

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
TABLE OF CONTENTS
SEPTEMBER 30, 2019 AND 2018

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 – 5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 19

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, 2019 and 2018, 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.

Auditors' Responsibility

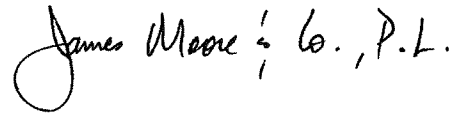
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2019 and 2018, 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.

James Moore & Co., P.L.

Gainesville, Florida
February 17, 2020

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 675,494	\$ 856,595
Certificate of deposit	10,101	10,077
Investments	243,342	241,560
Underwriting receivables	13,976	16,909
Grant receivables	161,000	25,000
Prepaid expenses and deposits	14,858	16,785
Total current assets	<u>1,118,771</u>	<u>1,166,926</u>
Non-current assets		
Property and equipment, net	1,824,200	1,798,076
Intangible assets, net	18,000	-
Total non-current assets	<u>1,842,200</u>	<u>1,798,076</u>
Total Assets	<u><u>\$ 2,960,971</u></u>	<u><u>\$ 2,965,002</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 17,884	\$ 29,553
Current portion of long-term debt	-	47,730
Deferred revenue	3,882	5,395
Current portion of compensated absences	26,944	44,343
Total current liabilities	<u>48,710</u>	<u>127,021</u>
Non-current liabilities		
Long-term debt, less current portion	-	164,113
Compensated absences, less current portion	86,430	85,334
Total non-current liabilities	<u>86,430</u>	<u>249,447</u>
Total liabilities	<u>135,140</u>	<u>376,468</u>
Net assets		
Without donor restrictions	2,815,831	2,578,534
With donor restrictions	10,000	10,000
Total net assets	<u>2,825,831</u>	<u>2,588,534</u>
Total Liabilities and Net Assets	<u><u>\$ 2,960,971</u></u>	<u><u>\$ 2,965,002</u></u>

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, 2019
(With Summarized Comparative Totals for the Year Ended September 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	Total for year ended September 30, 2018
Support and revenue				
Contributions	\$ 1,226,854	\$ -	\$ 1,226,854	\$ 1,257,812
Grants	376,427	-	376,427	234,197
Cultural performances	268,249	-	268,249	154,112
Underwriting	149,164	-	149,164	145,026
Subcarrier and channel revenue	4,400	-	4,400	4,800
Sales, net of costs of goods sold	11,711	-	11,711	10,045
Other revenue	4,784	-	4,784	21,474
Realized and unrealized gain or loss on investment	(2,385)	-	(2,385)	16,944
Interest and dividends	5,124	-	5,124	6,329
Donated services, property and equipment	27,571	-	27,571	18,303
Total support and revenue	<u>2,071,899</u>	<u>-</u>	<u>2,071,899</u>	<u>1,869,042</u>
Expenses				
Program services				
Programming and production	616,227	-	616,227	603,282
Broadcasting	252,887	-	252,887	227,701
Program information	22,657	-	22,657	24,310
Cultural performances	230,987	-	230,987	175,610
Total program services	<u>1,122,758</u>	<u>-</u>	<u>1,122,758</u>	<u>1,030,903</u>
Supporting services				
Fundraising	145,669	-	145,669	144,964
Management and general	566,175	-	566,175	595,518
Total supporting services	<u>711,844</u>	<u>-</u>	<u>711,844</u>	<u>740,482</u>
Total expenses	<u>1,834,602</u>	<u>-</u>	<u>1,834,602</u>	<u>1,771,385</u>
Increase in net assets	<u>237,297</u>	<u>-</u>	<u>237,297</u>	<u>97,657</u>
Net assets, beginning of year	2,578,534	10,000	2,588,534	2,490,877
Net assets, end of year	<u>\$ 2,815,831</u>	<u>\$ 10,000</u>	<u>\$ 2,825,831</u>	<u>\$ 2,588,534</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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 1,257,812	\$ -	\$ 1,257,812
Grants	234,197	-	234,197
Cultural performances	154,112	-	154,112
Underwriting	145,026	-	145,026
Subcarrier and channel revenue	4,800	-	4,800
Sales, net of costs of goods sold	10,045	-	10,045
Other revenue	21,474	-	21,474
Realized and unrealized gain or loss on investment	16,944	-	16,944
Interest and dividends	6,329	-	6,329
Donated services, property and equipment	18,303	-	18,303
Net assets released from restrictions:			
Net assets with donor restrictions expended	17,780	(17,780)	-
Total support and revenue	<u>1,886,822</u>	<u>(17,780)</u>	<u>1,869,042</u>
Expenses			
Program services			
Programming and production	603,282	-	603,282
Broadcasting	227,701	-	227,701
Program information	24,310	-	24,310
Cultural performances	175,610	-	175,610
Total program services	<u>1,030,903</u>	<u>-</u>	<u>1,030,903</u>
Supporting services			
Fundraising	144,964	-	144,964
Management and general	595,518	-	595,518
Total supporting services	<u>740,482</u>	<u>-</u>	<u>740,482</u>
Total expenses	<u>1,771,385</u>	<u>-</u>	<u>1,771,385</u>
Increase (decrease) in net assets	<u>115,437</u>	<u>(17,780)</u>	<u>97,657</u>
Net assets, beginning of year	2,463,097	27,780	2,490,877
Net assets, end of year	<u><u>\$ 2,578,534</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 2,588,534</u></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, 2019

