

**THE NATHAN B. STUBBLEFIELD
FOUNDATION, INC.**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
TABLE OF CONTENTS
SEPTEMBER 30, 2017 AND 2016

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 – 5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 16
Supplemental Information	
Statements of Functional Expenses (Exhibits I and II)	17 – 18

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Nathan B. Stubblefield Foundation, Inc.:

We have audited the accompanying financial statements of The Nathan B. Stubblefield Foundation, Inc., which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities 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.

Auditors' 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. 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.

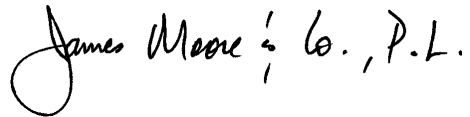
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Nathan B. Stubblefield Foundation, 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 Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses are presented for purposes of additional analysis and are 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.

James Moore & Co., P.L.

Gainesville, Florida
February 13, 2018

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 836,930	\$ 554,438
Certificate of deposit	10,069	10,064
Investments	219,519	309,701
Underwriting receivables	9,311	8,083
Grant receivable	13,969	20,864
Prepaid expenses and deposits	24,243	38,243
Total current assets	1,114,041	941,393
Property and equipment, net	1,872,343	1,927,535
Total Assets	\$ 2,986,384	\$ 2,868,928
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities		
Accounts payable and accrued expenses	\$ 21,353	\$ 19,524
Current portion of long-term debt	40,567	34,530
Deferred revenue	2,736	7,634
Current portion of compensated absences	37,685	21,788
Total current liabilities	102,341	83,476
Noncurrent liabilities		
Long-term debt, less current portion	314,461	412,513
Noncurrent portion of compensated absences	78,705	82,353
Total noncurrent liabilities	393,166	494,866
Total liabilities	495,507	578,342
Net assets		
Unrestricted	2,463,097	2,257,043
Temporarily restricted	17,780	23,543
Permanently restricted	10,000	10,000
Total net assets	2,490,877	2,290,586
Total Liabilities and Net Assets	\$ 2,986,384	\$ 2,868,928

The accompanying notes to financial statements
are an integral part of these statements.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue				
Contributions	\$ 1,149,491	\$ -	\$ -	\$ 1,149,491
Grants	319,575	-	-	319,575
Cultural performances	138,203	-	-	138,203
Underwriting	148,372	-	-	148,372
Subcarrier and channel revenue	4,800	-	-	4,800
Sales, net of costs of goods sold	6,058	-	-	6,058
Other revenue	4,993	-	-	4,993
Realized and unrealized gain or loss on investment	54,818	-	-	54,818
Interest	1,025	-	-	1,025
Donated services, property and equipment	44,690	-	-	44,690
Net assets released from restrictions:				
Restricted funds expended	5,763	(5,763)	-	-
Total support and revenue	<u>1,877,788</u>	<u>(5,763)</u>	<u>-</u>	<u>1,872,025</u>
Expenses				
Program services				
Programming and production	594,219	-	-	594,219
Broadcasting	216,655	-	-	216,655
Program information	22,967	-	-	22,967
Cultural performances	138,593	-	-	138,593
Total program services	<u>972,434</u>	<u>-</u>	<u>-</u>	<u>972,434</u>
Supporting services				
Fundraising	112,880	-	-	112,880
Management and general	586,420	-	-	586,420
Total supporting services	<u>699,300</u>	<u>-</u>	<u>-</u>	<u>699,300</u>
Total expenses	<u>1,671,734</u>	<u>-</u>	<u>-</u>	<u>1,671,734</u>
Increase (decrease) in net assets	<u>206,054</u>	<u>(5,763)</u>	<u>-</u>	<u>200,291</u>
Net assets, beginning of year	2,257,043	23,543	10,000	2,290,586
Net assets, end of year	<u>\$ 2,463,097</u>	<u>\$ 17,780</u>	<u>\$ 10,000</u>	<u>\$ 2,490,877</u>

