,585
Membership and Dues	125	-	10,590	-	-	10,715
Interest and Miscellaneous	28,040	2,595	-	-	4,958	35,593
Equipment	11,522	1,593	1,196	1,438	-	15,749
Subtotal	981,597	506,403	227,370	58,250	213,607	1,987,227
In-Kind Expenses						
Volunteer Services	82,472	-	-	-	-	82,472
All Other Services	-	210,861	-	-	-	210,861
Property/Space	-	908	-	-	-	908
Subtotal	82,472	211,769	-	-	-	294,241
Total Expenses	$ 1,064,069	$ 718,172	$ 227,370	$ 58,250	$ 213,607	$ 2,281,468

The notes to the financial statements are an integral part of this statement.

RADIO BILINGÜE, INC.
FRESNO, CALIFORNIA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Program Services		Fundraising	Management and General		
	Programming and Production	Broadcast	Grants and Underwriting	Grants Administration	Management and General	Totals
Operating Expenses						
Salaries and Fringe Benefits	$ 644,293	$ 83,810	$ 191,945	$ 53,278	$ 178,018	$ 1,151,345
Professional Fees	200,208	19,708	13,320	-	27,288	260,524
Consumable Supplies	3,881	-	1,023	45	277	5,226
Telephone	44,124	13,927	8,202	2,057	9,566	77,876
Postage and Shipping	2,381	1,738	600	-	1,867	6,587
Rent	62,229	82,133	-	-	-	144,361
Buildings and Grounds	6,339	1,199	590	163	1,277	9,568
Utilities	19,370	67,450	2,852	644	3,006	93,321
Insurance	16,905	2,104	3,799	949	7,579	31,335
Equipment Rental and Maintenance	8,008	6,048	377	81	1,605	16,119
Depreciation	7,351	164,376	-	-	-	171,727
Printing and Publications	1,500	-	-	-	368	1,869
Conferences and Meetings	1,555	-	-	-	-	1,555
Travel	23,089	7,727	9,076	-	1,365	41,256
Production Expenses:						
Production Supplies	1,507	-	-	-	-	1,507
Satellite	-	30,000	-	-	-	30,000
Acquisitions and Distributions	116,111	-	36	-	-	116,147
Advertising and Marketing	8,630	-	-	-	-	8,630
Membership and Dues	2,401	216	5,831	144	684	9,276
Interest and Miscellaneous	29,848	2,180	551	-	14,687	47,266
Equipment	10,966	4,160	-	-	2,762	17,888
Subtotal	1,210,696	486,775	238,203	57,360	250,350	2,243,384
In-Kind Expenses						
Volunteer Services	82,472	-	-	-	-	82,472
All Other Services	-	207,658	-	-	-	207,658
Property/Space	-	3,630	-	-	-	3,630
Subtotal	82,472	211,288	-	-	-	293,760
Total Expenses	$ 1,293,168	$ 698,063	$ 238,203	$ 57,360	$ 250,350	$ 2,537,144

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Radio Bilingüe, Inc. (the Organization), is a nonprofit California public media corporation which operates noncommercial public radio stations (KSJV-FM in Fresno, KMPO-FM in Modesto, KTQX-FM in Bakersfield, KUBO in El Centro, KHDC in Salinas, KVUH in Laytonville, KHUI in Alamosa, CO, KREE in Douglas, AZ, KVMG in Raton, NM, KYOL in Chama, NM, KQTO in Hurley, NM, and KRZU in Batesville, TX). It also operates a national news and information service and satellite programming service serving the nation's public broadcasting system.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Revenue

Radio Bilingüe, Inc. receives substantially all of its grant and contract revenue from Foundations, Corporation for Public Broadcasting, State, and other governmental agencies. Radio Bilingüe, Inc. recognizes contract revenue (up to the contract ceiling) from its contracts, either on a cost reimbursement basis or on a production basis depending on how performance is defined by the respective contracts. Revenue recognition depends on the contract.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by Radio Bilingüe, Inc. with the terms of the grants/contracts.

Unearned Revenue

Radio Bilingüe, Inc. records grant/contract revenue as unearned revenue until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue. The balance in unearned revenue at September 30, 2015 represents amounts received under cost reimbursable contracts that will be expended in the next fiscal year in accordance with the grant/contract period.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Radio Bilingüe, Inc. has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted assets. Contributions for property, space and professional services are recorded at their fair market value of $294,241 and $293,760 for the years ended September 30, 2015 and 2014, respectively.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of receipt. Depreciation is computed using the straight-line method. Repairs and maintenance are charged to operating expenses as incurred. Individual items with the cost of $3,000 or greater are capitalized.

Advertising Costs

Advertising costs are expensed as incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plan

Radio Bilingüe, Inc. has a salary reduction plan (401-k) in place, which is available to all employees who have worked more than 30 days with the Organization. The amount of salary reduction is paid directly to an independent administrator and applied directly to the employee retirement investment account.

Tax Exempt

Radio Bilingüe, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, Radio Bilingüe, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2015 and 2014.

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 and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents

Cash and equivalents consist of cash held in local banks.

Concentration of Credit Risk

Radio Bilingüe, Inc. maintains a bank account at Wells Fargo Bank. The account at this bank is insured by the Federal Deposit Insurance Corporation (FDIC). The uninsured portion of this balance was $397,306 and $0 as of September 30, 2015 and 2014, respectively.

