

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
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SEPTEMBER 30, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 24, 2021

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 1,160,511	\$ 675,494
Certificate of deposit	10,111	10,101
Investments	135,662	243,342
Underwriting receivables	7,302	13,976
Grant receivables	23,500	161,000
Prepaid expenses and deposits	15,664	14,858
Total current assets	1,352,750	1,118,771
Non-current assets		
Property and equipment, net	1,705,571	1,824,200
Intangible assets, net	12,000	18,000
Total non-current assets	1,717,571	1,842,200
Total Assets	\$ 3,070,321	\$ 2,960,971
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 22,656	\$ 17,884
Refundable advance	159,512	-
Deferred revenue	-	3,882
Current portion of compensated absences	24,124	26,944
Total current liabilities	206,292	48,710
Non-current liabilities		
Compensated absences, less current portion	88,252	86,430
Total liabilities	294,544	135,140
Net assets		
Without donor restrictions	2,765,777	2,815,831
With donor restrictions	10,000	10,000
Total net assets	2,775,777	2,825,831
Total Liabilities and Net Assets	\$ 3,070,321	\$ 2,960,971

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, 2020
(With Summarized Comparative Totals for the Year Ended September 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	Total for year ended September 30, 2019
Support and revenue				
Contributions	\$ 1,157,845	\$ -	\$ 1,157,845	\$ 1,226,854
Grants	310,442	-	310,442	376,427
Cultural performances	56,778	-	56,778	268,249
Underwriting	73,748	-	73,748	149,164
Subcarrier and channel revenue	4,000	-	4,000	4,400
Sales, net of costs of goods sold	219	-	219	11,711
Other revenue	9,365	-	9,365	4,784
Realized and unrealized gain or loss on investments	27,040	-	27,040	(2,385)
Interest and dividends	3,216	-	3,216	5,124
Donated services, property and equipment	30,952	-	30,952	27,571
Total support and revenue	<u>1,673,605</u>	<u>-</u>	<u>1,673,605</u>	<u>2,071,899</u>
Expenses				
Program services				
Programming and production	632,752	-	632,752	616,227
Broadcasting	241,493	-	241,493	252,887
Program information	20,502	-	20,502	22,657
Cultural performances	107,612	-	107,612	230,987
Total program services	<u>1,002,359</u>	<u>-</u>	<u>1,002,359</u>	<u>1,122,758</u>
Supporting services				
Fundraising	116,853	-	116,853	145,669
Management and general	604,447	-	604,447	566,175
Total supporting services	<u>721,300</u>	<u>-</u>	<u>721,300</u>	<u>711,844</u>
Total expenses	<u>1,723,659</u>	<u>-</u>	<u>1,723,659</u>	<u>1,834,602</u>
Increase (decrease) in net assets	<u>(50,054)</u>	<u>-</u>	<u>(50,054)</u>	<u>237,297</u>
Net assets, beginning of year	2,815,831	10,000	2,825,831	2,588,534
Net assets, end of year	<u>\$ 2,765,777</u>	<u>\$ 10,000</u>	<u>\$ 2,775,777</u>	<u>\$ 2,825,831</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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 1,226,854	\$ -	\$ 1,226,854
Grants	376,427	-	376,427
Cultural performances	268,249	-	268,249
Underwriting	149,164	-	149,164
Subcarrier and channel revenue	4,400	-	4,400
Sales, net of costs of goods sold	11,711	-	11,711
Other revenue	4,784	-	4,784
Realized and unrealized gain or loss on investments	(2,385)	-	(2,385)
Interest and dividends	5,124	-	5,124
Donated services, property and equipment	27,571	-	27,571
Total support and revenue	<u>2,071,899</u>	<u>-</u>	<u>2,071,899</u>
Expenses			
Program services			
Programming and production	616,227	-	616,227
Broadcasting	252,887	-	252,887
Program information	22,657	-	22,657
Cultural performances	230,987	-	230,987
Total program services	<u>1,122,758</u>	<u>-</u>	<u>1,122,758</u>
Supporting services			
Fundraising	145,669	-	145,669
Management and general	566,175	-	566,175
Total supporting services	<u>711,844</u>	<u>-</u>	<u>711,844</u>
Total expenses	<u>1,834,602</u>	<u>-</u>	<u>1,834,602</u>
Increase in net assets	<u>237,297</u>	<u>-</u>	<u>237,297</u>
Net assets, beginning of year	2,578,534	10,000	2,588,534
Net assets, end of year	<u>\$ 2,815,831</u>	<u>\$ 10,000</u>	<u>\$ 2,825,831</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, 2020