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

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue				
Contributions	\$ 1,072,552	\$ 3,410	\$ -	\$ 1,075,962
Grants	271,356	-	-	271,356
Cultural performances	245,470	-	-	245,470
Underwriting	131,494	-	-	131,494
Subcarrier and channel revenue	6,400	-	-	6,400
Sales, net of costs of goods sold	9,228	-	-	9,228
Other revenue	2,643	-	-	2,643
Realized and unrealized gain or loss on investment	53,023	-	-	53,023
Interest	1,000	-	-	1,000
Donated services, property and equipment	53,875	-	-	53,875
Net assets released from restrictions:				
Restricted funds expended	305	(305)	-	-
Total support and revenue	<u>1,847,346</u>	<u>3,105</u>	<u>-</u>	<u>1,850,451</u>
Expenses				
Program services				
Programming and production	616,243	-	-	616,243
Broadcasting	223,775	-	-	223,775
Program information	22,427	-	-	22,427
Cultural performances	256,879	-	-	256,879
Total program services	<u>1,119,324</u>	<u>-</u>	<u>-</u>	<u>1,119,324</u>
Supporting services				
Fundraising	129,731	-	-	129,731
Management and general	552,988	-	-	552,988
Total supporting services	<u>682,719</u>	<u>-</u>	<u>-</u>	<u>682,719</u>
Total expenses	<u>1,802,043</u>	<u>-</u>	<u>-</u>	<u>1,802,043</u>
Increase in net assets	<u>45,303</u>	<u>3,105</u>	<u>-</u>	<u>48,408</u>
Net assets, beginning of year	2,211,740	20,438	10,000	2,242,178
Net assets, end of year	<u>\$ 2,257,043</u>	<u>\$ 23,543</u>	<u>\$ 10,000</u>	<u>\$ 2,290,586</u>

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

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Cash flows from operating activities		
Increase in net assets	\$ 200,291	\$ 48,408
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	137,010	151,495
Loss on disposal of equipment	1,364	-
In-kind revenue (asset received)	-	(4,100)
Unrealized gain on investments	(38,173)	(44,345)
Gain on sale of investments	(12,992)	-
Increase in underwriting receivables	(1,228)	(1,075)
Decrease (increase) in grants receivable	6,895	(20,864)
Decrease (increase) in prepaid expense and deposits	14,000	(15,480)
Increase (decrease) in accounts payable and accrued expenses	1,829	(14,789)
Decrease in deferred revenue	(4,898)	(8,478)
Increase in compensated absences	12,249	20,624
Net cash provided by operating activities	316,347	111,396
Cash flows from investing activities		
Purchases of property and equipment	(83,182)	(52,587)
Proceeds on sale of investments	145,000	-
Dividends earned and reinvested	(3,658)	(8,691)
Net cash provided by (used in) investing activities	58,160	(61,278)
Cash flows from financing activities		
Payments on long-term debt	(92,015)	(34,290)
Net increase in cash and cash equivalents	282,492	15,828
Cash and cash equivalents, beginning of year	554,438	538,610
Cash and cash equivalents, end of year	\$ 836,930	\$ 554,438
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 19,752	\$ 22,478
Supplemental disclosures- noncash investing activities		
Fair market value of services donated for capitalized assets	\$ -	\$ 4,100

The accompanying notes to financial statements
are an integral part of these statements.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(1) **Summary of Significant Accounting Policies:**

(a) **Organization**—The Nathan B. Stubblefield Foundation, Inc. (the “Station”) is a listener-sponsored non-commercial community radio station serving the Tampa Bay area as WMNF. The station provides radio programming and cultural performances for the community. Revenues consist primarily of listener donations, grants, and admission fees to cultural performances.

(b) **Basis of accounting**—The accounts of the Station are maintained in conformity with the principles of accounting of not-for-profit accounting and have been prepared on the accrual basis.

(c) **Basis of presentation**—The Station reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Station and changes therein are classified and reported as follows:

Unrestricted Net Assets—Net assets that are not subject to donor-imposed stipulations. This category includes unrestricted assets and property.