Programming and Production	Program Services				Supporting Services			Total Expenses
	Broadcasting	Program Information	Cultural Performances	Total	Fundraising	Management and General	Total	
-	\$ -	\$ -	\$ -	\$ -	\$ 27,031	\$ -	\$ 27,031	\$ 27,031
-	-	-	-	-	260	-	260	260
-	-	-	-	-	-	32,641	32,641	32,641
22,103	38	-	-	22,141	-	-	-	22,141
653	-	-	1,166	1,819	5,000	1,425	6,425	8,244
-	-	-	173,219	173,219	-	-	-	173,219
62,521	45,363	1,778	1,185	110,847	2,371	27,882	30,253	141,100
-	-	-	-	-	5,022	-	5,022	5,022
5,821	85	-	1,659	7,565	-	5,540	5,540	13,105
55,678	5,568	2,784	8,352	72,382	11,136	57,369	68,505	140,887
28,050	-	-	-	28,050	-	-	-	28,050
33,548	6,535	1,125	3,230	44,438	1,762	8,071	9,833	54,271
4,853	518	194	129	5,694	259	518	777	6,471
-	3,827	-	-	3,827	-	3,336	3,336	7,163
-	12,020	-	-	12,020	-	-	-	12,020
1,061	-	-	-	1,061	350	7,968	8,318	9,379
13,490	-	-	-	13,490	-	-	-	13,490
-	-	-	-	-	-	1,943	1,943	1,943
-	-	3,225	-	3,225	-	-	-	3,225
20,528	2,053	1,026	3,079	26,686	4,105	21,301	25,406	52,092
-	7,146	-	-	7,146	12,735	-	12,735	19,881
-	-	-	-	-	21,801	-	21,801	21,801
-	-	-	1,395	1,395	3,370	70	3,440	4,835
-	-	-	-	-	-	103,554	103,554	103,554
84,779	-	-	-	84,779	-	-	-	84,779
-	114,537	-	-	114,537	-	-	-	114,537
12	949	-	-	961	-	20,548	20,548	21,509
250,482	25,048	12,525	37,573	325,628	50,097	250,482	300,579	626,207
-	-	-	-	-	-	5,312	5,312	5,312
-	-	-	-	-	370	1,829	2,199	2,199
611	-	-	-	611	-	-	-	611
8,301	-	-	-	8,301	-	-	-	8,301
1,133	707	-	-	1,840	-	11,994	11,994	13,834
1,370	-	-	-	1,370	-	3	3	1,373
9,355	28,493	-	-	37,848	-	4,389	4,389	42,237
11,878	-	-	-	11,878	-	-	-	11,878
<u>616,227</u>	<u>\$ 252,887</u>	<u>\$ 22,657</u>	<u>\$ 230,987</u>	<u>\$ 1,122,758</u>	<u>\$ 145,669</u>	<u>\$ 566,175</u>	<u>\$ 711,844</u>	<u>\$ 1,834,602</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, 2018