	Program Services					Supporting Services			Total Expenses
	Programming and Production	Broadcasting	Program Information	Cultural Performances	Total	Fundraising	Management and General	Total	
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,313	\$ -	\$ 8,313	\$ 8,313
Amortization	-	-	-	-	-	6,000	-	6,000	6,000
Bad debts	-	-	-	-	-	1,759	-	1,759	1,759
Bank charges	-	-	-	-	-	-	35,289	35,289	35,289
Computer support	23,378	-	-	-	23,378	-	-	-	23,378
Conferences	1,500	-	-	-	1,500	-	-	-	1,500
Cultural performances	-	-	-	53,029	53,029	-	-	-	53,029
Depreciation	61,021	44,276	1,735	1,157	108,189	2,314	27,214	29,528	137,717
Development expense	-	-	-	-	-	467	-	467	467
Dues	1,850	2,010	-	433	4,293	-	5,563	5,563	9,856
Employee benefits	43,772	4,447	2,224	6,671	57,114	8,895	45,986	54,881	111,995
Engineering	41,261	-	-	-	41,261	-	-	-	41,261
Insurance	35,607	7,019	1,191	3,421	47,238	1,866	8,549	10,415	57,653
ISP	-	3,851	-	-	3,851	-	3,336	3,336	7,187
Legal	-	11,108	-	-	11,108	-	-	-	11,108
Office	-	-	-	-	-	-	12,637	12,637	12,637
Other expense	13,195	-	-	-	13,195	-	-	-	13,195
Other taxes	-	-	-	-	-	-	1,745	1,745	1,745
Outreach	-	-	1,051	-	1,051	-	-	-	1,051
Payroll taxes	20,365	2,037	1,018	3,055	26,475	4,073	20,666	24,739	51,214
Postage	-	2,005	-	-	2,005	1,393	11,654	13,047	15,052
Premiums	-	-	-	-	-	23,364	-	23,364	23,364
Printing	-	-	-	-	-	5,281	18	5,299	5,299
Professional fees	-	-	-	-	-	-	118,573	118,573	118,573
Programming	91,517	-	-	-	91,517	-	-	-	91,517
Rent	-	108,883	-	-	108,883	-	-	-	108,883
Repairs	5	715	-	-	720	-	27,327	27,327	28,047
Salaries	265,639	26,564	13,283	39,846	345,332	53,128	265,638	318,766	664,098
Staffing and hiring	-	-	-	-	-	-	3,204	3,204	3,204
Station functions	-	-	-	-	-	-	968	968	968
Subscriptions	1,151	-	-	-	1,151	-	-	-	1,151
Supplies	12,445	2,420	-	-	14,865	-	-	-	14,865
Telephone	1,127	690	-	-	1,817	-	11,940	11,940	13,757
Travel	671	-	-	-	671	-	-	-	671
Utilities	7,907	25,468	-	-	33,375	-	4,140	4,140	37,515
Webcasting	10,341	-	-	-	10,341	-	-	-	10,341
	<u>\$ 632,752</u>	<u>\$ 241,493</u>	<u>\$ 20,502</u>	<u>\$ 107,612</u>	<u>\$ 1,002,359</u>	<u>\$ 116,853</u>	<u>\$ 604,447</u>	<u>\$ 721,300</u>	<u>\$ 1,723,659</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