Temporarily Restricted Net Assets—Net assets subject to donor-imposed stipulations that will be met either by actions of the Station and/or the passage of time. This category includes grants received by the Station. As of September 30, 2017 and 2016, temporarily restricted net assets reported by the Station represents funds received for construction of a new tower and purchasing of equipment.

Permanently Restricted Net Assets—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Station. The donors of these assets permit the Station to use the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as a “release of restrictions” in the accompanying statements of activities. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Station reports the support as unrestricted. Equipment acquired with restricted funds cannot be disposed of without permission of the donor or grantor. These assets are not shown as restricted since they are not normally sold.

(d) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include cash and investments with original maturities of three months or less.

(e) **Investments**—Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the accompanying statements of activities. See Note 2 for further information on fair value reporting.

(f) **Underwriting receivables**—Underwriting receivables are stated at the amount management expects to collect from outstanding balances. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest. Based on the Station’s historical information, credit losses, when realized, have not been significant.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Grants receivable**—The Station has grants receivable due from one grantor at September 30, 2017 and 2016. Management has concluded that realization of losses on balances outstanding at year-end will be immaterial to the financial statements.

(h) **Property and equipment**—Property and equipment purchased or acquired with an original cost of \$1,500 or more during and after the year ended September 30, 2015, or with an original cost of \$250 or more within prior years, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets which range from three to thirty years.

(i) **Revenue recognition**—Unrestricted contributions, pledges, and grants are recognized as revenue in the accompanying statements of activities upon receipt. Other unrestricted revenues are recognized as earned either upon receipt or accrual. Expenditures of unrestricted funds are recognized as expenses when expended or upon incurrence of the related liability.

Membership contributions are recognized as revenues in the period they are received.

The Station receives restricted grants where revenue is recognized and billed on a cost-reimbursable basis. Revenue on cost-reimbursable grants is recognized to the extent of costs incurred.

Revenue for program underwriting is recorded on a pro-rata basis for the period covered.

(j) **In-kind contributions**—Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Station reports gifts of equipment, professional services, materials and other nonmonetary contributions as support in the accompanying statements of activities.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

(k) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors and are not shown as assets on the accompanying statements of financial position. Contributions and collected pledges are components of the unrestricted net assets inasmuch as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Corporation for Public Broadcasting Community Service Grants**—The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions mainly pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as increases in unrestricted net assets, provided they are spent in the same fiscal year they are received.

(m) **Cultural performances**—The Station sponsored cultural performances and sold promotional items. The cultural performances are conducted to bring artists and speakers to the area to supplement the programming that is broadcast by the Station and to educate the community. Promotional items that advertise the station are sold to promote the Station and supplement revenues. The revenues and direct costs of these activities are as follows:

	2017		2016	
	Performances	Sales	Performances	Sales
Gross proceeds	\$ 138,203	\$ 7,858	\$ 245,470	\$ 10,789
Direct costs	83,445	1,800	201,552	1,561
Net proceeds	\$ 54,758	\$ 6,058	\$ 43,918	\$ 9,228

(n) **Income taxes**—The Station is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Station has unrelated business income from the sale of advertising and certain products and services. For the years ended September 30, 2017 and 2016, the Station has no taxable income and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. The net operating loss carryforwards, if not utilized, will begin to expire in 2018.

As of September 30, 2017 and 2016, the deferred tax assets consist of net operating loss carryforwards totaling \$80,283. Based on the available objective evidence, including the Station's history of losses, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Station provided for a full valuation allowance against its net deferred tax assets at September 30, 2017 and 2016, and the net deferred tax assets at September 30, 2017 and 2016, were zero.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(1) **Summary of Significant Accounting Policies:** (Continued)

The Station files tax returns in the U.S. Federal and State jurisdictions. The Station's tax returns for the past three years are subject to examination by tax authorities and may change upon examination. The Station has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Station.

(o) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic basis.

(p) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, results could differ from those estimates.

(q) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended September 30, 2017 and 2016 was \$6,687 and \$22,790, respectively.

(r) **Subsequent events**—The Station has evaluated events and transactions through February 13, 2018, the date the financial statements were available to be issued.