Functional Allocation of Expenses

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

NOTE 2 – GRANTS RECEIVABLE/UNEARNED REVENUE

At September 30, 2015 and 2014, net accounts receivable and unearned revenue from grants and contracts were comprised of the following:

	2015		2014	
Source	Receivable	Unearned	Receivable	Unearned
Federal Government				
NEA - Heritage Fellows	$ 35,000	$ -	$ -	$ -
Subtotal	35,000	-	-	-
State Government				
Fresno EOC - WIC	-	560	-	-
Ca State Council of Serv Emp-SEIU	10,100	-	-	-
First 5 California Fraser	45,075	-	-	-
Subtotal	55,175	560	-	-
Local Government				
Tulare County - Health and Human Services	664	-	880	-
Imperial Co. Behavioral Health Services	-	-	6,500	-
Subtotal	664	-	7,380	-
Corporation for Public Broadcasting				
CPB -Education	-	-	41,392	-
Subtotal	-	-	41,392	-
Foundations				
Blue Shield of California	-	-	-	9,700
The James Irvine Foundation - CA Democracy 2	-	-	-	4,610
The James Irvine Foundation - Raices	-	775	1,800	-
Packard Foundation	-	70,000	-	-
California Rural Legal Assistance - Lending	5,000	-	-	-
California Rural Legal Assistance - Fair Housing	3,300	-	-	-
Ford Foundation	-	219,700	-	-
Ford Foundation - Build Out	-	-	-	5,253
La Cooperativa Campesina de Ca	15,000	-	7,500	-
Marquerite Casey Foundation	112,500	-	-	45,834
San Francisco Foundation - Butler Koshland	-	-	-	27,145
MacArthur Foundation	-	82,296	-	91,395
TCE: School Discipline and Deferred Action	-	-	-	22,391
TCE: Affordable Care Act 2	-	32,340	-	39,982
TCE: Youth	-	138,386	-	-

NOTE 2 – GRANTS RECEIVABLE/UNEARNED REVENUE (Continued)

	2015		2014	
Source	Receivable	Unearned	Receivable	Unearned
Foundations (continued)				
The Fund for Santa Barbara	-	27,844	-	-
SFSU	3,000	-	-	-
Cal OSHA MOB Media-Heat Illness	6,996	-	-	-
CETF	75,000	-	37,560	-
CETF - Mini Grant	-	25,000	-	-
Community Grant for Monterey County	-	7,050	-	-
Carnegie Corporation of New York	-	-	3,550	-
Ed Kissam - repeater	-	6,133	-	10,000
TOAD - Albert Zamora	-	-	-	280
The San Francisco Foundation	-	9,145	-	-
CAC	-	-	9,471	-
Subtotal	220,796	618,669	59,881	256,590
Business and Corporate				
Pacific Gas & Electric	-	-	-	5,400
ACLU-NM	-	-	14,000	-
Citrus Pest & Disease Prevention	-	-	1,500	-
Gallo Center for the Arts - Little Jose y La Familia	-	-	1,240	-
Valley CAN - Tulare	1,000	-	1,000	-
Subtotal	1,000	-	17,740	5,400
Total	$ 312,635	$ 619,229	$ 126,393	$ 261,990

NOTE 3 – PROPERTY AND EQUIPMENT

	Beginning Balances 10/01/14	Additions	Deletions	Ending Balances 9/30/15
Land	$ 88,033	$ -	$ -	$ 88,033
Building and Improvements	268,474	-	-	268,474
Broadcasting Equipment	2,972,809	5,276	-	2,978,085
Furniture and Equipment	20,764	-	-	20,764
Construction in Progress	30,582	7,174	(15,828)	21,928
Total	3,380,662	12,450	(15,828)	3,377,284
Accumulated Depreciation	(1,785,832)	(173,982)	-	(1,959,814)
Property and Equipment, Net	$ 1,594,830	$ (161,532)	$ (15,828)	$ 1,417,470

The depreciation expense for September 30, 2015 and 2014 was $173,982 and $171,727, respectively.

NOTE 4 – LINE OF CREDIT

In July 2014, Radio Bilingüe, Inc. entered into an agreement with a Private Foundation for access to a revolving line of credit. The balance on the account shall not at any time exceed the greater of: (a) $250,000 or (b) the amount supported by the current Grant Receivables, as determined by the Foundation in its sole discretion. Radio Bilingüe's right to withdraw funds from the account is subject to the satisfaction of various conditions, unless waived in writing by the Foundation in its sole and absolute discretion. A "Request for Withdrawal and Draw Package" must be completed including copies of current Grant Receivables which support the withdrawal and the proceeds of which shall be the source of repayment of such withdrawal. Radio Bilingüe shall replenish to the account funds received from proceeds from Grant Receivables from the various sources of such grants within ten days. There was no outstanding balance at September 30, 2015. The credit line is for operational purposes. The agreement is subject to renewal on August 23, 2016.

NOTE 5 – CONTINGENCIES

Continued program funding is contingent upon the availability of funds from federal, State and local funding sources and project performance. Periodic audits may be performed by granting agencies and certain costs may be questioned as not being reimbursable under the terms of the contract. Such audits could lead to reimbursement to the granting agency. Until such audits have been completed, there exists a contingency to refund any amount received in excess of allowable costs.

NOTE 6 – UNCERTAIN TAX POSITIONS

Radio Bilingüe, Inc. has qualified as a non-profit organization and has been granted tax-exempt status pursuant to Internal Revenue Code Section 501 (c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes.

Generally accepted accounting principles provide accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 21, 2016, noting no matters requiring disclosure in the financial statements for the year ended September 30, 2015.

PRICE PAIGE & COMPANY
Accountancy Corporation
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Radio Bilingüe, Inc.
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Radio Bilingüe, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Paige & Company

Clovis, California
March 21, 2016