

RADIO BILINGUE, INC.

Fresno, California

FINANCIAL STATEMENTS

**For the Years Ending
September 30, 2010 and 2009**

RADIO BILINGUE, INC.
Fresno, California

September 30, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Radio Bilingue, Inc.
Fresno, California

We have audited the accompanying statements of financial position of Radio Bilingue, Inc., as of September 30, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit 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 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 statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Radio Bilingue, Inc. as of September 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2011, on our consideration of Radio Bilingue, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Price Paige & Company

Clovis, California
February 28, 2011

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RADIO BILINGUE, INC.
Fresno, California

STATEMENTS OF FINANCIAL POSITION
September 30, 2010 and 2009

Assets

	<u>2010</u>	<u>2009</u>
Cash and Equivalents	\$ 269,640	\$ 836,511
Accounts Receivable	41,065	28,477
Prepaid Expenses	43,057	31,950
Other Assets	21,290	10,261
Grants Receivable (Note 2)	673,906	394,093
Property and Equipment, Net of Accumulated Depreciation (Notes 1 and 3)	<u>1,229,497</u>	<u>1,144,009</u>
 Total Assets	 <u>\$ 2,278,455</u>	 <u>\$ 2,445,301</u>

Liabilities and Net Assets

Liabilities

Accounts Payable	\$ 151,697	\$ 85,152
Accrued Expenses	69,466	67,020
Other Liabilities	7,108	14,784
Unearned Revenue (Notes 1 and 2)	<u>366,952</u>	<u>1,053,825</u>
 Total Liabilities	 <u>595,223</u>	 <u>1,220,781</u>

Net Assets

Unrestricted	<u>1,683,232</u>	<u>1,224,520</u>
 Total Net Assets	 <u>1,683,232</u>	 <u>1,224,520</u>
 Total Liabilities and Net Assets	 <u>\$ 2,278,455</u>	 <u>\$ 2,445,301</u>

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

RADIO BILINGUE, INC.

Fresno, California

STATEMENTS OF ACTIVITIES

For the Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Revenue</u>		
Grant Revenue:		
Federal	\$ 453,154	\$ 179,404
CPB	2,638,786	1,163,070
Foundation	1,175,715	1,441,363
Local/Other	235,888	255,990
In-Kind Contributions	402,495	356,830
Fundraising	28,190	192,786
Underwriting	-	32,125
Contributions	4,553	3,934
Other Revenue	<u>7,779</u>	<u>9,245</u>
Total Revenue	4,946,560	3,634,747
 <u>Expenditures</u>		
Programming and Production	1,533,523	1,789,521
Broadcast	662,514	565,277
Grants Administration	58,560	59,182
Grants and Underwriting	239,638	279,612
LA Public Media Service	1,727,984	215,396
Management and General	240,002	212,726
Fundraising	<u>25,627</u>	<u>306,883</u>
Total Expenditures	<u>4,487,848</u>	<u>3,428,597</u>
Change in Net Assets	458,712	206,150
Net Assets, Beginning of Year	<u>1,224,520</u>	<u>1,018,370</u>
Net Assets, End of Year	<u>\$ 1,683,232</u>	<u>\$ 1,224,520</u>

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

RADIO BILINGUE, INC.

Fresno, California

STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 458,712	\$ 206,150
Adjustments to Reconcile Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	75,975	76,278
(Increase) Decrease in Grant Receivable	(279,813)	(164,196)
(Increase) Decrease in Accounts Receivable	(12,588)	33,030
(Increase) Decrease in Prepaid Expenses	(11,107)	48,459
(Increase) Decrease in Other Assets	(11,029)	(3,348)
Increase (Decrease) in Accounts Payable	66,545	15,067
Increase (Decrease) in Other Liabilities	(7,676)	3,836
Increase (Decrease) in Accrued Liabilities	2,446	9,147
Increase (Decrease) in Unearned Revenue	<u>(686,873)</u>	<u>330,117</u>
Net Cash Provided by (Used in) Operating Activities	<u>(405,408)</u>	<u>554,540</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	<u>(161,463)</u>	<u>(183,410)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(161,463)</u>	<u>(183,410)</u>
Increase (Decrease) in Cash	(566,871)	371,130
Cash and Equivalents, Beginning of Year	<u>836,511</u>	<u>465,381</u>
Cash and Equivalents, End of Year	<u>\$ 269,640</u>	<u>\$ 836,511</u>
 <u>Supplemental Cash Flow Information</u>		
Cash paid during the period for interest	<u>\$ 909</u>	<u>\$ 121</u>

