

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
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SEPTEMBER 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Nathan B. Stubblefield Foundation, Inc., which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Nathan B. Stubblefield Foundation, Inc. as of September 30, 2022 and 2021, 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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Nathan B. Stubblefield Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Nathan B. Stubblefield Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

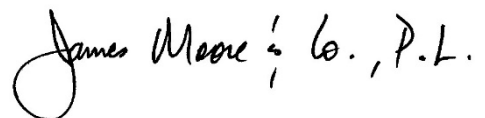
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Nathan B. Stubblefield Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Nathan B. Stubblefield Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
March 30, 2023

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,320,216	\$ 1,248,667
Certificate of deposit	10,121	10,116
Investments	170,548	206,234
Underwriting receivables	12,933	3,462
Grant receivables	-	25,000
Endowment match receivable	16,227	-
Prepaid expenses and deposits	16,289	14,871
Total current assets	<u>1,546,334</u>	<u>1,508,350</u>
Non-current assets		
Property and equipment, net	1,577,998	1,659,792
Intangible assets, net	5,258	6,000
Total non-current assets	<u>1,583,256</u>	<u>1,665,792</u>
Total Assets	<u><u>\$ 3,129,590</u></u>	<u><u>\$ 3,174,142</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 31,649	\$ 34,235
Deferred revenue	18,660	-
Current portion of compensated absences	34,445	28,997
Total current liabilities	<u>84,754</u>	<u>63,232</u>
Non-current liabilities		
Compensated absences, less current portion	42,485	56,287
Total liabilities	<u>127,239</u>	<u>119,519</u>
Net assets		
Without donor restrictions	2,847,891	2,946,924
With donor restrictions	154,460	107,699
Total net assets	<u>3,002,351</u>	<u>3,054,623</u>
Total Liabilities and Net Assets	<u><u>\$ 3,129,590</u></u>	<u><u>\$ 3,174,142</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, 2022
(With Summarized Comparative Totals for the Year Ended September 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	Total for year ended September 30, 2021
Support and revenue				
Contributions	\$ 1,097,393	\$ 64,908	\$ 1,162,301	\$ 1,197,992
Grants	204,420	-	204,420	406,468
Cultural performances	92,549	-	92,549	2,668
Underwriting	100,809	-	100,809	48,699
Subcarrier and channel revenue	3,200	-	3,200	4,800
Sales, net of costs of goods sold	2,619	-	2,619	3,153
Other revenue	4,239	-	4,239	976
Forgivable advance income	-	-	-	159,512
Investment return, net	(35,232)	-	(35,232)	70,953
Donated services, property and equipment	47,267	-	47,267	50,459
Net assets released from restrictions:				
Restricted funds expended	18,147	(18,147)	-	-
Total support and revenue	<u>1,535,411</u>	<u>46,761</u>	<u>1,582,172</u>	<u>1,945,680</u>
Expenses				
Program services				
Programming and production	558,325	-	558,325	608,527
Broadcasting	270,251	-	270,251	265,401
Program information	22,436	-	22,436	21,372
Cultural performances	117,478	-	117,478	55,845
Total program services	<u>968,490</u>	<u>-</u>	<u>968,490</u>	<u>951,145</u>
Supporting services				
Fundraising	102,367	-	102,367	109,811
Management and general	563,587	-	563,587	605,878
Total supporting services	<u>665,954</u>	<u>-</u>	<u>665,954</u>	<u>715,689</u>
Total expenses	<u>1,634,444</u>	<u>-</u>	<u>1,634,444</u>	<u>1,666,834</u>
Change in net assets	<u>(99,033)</u>	<u>46,761</u>	<u>(52,272)</u>	<u>278,846</u>
Net assets, beginning of year	2,946,924	107,699	3,054,623	2,775,777
Net assets, end of year	<u>\$ 2,847,891</u>	<u>\$ 154,460</u>	<u>\$ 3,002,351</u>	<u>\$ 3,054,623</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 1,197,992	\$ -	\$ 1,197,992
Grants	308,769	97,699	406,468
Cultural performances	2,668	-	2,668
Underwriting	48,699	-	48,699
Subcarrier and channel revenue	4,800	-	4,800
Sales, net of costs of goods sold	3,153	-	3,153
Other revenue	976	-	976
Forgivable advance income	159,512	-	159,512
Investment return, net	70,953	-	70,953
Donated services, property and equipment	50,459	-	50,459
Total support and revenue	<u>1,847,981</u>	<u>97,699</u>	<u>1,945,680</u>
Expenses			
Program services			
Programming and production	608,527	-	608,527
Broadcasting	265,401	-	265,401
Program information	21,372	-	21,372
Cultural performances	55,845	-	55,845
Total program services	<u>951,145</u>	<u>-</u>	<u>951,145</u>
Supporting services			
Fundraising	109,811	-	109,811
Management and general	605,878	-	605,878
Total supporting services	<u>715,689</u>	<u>-</u>	<u>715,689</u>
Total expenses	<u>1,666,834</u>	<u>-</u>	<u>1,666,834</u>
Change in net assets	<u>181,147</u>	<u>97,699</u>	<u>278,846</u>
Net assets, beginning of year	2,765,777	10,000	2,775,777
Net assets, end of year	<u><u>\$ 2,946,924</u></u>	<u><u>\$ 107,699</u></u>	<u><u>\$ 3,054,623</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, 2022

