

RADIO BILINGÜE, INC.
FRESNO, CALIFORNIA

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2017 AND 2016**

RADIO BILINGÜE, INC.
FRESNO, CALIFORNIA

SEPTEMBER 30, 2017 AND 2016

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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, 2017 and 2016, 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.

677 Scott Avenue
Clovis, CA 93612

tel 559.299.9540

fax 559.299.2344

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, 2017 and 2016, 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 January 24, 2018, 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 Pange & Company

Clovis, California
January 24, 2018

RADIO BILINGÜE, INC.
FRESNO, CALIFORNIA

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash and Equivalents	\$ 1,072,939	\$ 668,621
Accounts Receivable	7,817	11,598
Prepaid Expenses	26,523	31,282
Other Assets	6,840	6,840
Grants Receivable (Note 2)	58,221	215,663
Property and Equipment, Net of Accumulated Depreciation (Notes 1 and 3)	<u>1,246,497</u>	<u>1,369,967</u>
Total Assets	<u>\$ 2,418,837</u>	<u>\$ 2,303,971</u>

Liabilities and Net Assets

Liabilities

Accounts Payable	\$ 54,302	\$ 44,384
Accrued Expenses	60,905	66,860
Other Liabilities	2,101	3,690
Unearned Revenue (Notes 1 and 2)	<u>720,518</u>	<u>579,566</u>
Total Liabilities	<u>837,826</u>	<u>694,500</u>

Net Assets

Unrestricted	<u>1,581,011</u>	<u>1,609,471</u>
Total Net Assets	<u>1,581,011</u>	<u>1,609,471</u>
Total Liabilities and Net Assets	<u>\$ 2,418,837</u>	<u>\$ 2,303,971</u>

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Grant Revenue:		
CPB	\$ 234,399	\$ 231,096
Foundation	1,282,492	1,202,409
Local/Other	297,282	389,905
In-Kind Contributions	338,449	302,171
Fundraising	25,335	26,154
Contributions	10,401	4,391
Other Revenue	<u>18,702</u>	<u>6,941</u>
 Total Revenue	 <u>2,207,060</u>	 <u>2,163,067</u>
 <u>Expenditures</u>		
Program Services:		
Programming and Production	958,016	1,038,252
Broadcast	816,131	742,104
Fundraising:		
Grants and Underwriting	207,200	239,882
Management and General:		
Grants Administration	53,956	53,972
Management and General	<u>200,217</u>	<u>194,231</u>
 Total Expenditures	 <u>2,235,520</u>	 <u>2,268,441</u>
 Changes in Net Assets	 (28,460)	 (105,374)
 Net Assets, Beginning of Year	 <u>1,609,471</u>	 <u>1,714,845</u>
 Net Assets, End of Year	 <u>\$ 1,581,011</u>	 <u>\$ 1,609,471</u>

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, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ (28,460)	\$ (105,374)
Adjustments to Reconcile Net Assets to Net		
Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	176,889	170,428
(Increase) Decrease in Grant Receivable	157,442	96,972
(Increase) Decrease in Accounts Receivable	3,781	9,776
(Increase) Decrease in Prepaid Expenses	4,759	13,525
(Increase) Decrease in Other Assets	-	983
Increase (Decrease) in Accounts Payable	9,919	(6,249)
Increase (Decrease) in Other Liabilities	(1,589)	1,226
Increase (Decrease) in Accrued Liabilities	(5,954)	4,916
Increase (Decrease) in Unearned Revenue	140,952	(39,663)
Net Cash Provided by (Used in) Operating Activities	457,738	146,540
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(53,419)	(122,925)
Net Cash Provided by (Used in) Investing Activities	(53,419)	(122,925)
Increase (Decrease) in Cash	404,319	23,615
Cash and Equivalents, Beginning of Year	668,621	645,006
Cash and Equivalents, End of Year	\$ 1,072,941	\$ 668,621