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

RADIO BILINGUE, INC.
Fresno, California

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2010

	LA Public Media Service	Programming and Production	Broadcast	Grant Administration	Grants and Underwriting	Management and General	Fundraising	Totals
<u>Operating Expenses</u>								
Salaries and Fringe Benefits	\$ 803,268	\$ 859,540	\$ 78,633	\$ 48,595	\$ 169,739	\$ 163,152	\$ 15,409	\$ 2,138,336
Professional Fees	637,136	164,023	7,271	125	10,933	26,604	-	846,092
Consumable Supplies	6,915	4,569	256	561	3,122	1,242	-	16,665
Telephone	10,260	88,439	8,549	4,549	12,819	11,018	871	136,505
Postage and Shipping	3,854	3,963	2,681	76	5,441	913	577	17,505
Rent	45,638	41,589	41,743	-	5,477	15,209	-	149,656
Buildings and Grounds	26,981	11,763	1,042	292	1,192	747	-	42,017
Utilities	919	14,245	46,148	1,055	2,490	3,819	-	68,676
Insurance	2,406	27,999	2,135	1,785	8,547	4,655	-	47,527
Equipment Rental and Maintenance	373	6,599	29,573	139	1,245	132	-	38,061
Depreciation	1,235	4,337	68,089	294	882	1,138	-	75,975
Printing and Publications	325	436	55	55	109	87	-	1,067
Conferences and Meetings	10,580	4,017	-	-	1,125	1,100	-	16,822
Travel	82,985	53,359	14,319	372	4,061	6,196	35	161,327
Production Expenses:								
Production Supplies	32,817	1,657	-	-	856	-	-	35,330
Satellite	-	-	30,000	-	-	-	-	30,000
Acquisitions and Distributions	256	110,603	-	-	-	-	-	110,859
Advertising and Marketing	37,075	35,622	18	-	392	39	-	73,146
Fundraising and Events	28	-	-	-	-	-	8,735	8,763
Membership and Dues	1,276	2,466	4,000	-	-	2,516	-	10,258
Interest and Miscellaneous	5,742	2,775	4,829	42	9,786	71	-	23,245
Equipment	17,915	11,282	4,918	620	1,422	1,364	-	37,521
Subtotal	<u>1,727,984</u>	<u>1,449,283</u>	<u>344,259</u>	<u>58,560</u>	<u>239,638</u>	<u>240,002</u>	<u>25,627</u>	<u>4,085,353</u>
<u>In-Kind Expenses</u>								
Volunteer Services	-	84,240	-	-	-	-	-	84,240
All Other Services	-	-	314,955	-	-	-	-	314,955
Property/Space	-	-	3,300	-	-	-	-	3,300
Subtotal	<u>-</u>	<u>84,240</u>	<u>318,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,495</u>
Total Expenses	<u>\$ 1,727,984</u>	<u>\$ 1,533,523</u>	<u>\$ 662,514</u>	<u>\$ 58,560</u>	<u>\$ 239,638</u>	<u>\$ 240,002</u>	<u>\$ 25,627</u>	<u>\$ 4,487,848</u>