	Program Services					Supporting Services			Total Expenses
	Programming and Production	Broadcasting	Program Information	Cultural Performances	Total	Fundraising	Management and General	Total	
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,870	\$ -	\$ 8,870	\$ 8,870
Amortization	-	-	-	-	-	6,112	-	6,112	6,112
Bank charges	-	-	-	-	-	-	35,726	35,726	35,726
Computer support	32,823	100	-	-	32,923	-	559	559	33,482
Conferences	848	-	-	-	848	-	2,175	2,175	3,023
Cultural performances	-	-	-	65,416	65,416	-	-	-	65,416
Depreciation	48,752	35,373	1,387	924	86,436	1,848	21,742	23,590	110,026
Development expense	-	-	-	-	-	3,618	-	3,618	3,618
Dues	3,738	-	-	759	4,497	-	4,739	4,739	9,236
Employee benefits	30,907	3,091	1,545	4,636	40,179	6,181	30,907	37,088	77,267
Engineering	32,700	-	-	-	32,700	-	-	-	32,700
Insurance	39,563	3,510	1,348	3,872	48,293	2,112	9,675	11,787	60,080
ISP	-	3,869	-	-	3,869	-	1,112	1,112	4,981
Legal	-	11,849	-	-	11,849	-	-	-	11,849
Office	12	-	-	-	12	-	16,512	16,512	16,524
Other expense	18,147	-	-	-	18,147	-	70	70	18,217
Other taxes	-	-	-	-	-	-	1,959	1,959	1,959
Outreach	-	-	5,952	-	5,952	-	-	-	5,952
Payroll taxes	17,557	1,756	878	2,634	22,825	3,511	17,557	21,068	43,893
Penalties	-	-	-	-	-	-	1,407	1,407	1,407
Postage	-	13,055	-	-	13,055	2,155	38	2,193	15,248
Premiums	-	-	-	-	-	21,893	-	21,893	21,893
Printing	-	-	-	5,235	5,235	540	83	623	5,858
Professional fees	-	-	-	-	-	-	145,421	145,421	145,421
Programming	76,773	-	-	-	76,773	-	-	-	76,773
Rent	-	127,706	-	-	127,706	-	-	-	127,706
Repairs	2,398	8,934	-	-	11,332	-	22,757	22,757	34,089
Salaries	226,509	22,651	11,326	33,977	294,463	45,302	226,507	271,809	566,272
Staffing and hiring	-	-	-	-	-	-	9,393	9,393	9,393
Station functions	-	-	-	-	-	211	627	838	838
Subscriptions	1,931	-	-	-	1,931	-	-	-	1,931
Supplies	3,991	5,469	-	-	9,460	-	186	186	9,646
Telephone	6,997	1,502	-	-	8,499	-	9,788	9,788	18,287
Travel	701	68	-	25	794	14	-	14	808
Utilities	9,722	31,318	-	-	41,040	-	4,647	4,647	45,687
Webcasting	4,256	-	-	-	4,256	-	-	-	4,256
	<u>\$ 558,325</u>	<u>\$ 270,251</u>	<u>\$ 22,436</u>	<u>\$ 117,478</u>	<u>\$ 968,490</u>	<u>\$ 102,367</u>	<u>\$ 563,587</u>	<u>\$ 665,954</u>	<u>\$ 1,634,444</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, 2021