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, 2017

	<u>Program Services</u>		<u>Fundraising</u>	<u>Management and General</u>		
	<u>Programming and Production</u>	<u>Broadcast</u>	<u>Grants and Underwriting</u>	<u>Grants Administration</u>	<u>Management and General</u>	<u>Totals</u>
<u>Operating Expenses</u>						
Salaries and Fringe Benefits	\$ 537,670	\$ 74,360	\$ 151,209	\$ 48,036	\$ 145,431	\$ 956,706
Professional Fees	75,357	10,201	30,244	-	20,150	135,952
Consumable Supplies	1,481	51	402	-	1,117	3,051
Telephone	45,228	16,738	9,384	3,109	10,254	84,713
Postage and Shipping	2,236	1,195	17	-	1,700	5,148
Rent	35,168	125,018	-	-	1,566	161,752
Buildings and Grounds	10,462	3,197	907	170	649	15,385
Utilities	10,612	77,597	2,858	1,043	3,153	95,263
Insurance	18,614	2,290	5,152	1,431	10,200	37,687
Equipment Rental and Maintenance	4,229	12,999	349	92	819	18,488
Depreciation	9,125	167,764	-	-	-	176,889
Printing and Publications	688	-	992	-	-	1,680
Conferences and Meetings	-	-	130	-	22	152
Travel	16,403	12,928	5,313	66	742	35,452
Production Expenses:						
Production Supplies	156	-	-	-	-	156
Satellite	-	33,480	-	-	-	33,480
Acquisitions and Distributions	64,682	-	148	-	-	64,830
Advertising and Marketing	5,350	-	-	-	-	5,350
Membership and Dues	275	-	-	-	-	275
Interest and Miscellaneous	26,111	2,376	95	9	4,414	33,005
Equipment	6,965	24,692	-	-	-	31,657
Subtotal	<u>870,812</u>	<u>564,886</u>	<u>207,200</u>	<u>53,956</u>	<u>200,217</u>	<u>1,897,071</u>
<u>In-Kind Expenses</u>						
Volunteer Services	87,204	-	-	-	-	87,204
All Other Services	-	251,245	-	-	-	251,245
Subtotal	<u>87,204</u>	<u>251,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,449</u>
Total Expenses	<u>\$ 958,016</u>	<u>\$ 816,131</u>	<u>\$ 207,200</u>	<u>\$ 53,956</u>	<u>\$ 200,217</u>	<u>\$ 2,235,520</u>

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, 2016

	<u>Program Services</u>		<u>Fundraising</u>	<u>Management and General</u>		
	<u>Programming and Production</u>	<u>Broadcast</u>	<u>Grants and Underwriting</u>	<u>Grants Administration</u>	<u>Management and General</u>	<u>Totals</u>
<u>Operating Expenses</u>						
Salaries and Fringe Benefits	\$ 552,638	\$ 76,151	\$ 192,274	\$ 47,726	\$ 146,362	\$ 1,015,151
Professional Fees	123,385	15,035	5,100	-	12,870	156,390
Consumable Supplies	2,139	-	526	-	1,257	3,922
Telephone	50,226	15,652	9,202	2,982	11,021	89,083
Postage and Shipping	644	1,757	2,186	10	2,131	6,728
Rent	58,089	94,219	-	-	1,520	153,828
Buildings and Grounds	14,508	795	966	258	940	17,467
Utilities	10,968	79,225	3,320	807	3,118	97,438
Insurance	21,028	2,651	5,965	1,657	9,728	41,029
Equipment Rental and Maintenance	5,375	14,840	360	111	818	21,504
Depreciation	7,942	162,486	-	-	-	170,428
Printing and Publications	334	-	138	-	-	472
Conferences and Meetings	22	-	-	-	-	22
Travel	4,989	10,393	3,636	421	706	20,145
Production Expenses:						
Production Supplies	473	-	-	-	-	473
Satellite	-	32,220	-	-	-	32,220
Acquisitions and Distributions	62,500	-	-	-	-	62,500
Advertising and Marketing	3,394	-	2,866	-	-	6,260
Membership and Dues	275	-	9,570	-	20	9,865
Interest and Miscellaneous	27,333	6,727	3,773	-	3,740	41,573
Equipment	10,194	9,578	-	-	-	19,772
Subtotal	<u>956,456</u>	<u>521,729</u>	<u>239,882</u>	<u>53,972</u>	<u>194,231</u>	<u>1,966,270</u>
<u>In-Kind Expenses</u>						
Volunteer Services	81,796	-	-	-	-	81,796
All Other Services	-	220,375	-	-	-	220,375
Subtotal	<u>81,796</u>	<u>220,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,171</u>
Total Expenses	<u>\$ 1,038,252</u>	<u>\$ 742,104</u>	<u>\$ 239,882</u>	<u>\$ 53,972</u>	<u>\$ 194,231</u>	<u>\$ 2,268,441</u>

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

RADIO BILINGÜE, INC.
Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Radio Bilingüe, Inc. (the Organization), is a nonprofit California public media corporation which operates noncommercial FM public radio stations: KSJV in Fresno, CA; KMPO in Modesto, CA; KTQX in Bakersfield, CA; KHDC in Salinas, CA; KUBO in El Centro, CA; KVUH in Laytonville, CA; KREE in Douglas, AZ; KVMG in Raton, NM; KYOL in Chama, NM; KQTO in Hurley, NM; KHUI in Alamosa, CO; and KRZU in Batesville, TX. It also operates noncommercial FM public radio station translators: K233AV in Paso Robles, CA; K246BO in Paso Robles, CA; K281BR in Hollister, CA; K225BQ in Santa Margarita, CA; K258CK in Barstow, CA; K264BQ in Palmdale, CA; K254CA in Guadalupe, CA; K266BX in Cactus City, CA; K229CN in Tassajara, CA; and K224EV in Ligurta, AZ. It produces 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 noncompliance 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, 2017 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 \$338,449 and \$302,171 for the years ended September 30, 2017 and 2016, 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. Advertising costs were \$5,350 and \$6,260 for the years ended September 30, 2017 and 2016, respectively.