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

RADIO BILINGUE, INC.
Fresno, California

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2009

	LA Public Media Service	Programming and Production	Broadcast	Grant Administration	Grants and Underwriting	Management and General	Fundraising	Totals
<u>Operating Expenses</u>								
Salaries and Fringe Benefits	\$ 145,186	\$ 874,532	\$ 74,279	\$ 48,037	\$ 161,202	\$ 137,887	\$ 58,320	\$ 1,499,443
Professional Fees	24,427	420,603	5,294	-	39,410	13,206	-	502,940
Consumable Supplies	1,199	4,728	3,870	984	361	5,979	693	17,814
Telephone	2,659	76,506	8,312	5,323	12,319	14,095	-	119,214
Postage and Shipping	482	3,146	1,321	390	912	4,474	514	11,239
Rent	1,496	35,137	36,781	-	24,848	3,606	-	101,868
Buildings and Grounds	4,676	13,903	4,145	324	3,985	2,154	-	29,187
Utilities	649	14,307	45,298	1,142	4,764	2,611	-	68,771
Insurance	1,697	26,861	2,149	2,149	3,316	12,034	-	48,206
Equipment Rental and Maintenance	263	10,630	14,434	222	274	1,235	355	27,413
Depreciation	182	4,250	69,834	411	777	823	-	76,277
Printing and Publications	25	436	55	200	99	109	-	924
Conferences and Meetings	3,615	11,038	-	-	961	432	-	16,046
Travel	17,840	47,206	6,913	-	6,809	2,548	-	81,316
Production Expenses:								
Production Supplies	180	2,347	-	-	54	-	-	2,581
Satellite	-	-	30,000	-	-	-	-	30,000
Acquisitions and Distributions	-	101,589	-	-	-	-	-	101,589
Advertising and Marketing	120	36,677	-	-	608	507	615	38,527
Fundraising and Events	20	-	-	-	-	-	246,386	246,406
Membership and Dues	290	855	3,600	-	3,446	-	-	8,191
Interest and Miscellaneous	1,740	10,769	52	-	-	8,399	-	20,960
Equipment	8,650	9,761	-	-	1,817	2,627	-	22,855
Subtotal	<u>215,396</u>	<u>1,705,281</u>	<u>306,337</u>	<u>59,182</u>	<u>265,962</u>	<u>212,726</u>	<u>306,883</u>	<u>3,071,767</u>
<u>In-Kind Expenses</u>								
Volunteer Services	-	84,240	-	-	-	-	-	84,240
All Other Services	-	-	255,640	-	13,650	-	-	269,290
Property/Space	-	-	3,300	-	-	-	-	3,300
Subtotal	<u>-</u>	<u>84,240</u>	<u>258,940</u>	<u>-</u>	<u>13,650</u>	<u>-</u>	<u>-</u>	<u>356,830</u>
Total Expenses	<u>\$ 215,396</u>	<u>\$ 1,789,521</u>	<u>\$ 565,277</u>	<u>\$ 59,182</u>	<u>\$ 279,612</u>	<u>\$ 212,726</u>	<u>\$ 306,883</u>	<u>\$ 3,428,597</u>

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

RADIO BILINGUE, INC.
Fresno, California

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Radio Bilingue, Inc. is a nonprofit California corporation which operates noncommercial public radio stations (KSJV-FM in Fresno, KMPO-FM in Modesto, KTQX-FM in Bakersfield, KUBO in El Centro, and KHDC in Salinas).

Basis of Accounting

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

Revenue

Radio Bilingue, Inc. receives substantially all of its grant and contract revenue from the Corporation for Public Broadcasting, Foundations, Federal, State, and other governmental agencies. Radio Bilingue, 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 Bilingue, Inc. with the terms of the grants/contracts.

Unearned Revenue

Radio Bilingue, 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, 2010, 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 Bilingue, 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 \$402,495 and \$356,830 for the years ended September 30, 2010 and 2009, 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.

RADIO BILINGUE, INC.
Fresno, California

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plan

Radio Bilingue, Inc. has a salary reduction plan (401k) 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 Bilingue, 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 Bilingue, 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 2010 and 2009.