	Program Services					Supporting Services			Total Expenses
	Programming and Production	Broadcasting	Program Information	Cultural Performances	Total	Fundraising	Management and General	Total	
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,252	\$ -	\$ 12,252	\$ 12,252
Amortization	-	-	-	-	-	6,000	-	6,000	6,000
Bad debts	-	-	-	-	-	540	-	540	540
Bank charges	-	-	-	-	-	-	30,370	30,370	30,370
Computer support	19,727	-	-	-	19,727	-	-	-	19,727
Conferences	-	-	-	-	-	-	4,232	4,232	4,232
Cultural performances	-	-	-	2,400	2,400	-	-	-	2,400
Depreciation	49,741	36,090	1,414	943	88,188	1,886	25,183	27,069	115,257
Dues	1,850	6,450	-	309	8,609	-	319	319	8,928
Employee benefits	38,944	3,894	1,947	5,841	50,626	7,789	40,311	48,100	98,726
Engineering	31,700	-	-	-	31,700	-	-	-	31,700
Loss on disposal of equipment	-	-	-	-	-	-	11,360	11,360	11,360
Insurance	39,138	3,951	1,343	3,859	48,291	2,105	9,643	11,748	60,039
ISP	-	3,851	-	-	3,851	-	3,336	3,336	7,187
Legal	-	12,924	-	-	12,924	-	-	-	12,924
Office	424	-	-	-	424	-	11,858	11,858	12,282
Other expense	52,942	-	-	-	52,942	-	-	-	52,942
Other taxes	-	-	-	-	-	-	1,789	1,789	1,789
Outreach	-	-	2,612	-	2,612	-	-	-	2,612
Payroll taxes	20,573	1,964	983	2,948	26,468	3,931	19,788	23,719	50,187
Postage	-	11,092	-	-	11,092	2,787	1,047	3,834	14,926
Premiums	-	-	-	-	-	17,253	-	17,253	17,253
Printing	-	-	-	328	328	2,979	2,685	5,664	5,992
Professional fees	-	-	-	-	-	-	130,949	130,949	130,949
Programming	64,293	-	-	-	64,293	-	-	-	64,293
Rent	-	128,312	-	-	128,312	-	-	-	128,312
Repairs	109	1,160	-	-	1,269	-	34,452	34,452	35,721
Salaries	261,446	26,145	13,073	39,217	339,881	52,289	261,446	313,735	653,616
Staffing and hiring	-	-	-	-	-	-	370	370	370
Station functions	-	-	-	-	-	-	247	247	247
Subscriptions	2,209	-	-	-	2,209	-	-	-	2,209
Supplies	8,929	2,055	-	-	10,984	-	-	-	10,984
Telephone	1,170	754	-	-	1,924	-	12,116	12,116	14,040
Travel	1,601	-	-	-	1,601	-	81	81	1,682
Utilities	8,761	26,759	-	-	35,520	-	4,296	4,296	39,816
Webcasting	4,970	-	-	-	4,970	-	-	-	4,970
	<u>\$ 608,527</u>	<u>\$ 265,401</u>	<u>\$ 21,372</u>	<u>\$ 55,845</u>	<u>\$ 951,145</u>	<u>\$ 109,811</u>	<u>\$ 605,878</u>	<u>\$ 715,689</u>	<u>\$ 1,666,834</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (52,272)	\$ 278,846
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	110,026	115,257
Amortization	6,112	6,000
Loss (gain) on disposal of property and equipment	-	11,360
Unrealized loss (gain) on investments	68,653	(69,131)
Change in certain assets and liabilities:		
Underwriting receivables	(9,471)	3,840
Grant receivables	25,000	(1,500)
Endowment match receivable	(16,227)	-
Prepaid expense and deposits	(1,418)	793
Accounts payable and accrued expenses	(2,586)	11,579
Refundable advance	-	(159,512)
Deferred revenue	18,660	-
Compensated absences	(8,354)	(27,092)
Net cash provided by operating activities	<u>138,123</u>	<u>170,440</u>
Cash flows from investing activities		
Purchases of investments	(32,972)	(1,446)
Purchases of property and equipment	(28,232)	(80,838)
Purchases of intangibles	(5,370)	-
Net cash used in investing activities	<u>(66,574)</u>	<u>(82,284)</u>
Change in cash and cash equivalents	<u>71,549</u>	<u>88,156</u>
Cash and cash equivalents, beginning of year	1,248,667	1,160,511
Cash and cash equivalents, end of year	<u><u>\$ 1,320,216</u></u>	<u><u>\$ 1,248,667</u></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, 2022 AND 2021