(s) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended September 30, 2017. The Station has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Station's reported financial position or operations in the near term.

In May 2014, the FASB issued Accounting Standards Update 2014-09: *Revenue from Contracts with Customers*, to clarify the principles used to recognize revenue for all entities. The new standard (as amended) is effective for fiscal years beginning after December 15, 2018 and may be adopted early. The Station is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In February 2016, the FASB issued Accounting Standards Update 2016-02: *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2019 and may be adopted early. The Station is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(1) **Summary of Significant Accounting Policies:** (Continued)

In August 2016, the FASB issued Accounting Standards Update 2016-14: *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, to make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities, including net asset classification requirements and the information presented about an entity's liquidity, financial performance, and cash flows. The new standard is effective for fiscal years beginning after December 15, 2017 and may be adopted early. The Station is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(2) **Investments and Fair Value Measurements:**

Investments are carried at fair value on the accompanying statements of financial position, and realized and unrealized gains and losses are reflected in the accompanying statements of activities. The following is a summary of investment mutual funds at September 30, 2017 and 2016:

<u>Year</u>	<u>Cost</u>	<u>Fair Value</u>
2017	<u>\$ 181,394</u>	<u>\$ 219,519</u>
2016	<u>\$ 284,691</u>	<u>\$ 309,701</u>

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Station has the ability to access.

Level 2 – Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation of other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(2) **Investments and Fair Value Measurements:** (Continued)

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes to the methodology used at September 30, 2017 and 2016.

Mutual funds – Valued at quoted market prices.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Station believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes the assets of the Station for which fair values are determined on a recurring basis as of September 30, 2017 and 2016:

Assets at Fair Value as of September 30, 2017				
	Level 1	Level 2	Level 3	Total
Investments				
Mutual fund				
Large-cap	\$ 219,519	\$ -	\$ -	\$ 219,519
Assets at Fair Value as of September 30, 2016				
	Level 1	Level 2	Level 3	Total
Investments				
Mutual fund				
Large-cap	\$ 309,701	\$ -	\$ -	\$ 309,701

(3) **Property and Equipment:**

A summary of property and equipment at September 30, 2017 and 2016, is as follows:

	2017	2016
Land	\$ 321,727	\$ 321,727
Buildings and improvements	1,949,777	1,949,777
Office furniture and equipment	318,195	314,651
Broadcast equipment	614,134	506,660
Production equipment	333,008	333,008
Music library	343,218	343,218
Total property and equipment	3,880,059	3,769,041
Less: Accumulated depreciation	(2,007,716)	(1,878,557)
Construction in process	-	37,051
Property and equipment, net	\$ 1,872,343	\$ 1,927,535

For the years ended September 30, 2017 and 2016, depreciation expense for property and equipment was \$137,010 and \$151,495, respectively.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(4) **Long-term Debt:**

The Station has a mortgage secured by property and equipment located at the studio. The loan terms balloon on August 3, 2022. Monthly payments are \$4,731 with interest of 4.75%. During the year ended September 30, 2017, the Station made additional principal payments totaling approximately \$55,000.

Maturities on long-term debt over the next five years as of September 30, 2017, are as follows:

<u>Years Ending September 30:</u>	<u>Amount</u>
2018	\$ 40,567
2019	42,564
2020	44,626
2021	46,857
2022	180,414
Total	<u>\$ 355,028</u>

(5) **Significant Concentrations:**

Information related to significant concentrations of revenues and credit risk for financial instruments owned by the Station, except as otherwise disclosed, is as follows:

(a) **Cash and cash equivalents and certificate of deposit**—The Station maintains demand deposit, certificate of deposit, and money market account balances which at times may exceed federally insured limits. The Station has not experienced any losses in such accounts. As of September 30, 2017 and 2016, there were no uninsured cash balances.

(b) **Underwriting receivables**—Underwriting receivables represent support from local business and industry. At September 30, 2017, three customers represented approximately 83% of underwriting receivables. At September 30, 2016, two customers represented approximately 77% of underwriting receivables. The Station has no policy requiring collateral or other security to support its underwriting receivables. It is the Station’s policy that new customers prepay for underwriting.