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 a checking account at Wells Fargo Bank and a money market account, with a maturity of three months or less, held at The Vanguard Group.

Concentration of Credit Risk

Radio Bilingue, Inc. maintains bank accounts at Central Valley Community Bank, Wells Fargo Bank and Chase Bank. Accounts at these banks are insured by the Federal Deposit Insurance Corporation (FDIC).

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 BILINGUE, INC.
Fresno, California

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010 and 2009

NOTE 2 – GRANTS RECEIVABLE/UNEARNED REVENUE

At September 30, 2010 and 2009, net accounts receivable and unearned revenue from grants and contracts were comprised of the following:

<u>Source</u>	2010		2009	
	Receivable	Unearned	Receivable	Unearned
<u>Federal Government</u>				
NEA	\$ 56,000	\$ -	\$ 86,241	\$ -
NTIA - CETP	45,406	-	-	-
NTIA - PTFP	-	16,958	-	17,182
Subtotal	<u>101,406</u>	<u>16,958</u>	<u>86,241</u>	<u>17,182</u>
<u>State Government</u>				
First 5 Monterey County	-	-	10,972	-
First 5 Santa Barbara	8,350	-	-	-
First 5 California Fraser	6,300	-	-	-
California Office of Binational Border Health: Diabetes	-	-	4,000	-
Runyon: SNAP - 9/09	-	-	7,324	-
Subtotal	<u>14,650</u>	<u>-</u>	<u>22,296</u>	<u>-</u>
<u>Local Government</u>				
Valley Air District	1,034	-	-	-
UCB Labor Health Occupational Program	8,200	-	-	-
Imperial Co. Behavioral Health Services	8,000	-	7,250	-
Monterey County Health Department	750	-	-	3,500
Subtotal	<u>17,984</u>	<u>-</u>	<u>7,250</u>	<u>3,500</u>
<u>Community Based Organizations</u>				
KQED	-	-	1,400	-
Subtotal	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>-</u>
<u>Corporation for Public Broadcasting</u>				
CPB - Digital Conversion KVUH	-	-	-	17,800
CPB - LA Project	174,536	-	-	384,605
CPB - Los Angeles Latino Service	-	-	50,262	-
CPB - Mortgage Crisis	-	-	1,915	-
CPB - Economy	306,130	-	29,441	-
CPB - Noticiero Latino	35,294	-	149,688	-
Subtotal	<u>515,960</u>	<u>-</u>	<u>231,306</u>	<u>402,405</u>

RADIO BILINGUE, INC.
Fresno, California

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010 and 2009

NOTE 2 – GRANTS RECEIVABLE/UNEARNED REVENUE (Continued)

<u>Source</u>	2010		2009	
	Receivable	Unearned	Receivable	Unearned
<u>Foundations</u>				
James Irvine - Raices II	\$ -	\$ 33,211	\$ -	\$ 13,426
Irvine Foundation	-	35,990	-	-
The James Irvine Foundation	-	75,000	-	-
Irvine Foundation - Civic Engagement	-	-	-	80,322
Susan Komen Foundation	-	22,500	-	-
California Endowment	-	12,675	-	124,587
California Endowment - Health Reform	6,000	-	-	-
Fresno Regional Foundation	-	11,450	-	-
California Rural Legal Assistance	-	2,700	-	-
California Rural Legal Assistance - Proyecto Poderoso	6,100	-	-	-
California Wellness Foundation	-	55,950	-	129,500
Hewlett Foundation	-	-	-	39,125
Nathan Cummings Foundation	-	45,725	-	75,000
Border Environment Corp. Commision	-	1,960	-	-
Haas, Jr. Fund	-	4,000	45,600	-
Ford Census	10,006	-	-	55,350
Marquerite Casey Foundation	-	45,833	-	95,833
Subtotal	<u>22,106</u>	<u>346,994</u>	<u>45,600</u>	<u>613,143</u>
<u>Business and Corporate</u>				
Engine Company 1, LLC	1,800	-	-	-
Pacific Gas & Electric	-	-	-	900
Full Stream	-	-	-	595
Target	-	3,000	-	3,000
FHL Bank of San Francisco	-	-	-	13,100
Subtotal	<u>1,800</u>	<u>3,000</u>	<u>-</u>	<u>17,595</u>
Total	<u>\$ 673,906</u>	<u>\$ 366,952</u>	<u>\$ 394,093</u>	<u>\$ 1,053,825</u>