Programming and Production	Program Services				Supporting Services			Total Expenses
	Broadcasting	Program Information	Cultural Performances	Total	Fundraising	Management and General	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,471	\$ -	\$ 31,471	\$ 31,471
-	-	-	-	-	-	28,631	28,631	28,631
18,492	-	-	-	18,492	-	-	-	18,492
-	-	-	-	-	69	606	675	675
-	-	-	117,500	117,500	-	-	-	117,500
62,524	45,366	1,778	1,185	110,853	2,371	27,884	30,255	141,108
-	-	-	-	-	3,317	-	3,317	3,317
3,842	334	-	888	5,064	-	5,133	5,133	10,197
39,964	3,996	1,998	5,995	51,953	7,993	39,965	47,958	99,911
36,728	3,924	1,334	3,833	45,819	2,091	9,578	11,669	57,488
10,187	1,087	407	272	11,953	543	1,087	1,630	13,583
-	2,041	-	-	2,041	-	5,032	5,032	7,073
-	6,200	-	-	6,200	-	-	-	6,200
250	-	-	-	250	323	11,573	11,896	12,146
12,990	-	-	-	12,990	-	-	-	12,990
-	-	-	-	-	-	1,601	1,601	1,601
-	-	3,480	-	3,480	-	-	-	3,480
22,101	2,210	1,105	3,315	28,731	4,420	22,101	26,521	55,252
-	-	-	-	-	-	1,093	1,093	1,093
-	321	-	1	322	13,104	5,378	18,482	18,804
-	-	-	-	-	21,063	-	21,063	21,063
-	-	-	-	-	1,135	310	1,445	1,445
-	-	-	-	-	-	88,456	88,456	88,456
76,289	-	-	-	76,289	-	-	-	76,289
-	104,286	-	-	104,286	-	-	-	104,286
-	-	-	-	-	-	31,334	31,334	31,334
284,137	28,414	14,208	42,621	369,380	56,827	284,136	340,963	710,343
-	-	-	-	-	-	9,545	9,545	9,545
-	-	-	-	-	237	1,338	1,575	1,575
812	-	-	-	812	-	-	-	812
12,505	56	-	-	12,561	-	-	-	12,561
1,075	675	-	-	1,750	-	16,554	16,554	18,304
2,929	-	-	-	2,929	-	-	-	2,929
8,764	28,791	-	-	37,555	-	4,183	4,183	41,738
9,693	-	-	-	9,693	-	-	-	9,693
<u>\$ 603,282</u>	<u>\$ 227,701</u>	<u>\$ 24,310</u>	<u>\$ 175,610</u>	<u>\$ 1,030,903</u>	<u>\$ 144,964</u>	<u>\$ 595,518</u>	<u>\$ 740,482</u>	<u>\$ 1,771,385</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Increase in net assets	\$ 237,297	\$ 97,657
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	141,100	141,108
Unrealized loss (gain) on investments	21,245	(7,756)
Decrease (increase) in underwriting receivables	2,933	(7,598)
Increase in grant receivables	(136,000)	(11,031)
Decrease in prepaid expense and deposits	1,927	7,458
Increase (decrease) in accounts payable and accrued expenses	(11,669)	8,200
Increase (decrease) in deferred revenue	(1,513)	2,659
Increase (decrease) in compensated absences	(16,303)	13,287
Net cash provided by operating activities	<u>239,017</u>	<u>243,984</u>
Cash flows from investing activities		
Purchases of investments	(23,051)	(14,293)
Purchases of property and equipment	(167,224)	(66,841)
Purchases of intangibles	(18,000)	-
Net cash used in investing activities	<u>(208,275)</u>	<u>(81,134)</u>
Cash flows from financing activities		
Payments on long-term debt	(211,843)	(143,185)
Net increase (decrease) in cash and cash equivalents	<u>(181,101)</u>	<u>19,665</u>
Cash and cash equivalents, beginning of year	856,595	836,930
Cash and cash equivalents, end of year	<u>\$ 675,494</u>	<u>\$ 856,595</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 6,471</u>	<u>\$ 13,583</u>

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, 2019 AND 2018

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

(a) **Organization**—The Nathan B. Stubblefield Foundation, Inc. (the “Foundation”) operates a listener-sponsored non-commercial community radio station serving the Tampa Bay area, WMNF (the “Station”). WMNF is a listener-supported community radio station that celebrates cultural diversity and is committed to equality, peace and economic justice. The Station provides broadcasts and other forums with a grassroots local emphasis, that promote creative, musical and political vitality. 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:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Station and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the statement 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.

(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 3 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.