(6) **Tower Project and Equipment Fund:**

As of September 30, 2017 and 2016, contributions held are designated to the tower project and the purchase of equipment. Therefore, the contributions are considered temporarily restricted net assets on the statements of financial position.

(7) **Endowment:**

Donor-restricted Endowment Funds

The Station’s endowment consists of one contribution that was intended to start an endowment fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The donor-imposed restrictions on this endowment specify the contribution should be invested in perpetuity according to the investment policies of the Board of Directors of the Station (the “Board”). The donation was used to acquire a certificate of deposit. The terms of the contribution allow the Board to use the income of the endowment at their discretion.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(7) **Endowment:** (Continued)

Interpretation of Relevant Law

In June 2011, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The Station’s Board has interpreted the State of Florida Statute (617.2104) cited as the “Florida Uniform Prudent Management of Institutional Funds Act” (FUPMIFA) as requiring the Board to consider the purpose of the Station and the purpose of the endowment, subject to the intent of a donor expressed in a gift instrument, when managing and investing the endowment. In addition, the Board interpreted FUPMIFA as requiring the Board to act in good faith and apply reasonable care, skill, and caution as exercised by a prudent investor, in considering the investment management and expenditures of the Station’s endowment funds. In accordance with FUPMIFA, the Board may incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the Station and the skills available to the Station. The Board shall make reasonable efforts and circumstances considered by the Board in managing and investing the endowment funds: (1) the long-term and short-term needs of the Station, (2) general economic conditions, (3) the possible effect of inflation and deflation, (4) the expected total return from income and the appreciation of investments, (5) other resources of the Station, (6) the Station’s investment policies, (7) and the needs of the Station and the endowment to make distribution and the duration and preservation of the fund.

In accordance with FUPMIFA, the Station considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) the intent of the donor of the endowment fund, (4) the long-term and short-term needs of the Station, (5) general economic conditions, (6) the possible effect of inflation and deflation, (7) the expected total return from income and the appreciation of investments, (8) other resources of the Station, and (9) the Station’s investment policies.

As a result of this interpretation, the Station classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Investment Return Objectives, Risk Parameters and Strategies

The Station has adopted an investment policy, approved by the Board, including endowment assets. The policy attempts to maintain the fund corpus. The Station’s investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 3%. Actual returns in any given year may vary from this amount. The Board recognizes that under various market conditions the investment policy may be both impractical and to some extent, undesirable, therefore, the asset allocation may vary from time to time without being considered an exception to the investment policy.

Changes in endowment net assets as of September 30, 2017, are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 64	\$ 10,000	\$ 10,064
Investment income	5	-	5
Endowment net assets, end of year	<u>\$ 69</u>	<u>\$ 10,000</u>	<u>\$ 10,069</u>

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(7) **Endowment:** (Continued)

Changes in endowment net assets as of September 30, 2016, are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 59	\$ 10,000	\$ 10,059
Investment income	5	-	5
Endowment net assets, end of year	<u>\$ 64</u>	<u>\$ 10,000</u>	<u>\$ 10,064</u>

(8) **Operating Lease Obligations:**

The Station has leases for their towers and office equipment. Leases related to the office equipment have monthly payments ranging from \$181 to \$387 which end in the fiscal year ending September 30, 2022. Leases related to the towers have monthly payments ranging from \$1,125 to \$7,722 which end in the fiscal year ending September 30, 2021.