	Program Services					Supporting Services			Total Expenses
	Programming and Production	Broadcasting	Program Information	Cultural Performances	Total	Fundraising	Management and General	Total	
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,031	\$ -	\$ 27,031	\$ 27,031
Bad debts	-	-	-	-	-	260	-	260	260
Bank charges	-	-	-	-	-	-	32,641	32,641	32,641
Computer support	22,103	38	-	-	22,141	-	-	-	22,141
Conferences	653	-	-	1,166	1,819	5,000	1,425	6,425	8,244
Cultural performances	-	-	-	173,219	173,219	-	-	-	173,219
Depreciation	62,521	45,363	1,778	1,185	110,847	2,371	27,882	30,253	141,100
Development expense	-	-	-	-	-	5,022	-	5,022	5,022
Dues	5,821	85	-	1,659	7,565	-	5,540	5,540	13,105
Employee benefits	55,678	5,568	2,784	8,352	72,382	11,136	57,369	68,505	140,887
Engineering	28,050	-	-	-	28,050	-	-	-	28,050
Insurance	33,548	6,535	1,125	3,230	44,438	1,762	8,071	9,833	54,271
Interest	4,853	518	194	129	5,694	259	518	777	6,471
ISP	-	3,827	-	-	3,827	-	3,336	3,336	7,163
Legal	-	12,020	-	-	12,020	-	-	-	12,020
Office	1,061	-	-	-	1,061	350	7,968	8,318	9,379
Other expense	13,490	-	-	-	13,490	-	-	-	13,490
Other taxes	-	-	-	-	-	-	1,943	1,943	1,943
Outreach	-	-	3,225	-	3,225	-	-	-	3,225
Payroll taxes	20,528	2,053	1,026	3,079	26,686	4,105	21,301	25,406	52,092
Postage	-	7,146	-	-	7,146	12,735	-	12,735	19,881
Premiums	-	-	-	-	-	21,801	-	21,801	21,801
Printing	-	-	-	1,395	1,395	3,370	70	3,440	4,835
Professional fees	-	-	-	-	-	-	103,554	103,554	103,554
Programming	84,779	-	-	-	84,779	-	-	-	84,779
Rent	-	114,537	-	-	114,537	-	-	-	114,537
Repairs	12	949	-	-	961	-	20,548	20,548	21,509
Salaries	250,482	25,048	12,525	37,573	325,628	50,097	250,482	300,579	626,207
Staffing and hiring	-	-	-	-	-	-	5,312	5,312	5,312
Station functions	-	-	-	-	-	370	1,829	2,199	2,199
Subscriptions	611	-	-	-	611	-	-	-	611
Supplies	8,301	-	-	-	8,301	-	-	-	8,301
Telephone	1,133	707	-	-	1,840	-	11,994	11,994	13,834
Travel	1,370	-	-	-	1,370	-	3	3	1,373
Utilities	9,355	28,493	-	-	37,848	-	4,389	4,389	42,237
Webcasting	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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (50,054)	\$ 237,297
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	137,717	141,100
Amortization	6,000	-
Gain on disposal of property and equipment	(8,000)	-
Unrealized loss (gain) on investments	(316)	21,245
Gain on sale of investments	(26,688)	-
Decrease in underwriting receivables	6,674	2,933
Decrease (increase) in grant receivables	137,500	(136,000)
(Increase) decrease in prepaid expense and deposits	(806)	1,927
Increase (decrease) in accounts payable and accrued expenses	4,772	(11,669)
Increase in refundable advance	159,512	-
Decrease in deferred revenue	(3,882)	(1,513)
Decrease in compensated absences	(998)	(16,303)
Net cash provided by operating activities	361,431	239,017
Cash flows from investing activities		
Purchases of investments	(2,766)	(23,051)
Purchases of property and equipment	(19,088)	(167,224)
Purchases of intangibles	-	(18,000)
Proceeds from disposal of property and equipment	8,000	-
Proceeds from sale of investments	137,440	-
Net cash provided by (used) in investing activities	123,586	(208,275)
Cash flows from financing activities		
Payments on long-term debt	-	(211,843)
Net increase (decrease) in cash and cash equivalents	485,017	(181,101)
Cash and cash equivalents, beginning of year	675,494	856,595
Cash and cash equivalents, end of year	\$ 1,160,511	\$ 675,494
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ 6,471

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, 2020 AND 2019

(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 promotes 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, 2020 AND 2019

(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, 2020 and 2019, consist of fundraising software with a cost of \$18,000. The asset was placed in service at the end of fiscal year 2019. The software had accumulated amortization of \$6,000 at September 30, 2020. The software has a remaining useful life of two years and annual amortization for each of the next two years is \$6,000.

(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 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, 2020 AND 2019

(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:

	2020		2019	
	Performances	Sales	Performances	Sales
Gross proceeds	\$ 56,778	\$ 392	\$ 268,249	\$ 12,208
Direct costs	53,029	173	173,219	497
Net proceeds	\$ 3,749	\$ 219	\$ 95,030	\$ 11,711

(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, 2020 and 2019, 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, 2020 and 2019, the Station has Net Operating Loss (NOL) carryforwards of approximately \$72,000. The NOL's began 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, 2020 and 2019, and the net deferred tax assets at September 30, 2020 and 2019, were zero.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

(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, 2020 and 2019 was \$8,313 and \$27,031, 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 24, 2021, the date the financial statements were available to be issued. See Note 11 for uncertainties surrounding the COVID-19 pandemic during and after the fiscal year. No additional subsequent events have been recognized or disclosed.