(g) **Grant receivables**—Station management evaluates grant receivables and has concluded that realization of losses on balances outstanding at year-end will be immaterial to the financial statements.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

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

(h) **Property and equipment**—Property and equipment are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. The Station capitalizes all property and equipment costing \$1,500 or more. 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) **Intangible assets**—Intangible assets at September 30, 2019 consist of software with a carrying value of \$18,000. The assets were placed in service at the end of fiscal year 2019 and there was no amortization during the year. The software has an estimated useful life of three years. At September 30, 2019, annual amortization for each of the next three years is approximately \$6,000. There were no intangible assets at September 30, 2018.

(j) **Revenue recognition**—Contributions, pledges, and grants without donor restrictions are recognized as revenue in the accompanying statements of activities upon receipt. Other revenues without donor restrictions are recognized as earned either upon receipt or accrual. Expenditures of funds without donor restrictions are recognized as expenses when expended or upon incurrence of the related liability.

The Station receives grants with donor restrictions 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 recognized on a pro-rata basis over the period covered.

(k) **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.

(l) **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. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions, including unconditional promises to give, are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors and the Station is not able to obtain sufficient evidence of a promise through verifiable documentation, therefore they are not shown as assets on the accompanying statements of financial position. Contributions and collected pledges are components of the net assets without donor restrictions 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, 2019 AND 2018

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

(m) **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 net assets without donor restrictions, provided they are spent in the same fiscal year they are received.

(n) **Cultural performances**—The Station sponsors cultural performances and sells 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:

	2019		2018	
	Performances	Sales	Performances	Sales
Gross proceeds	\$ 268,249	\$ 12,208	\$ 154,112	\$ 10,495
Direct costs	173,219	497	117,500	450
Net proceeds	<u>\$ 95,030</u>	<u>\$ 11,711</u>	<u>\$ 36,612</u>	<u>\$ 10,045</u>

(o) **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, 2019 and 2018, 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 expire in 2019 through 2027.

As of September 30, 2019 and 2018, the Station has Net Operating Loss (NOL) carryforwards of approximately \$80,000. The NOL's begin to expire in 2019. Based on the available objective evidence, management believes it is more likely than not that the net deferred tax assets resulting from the NOL carryforward will not be fully realizable. Accordingly, the Station provided for a full valuation allowance against its net deferred tax assets at September 30, 2019 and 2018, and the net deferred tax assets at September 30, 2019 and 2018, were zero.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

(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. Management determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Station.

(p) **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 personnel, insurance and building costs have been allocated among program and supporting services benefited based on time spent and square footage.

(q) **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.

(r) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended September 30, 2019 and 2018 was \$27,031 and \$31,471, respectively.

(s) **Deferred revenue**—Income from advance ticket sales for concerts with event dates after fiscal year end is deferred and recognized over the period to which the dues and fees relate.

(t) **Subsequent events**—The Station has evaluated events and transactions through February 17, 2020, the date the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

(u) **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, 2019. 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 statement of financial position and disclosing key information about leasing arrangements. In November 2019, the FASB issued Accounting Standards Update 2019-10, which deferred the effective date for ASU 2016-02 to fiscal years beginning after December 15, 2020. The standard 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, 2019 AND 2018

(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 Station adopted the new guidance effective October 1, 2018 and applied the changes retrospectively. Implementation of this guidance resulted in a change in presentation of net assets, functional expenses, and additional disclosures surrounding the Station's liquidity and availability of financial assets.

In June 2018, the FASB issued Accounting Standards Update 2018-08: *Not-for-Profit Entities* (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, to clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations. The new standard 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 August 2018, the FASB issued Accounting Standards Update 2018-15: *Intangibles – Goodwill and Other – Internal-Use Software* (Subtopic 350-40), to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement by providing guidance for determining when the arrangement includes a software license. The new standard is effective for fiscal years beginning after December 15, 2020 and may be adopted early. The Station adopted the new guidance effective October 1, 2018.

(v) **Reclassifications**—Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on net assets.

(2) Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor restrictions, or internal board designations limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 675,494
Underwriting receivables	13,976
Grant receivables	161,000
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 850,470</u>

The Station receives significant contributions each year from donors, which are available to meet annual cash needs for general and program expenditures. Additionally, the Station has investment balances of \$243,342 at September 30, 2019. Although the Station does not intend to liquidate assets other than for amounts needed for general expenditures budgeted during the year, these amounts could be made available if necessary. The Station structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. See Note 3 for additional information regarding investments.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

(3) 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, 2019 and 2018:

<u>Year</u>	<u>Cost</u>	<u>Fair Value</u>
2019	<u>\$ 218,740</u>	<u>\$ 243,342</u>
2018	<u>\$ 195,689</u>	<u>\$ 241,560</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.