The following is a schedule by years of future minimum payments required under the leases as of September 30, 2017:

<u>Years Ending September 30:</u>	<u>Amount</u>
2018	\$ 104,181
2019	108,906
2020	113,861
2021	33,929
2022	2,659
Total future minimum payments	<u>\$ 363,536</u>

(9) **Community Service Grants:**

The Station receives a Community Service Grant (“CSG”) from the Corporation for Public Broadcasting annually. The CSGs received and expended during the most recent fiscal years were as follows:

<u>Years of Grant</u>	<u>Grants Received</u>	<u>Expended</u>			<u>Uncommitted Balance at September 30, 2017</u>
		<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	
2016-17	\$ 137,747	\$ -	\$ -	\$ 137,747	\$ -
2015-16	140,373	-	140,373	-	-
2014-15	133,497	133,497	-	-	-

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(10) **Contingent Liabilities:**

Equipment obtained with state grants in the amount of \$248,366 could not be sold until the fiscal year ended September 30, 2017, without the permission of the State of Florida. Equipment obtained with grants from the Corporation for Public Broadcasting in the amount of \$128,748 cannot be sold within ten years to an entity that is not CSG eligible. These grant funds must be returned to CPB if the Station is not CSG eligible within ten years of the grant.

While the Station's management and its legal counsel are currently unaware of any legal proceedings incidental to its normal course business activities, such events may occur. Any litigation contains an element of uncertainty; however, the Station maintains general liability insurance coverage to limit exposure to such legal claims.

(11) **Nonfederal Financial Support (NFFS):**

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A "contribution" is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state or an educational institution; (2) the form of the payment must be appropriations or contract payments in exchange for specific broadcasting services or materials; (3) the purpose must be for the provision of educational or instructional television or radio programs; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was \$1,584,196 and \$1,449,436 for the years ended September 30, 2017 and 2016, respectively.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Program Services					Supporting Services			Total Expenses
	Programming and Production	Broadcasting	Program Information	Cultural Performances	Total	Fundraising	Management and General	Total	
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,687	\$ -	\$ 6,687	\$ 6,687
Bank charges	-	-	-	-	-	-	28,398	28,398	28,398
Computer support	15,649	-	-	-	15,649	-	-	-	15,649
Cultural performances	-	-	-	83,445	83,445	-	-	-	83,445
Depreciation	60,708	44,048	1,726	1,151	107,633	2,302	27,075	29,377	137,010
Development expense	-	-	-	-	-	3,422	-	3,422	3,422
Dues	30,745	3,713	-	1,111	35,569	-	1,201	1,201	36,770
Employee benefits	33,512	3,351	1,676	5,027	43,566	6,702	33,513	40,215	83,781
Engineering	2,700	14,000	-	-	16,700	-	-	-	16,700
Loss on disposal of equipment	-	1,364	-	-	1,364	-	-	-	1,364
HD Expense	160	-	-	-	160	-	-	-	160
Insurance	33,546	3,584	1,219	3,501	41,850	1,909	8,748	10,657	52,507
Interest	14,815	1,580	592	395	17,382	790	1,580	2,370	19,752
ISP	-	1,868	-	-	1,868	-	4,734	4,734	6,602
Legal	-	4,372	-	-	4,372	-	-	-	4,372
Office	56	-	-	-	56	-	10,893	10,893	10,949
Other expense	12,660	-	-	-	12,660	-	5,000	5,000	17,660
Other taxes	-	-	-	-	-	-	1,528	1,528	1,528
Outreach	-	-	3,099	-	3,099	-	-	-	3,099
Payroll taxes	20,635	2,064	1,032	3,095	26,826	4,127	21,921	26,048	52,874
Postage	-	97	-	-	97	6,614	13,032	19,646	19,743
Premiums	-	-	-	-	-	22,689	-	22,689	22,689
Printing	-	-	-	-	-	2,680	606	3,286	3,286
Professional fees	-	-	-	-	-	-	80,417	80,417	80,417
Programming	55,322	-	-	-	55,322	-	-	-	55,322
Rent	-	105,535	-	-	105,535	-	-	-	105,535
Repairs	1,853	2,123	-	-	3,976	-	25,266	25,266	29,242
Salaries	272,453	27,245	13,623	40,868	354,189	54,490	272,451	326,941	681,130
Staffing and hiring	-	-	-	-	-	-	7,100	7,100	7,100
Station functions	-	-	-	-	-	454	1,636	2,090	2,090
Subscriptions	980	-	-	-	980	-	-	-	980
Supplies	6,333	-	-	-	6,333	-	-	-	6,333
Telephone	9,318	646	-	-	9,964	-	8,200	8,200	18,164
Travel	1,847	-	-	-	1,847	14	87	101	1,948
Utilities	9,988	1,065	-	-	11,053	-	33,034	33,034	44,087
Webcasting	10,939	-	-	-	10,939	-	-	-	10,939
	<u>\$ 594,219</u>	<u>\$ 216,655</u>	<u>\$ 22,967</u>	<u>\$ 138,593</u>	<u>\$ 972,434</u>	<u>\$ 112,880</u>	<u>\$ 586,420</u>	<u>\$ 699,300</u>	<u>\$ 1,671,734</u>