(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, 2020. 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, 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.

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. The standard (as amended) is effective for fiscal years beginning after December 15, 2021, 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.

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

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. As a resource recipient, the new standard is effective for fiscal years beginning after December 15, 2018 and may be adopted early. The Station adopted the new guidance effective October 1, 2019, and applied the changes on a modified prospective basis. Implementation of this guidance resulted in no changes to net assets, as compared to reporting results under previous guidance.

(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:

	2020	2019
Cash and cash equivalents	\$ 1,160,511	\$ 675,494
Underwriting receivables	7,302	13,976
Grant receivables	23,500	161,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,191,313	\$ 850,470

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 \$135,662 and \$243,342 at September 30, 2020 and 2019, respectively. 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.

(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, 2020 and 2019:

Year	Cost	Fair Value
2020	\$ 110,753	\$ 135,662
2019	\$ 218,740	\$ 243,334

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

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, 2020 and 2019.

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, 2020 and 2019:

Assets at Fair Value as of September 30, 2020				
	Level 1	Level 2	Level 3	Total
Investments				
Mutual fund				
Large-cap	\$ 135,662	\$ -	\$ -	\$ 135,662
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

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(4) Property and Equipment:

A summary of property and equipment at September 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 321,727	\$ 321,727
Buildings and improvements	1,965,621	1,956,849
Office furniture and equipment	322,495	317,870
Broadcast equipment	796,798	659,093
Production equipment	291,160	331,178
Music library	343,218	343,218
Total property and equipment	4,041,019	3,929,935
Less: Accumulated depreciation	2,335,448	2,255,107
Construction in process – Broadcast equipment	-	149,372
Property and equipment, net	<u>\$ 1,705,571</u>	<u>\$ 1,824,200</u>

For the years ended September 30, 2020 and 2019, depreciation expense for property and equipment was \$137,717 and \$141,100, respectively.

(5) Refundable Advance:

On April 21, 2020, the Company received loan proceeds in the amount of \$159,512, pursuant to the Paycheck Protection Program (“PPP”) established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). Under the terms of the PPP, loan proceeds and accrued interest are forgivable after eight to twenty four weeks if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Station maintains its payroll levels as described in the CARES Act. Any unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. Management intends to utilize loan proceeds for purposes consistent with the PPP and believes substantially all of the loan will be forgiven, though it is reasonably possible that conditions could arise that would make the Station ineligible for forgiveness of the loan, in whole or in part. Accordingly, this is recorded as a refundable advance on the statement of financial position as of September 30, 2020.

(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, 2020, uninsured cash balances totaled \$188,214. As of September 30, 2019, there was no uninsured cash balances.

(b) **Underwriting receivables**—Underwriting receivables represent support from local business and industry. At September 30, 2019, three customers represented approximately 59% of underwriting receivables. At September 30, 2020, two customers represented 100% 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.

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(6) **Significant Concentrations:** (Continued)

(c) **Investments**—The Station’s investments were held in one fund as of September 30, 2020 and 2019.

(d) **Grant receivables**—The Station’s grant receivables were due from one grantor at September 30, 2020 and two grantors at September 30, 2019.

(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.

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.

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

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, 2020, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 101	\$ 10,000	\$ 10,101
Investment income	10	-	10
Endowment net assets, end of year	<u>\$ 111</u>	<u>\$ 10,000</u>	<u>\$ 10,111</u>

Changes in endowment net assets as of September 30, 2019, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
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>

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(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 \$1,316 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, 2020:

Years Ending September 30:	Amount
2021	\$ 119,059
2022	120,353
2023	123,411
2024	129,407
2025	135,696
Thereafter	34,368
Total future minimum payments	\$ 662,294

(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:

Years of Grant	Grants Received	Expended			Uncommitted Balance at September 30, 2020
		2017-2018	2018-2019	2019-2020	
2019-21	\$ 136,942	\$ -	\$ -	\$ 136,942	\$ -
2018-20	140,427	-	140,427	-	-
2017-19	134,197	134,197	-	-	-

(10) 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.

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(10) **Nonfederal Financial Support (NFFS):** (Continued)

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 \$1,356,702 and \$1,742,745 for the years ended September 30, 2020 and 2019, respectively.

(11) **Risks and Uncertainties:**

In early 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (“COVID-19”), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending and investment markets have been substantially impacted. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Station as of February 24, 2021, management believes that a material impact on the Station’s financial position and results of future operations is reasonably possible.