(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 for not-for-profit organizations 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.

At June 30, 2022 and June 30, 2021, net assets with donor restrictions included endowment funds and unspent American Rescue Plan Act Stabilization grant funds, which are restricted to maintain programming and services and preserve the ability of stations to respond to the global pandemic, coronavirus disease “COVID-19”.

(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 statement 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.

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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

(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.

(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, 2022 and 2021, consist of fundraising software with a cost of \$18,000 and broadcasting software with a cost of \$5,370. The fundraising software was placed in service at the end of fiscal year 2019 and is fully depreciated as of September 30, 2022. The broadcasting software was placed in service in May 2022, has a remaining useful life of 20 years, and annual amortization of \$269. Total accumulated amortization for intangible assets at September 30, 2022 is \$18,112.

(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 with donor restrictions is recognized to the extent of costs incurred and as conditions are met.

Revenue for program underwriting is recognized on a pro-rata basis over the period covered by the underwriting agreement.

(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 statement of financial position. Contributions and collected pledges are components of net assets without donor restrictions inasmuch

THE NATHAN B. STUBBLEFIELD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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

as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

(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:

	2022		2021	
	Performances	Sales	Performances	Sales
Gross proceeds	\$ 92,549	\$ 3,634	\$ 2,668	\$ 3,425
Direct costs	65,416	1,015	2,400	272
Net proceeds	<u>\$ 27,133</u>	<u>\$ 2,619</u>	<u>\$ 268</u>	<u>\$ 3,153</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, 2022 and 2021, 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 2022 through 2027.

As of September 30, 2022 and 2021, the Station has Net Operating Loss (“NOL”) carryforwards of approximately \$52,000 and \$65,000, respectively. 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, 2022 and 2021, and the net deferred tax assets at September 30, 2022 and 2021, were zero.

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(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 statement 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, 2022 and 2021 was \$8,870 and \$12,252, 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 March 30, 2023, 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, 2022. 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 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 the Station's fiscal year ending September 30, 2023, 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 September 2020, the FASB issued Accounting Standards Update 2020-07: *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The Station adopted ASU 2020-07 for fiscal year 2022. There were no material impacts to the financial statements as a result of implementing ASU 2020-07.

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(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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,320,216	\$ 1,248,667
Underwriting receivables	12,933	3,462
Grant receivables	-	25,000
Less those unavailable for general expenditures within one year, due to:		
With donor restrictions - endowment	(48,681)	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,284,468</u>	<u>\$ 1,277,129</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 \$170,548 and \$206,234 at September 30, 2022 and 2021, 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 statement of financial position, and realized and unrealized gains and losses are reflected in the accompanying statement of activities. The following is a summary of investment mutual funds at September 30, 2022 and 2021:

<u>Year</u>	<u>Cost</u>	<u>Fair Value</u>
2022	<u>\$ 145,183</u>	<u>\$ 170,548</u>
2021	<u>\$ 112,201</u>	<u>\$ 206,234</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.

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

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, 2022 and 2021.