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

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Program Services					Supporting Services			Total Expenses
	Programming and Production	Broadcasting	Program Information	Cultural Performances	Total	Fundraising	Management and General	Total	
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,790	\$ -	\$ 22,790	\$ 22,790
Bank charges	-	-	-	-	-	-	30,791	30,791	30,791
Computer support	25,074	168	-	-	25,242	-	-	-	25,242
Conferences	299	-	-	1,025	1,324	-	3,917	3,917	5,241
Cultural performances	-	-	-	201,552	201,552	-	-	-	201,552
Depreciation	67,126	48,705	1,909	1,273	119,013	2,545	29,937	32,482	151,495
Development expense	-	-	-	-	-	5,118	-	5,118	5,118
Dues	19,156	192	-	1,198	20,546	-	5,640	5,640	26,186
Employee benefits	36,948	3,695	1,847	5,542	48,032	7,389	36,947	44,336	92,368
Engineering	32,112	25,708	-	-	57,820	-	-	-	57,820
Insurance	33,354	3,564	1,212	3,481	41,611	1,898	8,697	10,595	52,206
Interest	16,859	1,798	674	449	19,780	899	1,799	2,698	22,478
ISP	-	2,309	-	-	2,309	-	4,508	4,508	6,817
Legal	-	7,083	-	-	7,083	-	-	-	7,083
Office	25	-	-	-	25	20	11,526	11,546	11,571
Other expense	12,660	-	-	-	12,660	-	-	-	12,660
Other taxes	-	-	-	-	-	-	1,295	1,295	1,295
Outreach	-	-	2,674	-	2,674	-	-	-	2,674
Payroll taxes	20,158	2,016	1,008	3,024	26,206	4,032	17,659	21,691	47,897
Penalties	-	-	-	-	-	-	3,000	3,000	3,000
Postage	-	88	-	13	101	7,515	8,841	16,356	16,457
Premiums	-	-	-	-	-	19,665	-	19,665	19,665
Printing	-	-	-	16	16	5,185	347	5,532	5,548
Professional fees	-	-	-	-	-	-	66,709	66,709	66,709
Programming	50,705	-	-	-	50,705	-	-	-	50,705
Rent	-	98,886	-	-	98,886	-	-	-	98,886
Repairs	1,692	2,473	-	-	4,165	-	14,412	14,412	18,577
Salaries	262,035	26,204	13,103	39,306	340,648	52,407	262,035	314,442	655,090
Staffing and hiring	-	-	-	-	-	-	502	502	502
Station functions	-	-	-	-	-	-	2,115	2,115	2,115
Subscriptions	1,307	-	-	-	1,307	-	-	-	1,307
Supplies	5,809	189	-	-	5,998	-	30	30	6,028
Telephone	9,898	697	-	-	10,595	-	7,763	7,763	18,358
Travel	898	-	-	-	898	268	423	691	1,589
Utilities	9,114	-	-	-	9,114	-	34,095	34,095	43,209
Webcasting	11,014	-	-	-	11,014	-	-	-	11,014
	<u>\$ 616,243</u>	<u>\$ 223,775</u>	<u>\$ 22,427</u>	<u>\$ 256,879</u>	<u>\$ 1,119,324</u>	<u>\$ 129,731</u>	<u>\$ 552,988</u>	<u>\$ 682,719</u>	<u>\$ 1,802,043</u>

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