RADIO BILINGÜE, INC.
Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

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 the years ended September 30, 2017 and 2016.

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 \$826,539 and \$427,794 as of September 30, 2017 and 2016, 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.

RADIO BILINGÜE, INC.
Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

NOTE 2 – GRANTS RECEIVABLE/UNEARNED REVENUE

At September 30, 2017 and 2016, net accounts receivable and unearned revenue from grants and contracts were comprised of the following:

<u>Source</u>	<u>2017</u>		<u>2016</u>	
	<u>Receivable</u>	<u>Unearned</u>	<u>Receivable</u>	<u>Unearned</u>
<u>Federal Government</u>				
NEA	\$ -	\$ -	\$ 15,171	\$ -
Subtotal	-	-	15,171	-
<u>State Government</u>				
Agricultural Labor Relations Board	6,350	-	-	-
MOB Media-Cal Osha Heat Illness Prevention	11,520	-	24,960	-
Cultiva la Salud	1,160	-	232	9,000
The EGC Group-Site for Sore Eyes	-	-	450	-
Imprenta Communications	-	-	-	22,950
First 5 California Fraser	7,470	-	40,350	-
Subtotal	26,500	-	65,992	31,950
<u>Local Government</u>				
Imperial Co. Behavioral Health Services	4,500	-	6,500	-
Subtotal	4,500	-	6,500	-

RADIO BILINGÜE, INC.
Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

NOTE 2 – GRANTS RECEIVABLE/UNEARNED REVENUE (Continued)

<u>Source</u>	2017		2016	
	Receivable	Unearned	Receivable	Unearned
<u>Foundations</u>				
The James Irvine Foundation	-	144,437	-	-
Irvine News Signals	-	2,500	-	-
Packard Foundation	-	70,231	-	-
California Rural Legal Assistance - Lending	4,221	-	-	-
California Rural Legal Assistance - Fair Housing	2,500	-	-	-
Hellman Family Fund	-	15,000	-	-
La Cooperativa Campesina AM	10,000	-	7,500	-
La Cooperativa Campesina PM	7,500	-	-	-
Marquerite Casey Foundation	-	-	112,500	-
Marquerite Casey Foundation - Equal Voice for Network Weaver	-	101,290	-	59,957
Boys and Girls Club	-	2,200	-	-
TCE: Youth	-	-	-	201,240
TCE: Health 4 All	-	-	-	37,088
W. K. Kellogg Foundation	-	100,000	-	100,000
TCE: Drought	-	-	-	41,100
TCE: Expansion	-	18,675	-	-
TCE: Community Health	-	128,777	-	-
The San Francisco Foundation	-	-	-	8,200
The Sierra Health Foundation	-	17,500	-	17,500
Haas Jr	-	50,000	-	-
California Health Care Foundation	-	15,741	-	-
Werner Kohnstamm Family Fund	-	4,167	-	-
CETF	-	25,000	7,500	-
CETF - Mini Grant	-	-	-	25,000
CETF - Broadband	-	25,000	-	25,000
CETF - Digital Inclusion	-	-	-	25,000
CAC	-	-	-	7,531
Subtotal	<u>24,221</u>	<u>720,518</u>	<u>127,500</u>	<u>547,616</u>
<u>Business and Corporate</u>				
The Rios Company	-	-	500	-
Valley CAN - Porterville	1,000	-	-	-
Valley CAN - Lemoore	1,000	-	-	-
Valley CAN - Tulare	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>3,000</u>	<u>-</u>	<u>500</u>	<u>-</u>
Total	<u>\$ 58,221</u>	<u>\$ 720,518</u>	<u>\$ 215,663</u>	<u>\$ 579,566</u>

RADIO BILINGÜE, INC.
Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

NOTE 3 – PROPERTY AND EQUIPMENT

	Beginning Balances 10/01/16	Additions	Deletions	Ending Balances 9/30/17
Land	\$ 88,033	\$ -	\$ -	\$ 88,033
Building and Improvements	277,344	-	-	277,344
Broadcasting Equipment	2,997,644	153,241	-	3,150,885
Furniture and Equipment	20,763	-	-	20,763
Construction in Progress	116,425	53,419	(153,241)	16,603
Total	3,500,209	206,660	(153,241)	3,553,628
Accumulated Depreciation	(2,130,242)	(176,889)	-	(2,307,131)
Property and Equipment, Net	<u>\$ 1,369,967</u>	<u>\$ 29,771</u>	<u>\$ (153,241)</u>	<u>\$ 1,246,497</u>

The depreciation expense for the years ended September 30, 2017 and 2016 was \$176,889 and \$170,428, 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, 2017. The credit line is for operational purposes. The agreement is subject to renewal on August 23, 2018.

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.

RADIO BILINGÜE, INC.
Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

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 January 24, 2018, noting no matters requiring disclosure in the financial statements for the year ended September 30, 2017.

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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, 2017, 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 January 24, 2018.

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.

677 Scott Avenue
Clovis, CA 93612

tel 559.299.9540

fax 559.299.2344

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 Pange & Company

Clovis, California
January 24, 2018