RADIO BILINGUE, INC.
Fresno, California

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010 and 2009

NOTE 3 – PROPERTY AND EQUIPMENT

	Beginning Balances 10/01/09	Additions	Deletions	Ending Balances 9/30/10
Land	\$ 88,033	\$ -	\$ -	\$ 88,033
Building and Improvements	453,890	-	-	453,890
Broadcasting Equipment	1,626,531	170,153	-	1,796,684
Furniture and Equipment	20,764	-	-	20,764
Construction In Progress	<u>172,851</u>	<u>-</u>	<u>(8,690)</u>	<u>164,161</u>
Total	2,362,069	170,153	(8,690)	2,523,532
Accumulated Depreciation	<u>(1,218,060)</u>	<u>(75,975)</u>	<u>-</u>	<u>(1,294,035)</u>
Net Assets	<u>\$ 1,144,009</u>	<u>\$ 94,178</u>	<u>\$ (8,690)</u>	<u>\$ 1,229,497</u>

NOTE 4 – 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 5 – UNCERTAIN TAX POSITIONS

During the year ended September 30, 2009, Radio Bilingue, Inc. adopted and implemented the provisions of FASB ASC 740-10 (formerly FIN 48). FASB ASC 740-10 requires organizations to determine and assess all material tax positions taken in any income or information returns, including all significant uncertain positions, in all tax years that are still subject to assessment or challenge by relevant taxing authorities. FASB ASC 740-10 addresses the recognition and measurement of income tax positions using a “more-likely-than-not” (MLTN) threshold. The MLTN threshold means that:

- A benefit related to an uncertain tax position may not be recognized in the financial statements unless it is MLTN that the position will be sustained based on its technical merits; and
- There must be more than a 50 percent likelihood that the position would be sustained if challenged and considered by the highest court in the relevant jurisdiction.

Management evaluated all material tax positions as required by FASB ASC 740-10 and determined that this requirement had no impact on the Organization’s financial statements.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 28, 2011, the date the financial statements were available to be issued, noting no matters requiring disclosure in the financial statements for the year ended September 30, 2010.

RADIO BILINGUE, INC.

Fresno, California

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010 and 2009

NOTE 7 – LOS ANGELES PUBLIC MEDIA SERVICE

Radio Bilingue, Inc. was awarded two related grants from the Corporation for Public Broadcasting to create a new public media service in Los Angeles, California. The “Phase I” grant award, for the period of October 2008 through May 2009, for \$350k, was for the planning and creation of the blueprint for the public media service. The “Phase II” grant award, for the period of June 2009 through November 2011, for \$2.45m, is for the piloting and development of programming for the new service. This service will target an English-speaking, younger, and ethnically diverse audience. Radio Bilingue, Inc. intends to set up a separate 501(c)(3) exempt organization to carry out this function.

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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 Bilingue, Inc.
Fresno, California

We have audited the compliance of Radio Bilingue, Inc., as of and for the year ended September 30, 2010, and have issued our report thereon dated February 28, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Radio Bilingue, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 Radio Bilingue, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Radio Bilingue, Inc.'s internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Radio Bilingue, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of, management, the audit committee, the Board of Directors, and awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Price Pange & Company

Clovis, California
February 28, 2011

RADIO BILINGUE, INC.
Fresno, California

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2010

A. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not
considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial
statements noted? _____ Yes X No

B. Financial Statement Findings

None