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, 2019 and 2018.

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 NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

(3) Investments and Fair Value Measurements: (Continued)

The following table summarizes the assets of the Station for which fair values are determined on a recurring basis as of September 30, 2019 and 2018:

		Assets at Fair Value as of September 30, 2019			
		Level 1	Level 2	Level 3	Total
Investments					
	Mutual fund				
	Large-cap	\$ 243,342	\$ -	\$ -	\$ 243,342

		Assets at Fair Value as of September 30, 2018			
		Level 1	Level 2	Level 3	Total
Investments					
	Mutual fund				
	Large-cap	\$ 241,560	\$ -	\$ -	\$ 241,560

(4) Property and Equipment:

A summary of property and equipment at September 30, 2019 and 2018, is as follows:

	2019	2018
Land	\$ 321,727	\$ 321,727
Buildings and improvements	1,956,849	1,949,777
Office furniture and equipment	317,870	317,870
Broadcast equipment	659,093	648,313
Production equipment	331,178	331,178
Music library	343,218	343,218
Total property and equipment	3,929,935	3,912,083
Less: Accumulated depreciation	2,255,107	2,114,007
Construction in process – Broadcast equipment	149,372	-
Property and equipment, net	<u>\$ 1,824,200</u>	<u>\$ 1,798,076</u>

For the years ended September 30, 2019 and 2018, depreciation expense for property and equipment was \$141,100 and \$141,108, respectively.

(5) Long-term Debt:

The Station had a mortgage secured by property and equipment located at the studio. The loan term was set to balloon on August 3, 2022. Monthly payments were \$4,731 with interest of 4.75%. During the years ended September 30, 2019 and 2018, the Station made additional principal payments totaling approximately \$164,000 and \$100,000, respectively. The loan was fully paid off during the year ended September 30, 2019.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

(6) 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, 2019 and 2018, there were no uninsured cash balances.

(b) **Underwriting receivables**—Underwriting receivables represent support from local business and industry. At September 30, 2019 and 2018, three customers represented approximately 59% and 65% of underwriting receivables, respectively. 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.

(c) **Investments**—The Station's investments were held in one fund as of September 30, 2019 and 2018.

(d) **Grant receivables**—The Station's grant receivables were due from two grantors at September 30, 2019 and one grantor at September 30, 2018.

(7) Restrictions on Sale and Use of Property:

In a prior year, the Station used grant funds for the design and construction of the tower and purchase of equipment. The grant requires the Station repay the grantor if the assets purchased are sold or transferred to another party, unless the sale proceeds are used for a purpose approved by the grantor, or if the use of the property substantially deviates from the use as described by the grant. As of September 30, 2019, the Station has no intentions of selling or changing the use of this property and equipment.

(8) 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.

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

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

(8) Endowment: (Continued)

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 net assets with donor restrictions (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, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 77	\$ 10,000	\$ 10,077
Investment income	24	-	24
Endowment net assets, end of year	<u>\$ 101</u>	<u>\$ 10,000</u>	<u>\$ 10,101</u>

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

(8) Endowment: (Continued)

Changes in endowment net assets as of September 30, 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 69	\$ 10,000	\$ 10,069
Investment income	8	-	8
Endowment net assets, end of year	<u>\$ 77</u>	<u>\$ 10,000</u>	<u>\$ 10,077</u>

(9) 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 \$1,265 to \$9,855, which end in the fiscal year ending September 30, 2026.

The following is a schedule by years of future minimum payments required under the leases as of September 30, 2019:

Years Ending September 30:	Amount
2020	\$ 113,861
2021	119,059
2022	120,353
2023	123,411
2024	129,407
Thereafter	170,065
Total future minimum payments	<u>\$ 776,156</u>

(10) 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:

Years of Grant	Grants Received	Expended			Uncommitted Balance at September 30, 2019
		2016-17	2017-18	2018-19	
2018-19	\$ 140,427	\$ -	\$ -	\$ 140,427	\$ -
2017-18	134,197	-	134,197	-	-
2016-17	137,747	137,747	-	-	-

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

(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 or local government or agency thereof, or an educational institution; (2) the form of the payment must be an appropriation or contract payment in exchange for specific materials or services related to public broadcasting; (3) the purpose must be for services or materials with respect to 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 \$1,742,745 and \$1,578,795 for the years ended September 30, 2019 and 2018, respectively.