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, 2022 and 2021:

		Assets at Fair Value as of September 30, 2022			
		Level 1	Level 2	Level 3	Total
Investments					
	Mutual fund				
	Large-cap	\$ 170,548	\$ -	\$ -	\$ 170,548
		Assets at Fair Value as of September 30, 2021			
		Level 1	Level 2	Level 3	Total
Investments					
	Mutual fund				
	Large-cap	\$ 206,234	\$ -	\$ -	\$ 206,234

(4) Property and Equipment:

A summary of property and equipment at September 30, 2022 and 2021, is as follows:

	2022	2021
Land	\$ 321,727	\$ 321,727
Buildings and improvements	1,991,439	1,974,771
Office furniture and equipment	368,121	362,953
Broadcast equipment	820,074	813,678
Production equipment	153,290	153,290
Music library	343,218	343,218
Total property and equipment	3,997,869	3,969,637
Less: Accumulated depreciation	2,419,871	2,309,845
Property and equipment, net	\$ 1,577,998	\$ 1,659,792

For the years ended September 30, 2022 and 2021, depreciation expense for property and equipment was \$110,026 and \$115,257, respectively.

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(5) Paycheck Protection Program:

On April 21, 2020, the Station received 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, proceeds are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Station maintains its payroll levels over a specified period of time as described in the CARES Act. Any unforgiven portion is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. In August 2021, the Station received notice the forgiveness application had been approved in full. Forgivable advance income of \$159,512 has been recognized on the statement of activities for the fiscal year ended September 30, 2021.

(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.

(b) **Underwriting receivables**—Underwriting receivables represent support from local business and industry. At September 30, 2022, two customers represented approximately 56% of underwriting receivables. At September 30, 2021, three customers represented approximately 89% 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.

(c) **Investments**—The Station’s investments were held in one fund as of September 30, 2022 and 2021.

(d) **Grant receivables**—The Station’s grant receivables were due from one grantor at September 30, 2021. The Station did not have any grant receivables at September 30, 2022.

(7) Endowment:

Donor-restricted Endowment Funds

The Station’s endowments consist of the WMNF Legacy Fund endowment and the WMNF 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 the WMNF Legacy Fund endowment specify the contribution should be invested in perpetuity according to the investment policies of the Board of Directors of the Station (the “Board”). The donation was used to acquire a certificate of deposit. The terms of the contribution allow the Board to use the income of the endowment at their discretion.

The donor-imposed restrictions on the WMNF Endowment Fund specify the contributions should be invested in perpetuity to secure the Station’s financial future, and grow the mission driven community impact of WMNF long into the future. At September 30, 2022, the funds were held in cash, but will be invested with the objective to pursue long-term capital growth while meeting the long term needs of the Station, exceed the rate of inflation over the longer-term, and moderate volatility.

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

Interpretation of Relevant Law

In June 2011, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act. 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 endowments, subject to the intent of a donor expressed in a gift instrument, when managing and investing the endowments. 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 endowments to make distribution and the duration and preservation of the funds.

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 funds, (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 endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments 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 the 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. The WMNF Endowment Fund, once invested, will follow this policy while seeking a 7% return objective.

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

Changes in endowment net assets as of September 30, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 116	\$ 10,000	\$ 10,116
Endowment contributions	-	64,908	64,908
Investment income	5	-	5
Endowment net assets, end of year	<u>\$ 121</u>	<u>\$ 74,908</u>	<u>\$ 75,029</u>

Changes in endowment net assets as of September 30, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 111	\$ 10,000	\$ 10,111
Investment income	5	-	5
Endowment net assets, end of year	<u>\$ 116</u>	<u>\$ 10,000</u>	<u>\$ 10,116</u>

(8) **Operating Lease Obligations:**

The Station has leases for their towers and office equipment. Leases related to the office equipment have monthly payments ranging from \$181 to \$389, which end in the fiscal year ending September 30, 2027. Leases related to the towers have monthly payments ranging from \$1,369 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, 2022:

Years Ending September 30:	Amount
2023	\$ 130,299
2024	136,295
2025	142,584
2026	41,256
2027	3,444
Total future minimum payments	<u>\$ 453,878</u>

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(9) Community Service Grants:

The Station receives CSGs from the CPB 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, 2022
		2019-2020	2020-2021	2021-2022	
2021-23	\$ 104,420	\$ -	\$ -	\$ 104,420	\$ -
2020-22	116,876	-	116,876	-	-
2019-21	136,942	136,942	-	-	-

(10) Contributed Nonfinancial Assets:

In-kind contributions included in the statement of activities for the years ended September 30, 2022 and 2021 are comprised of professional services and are valued using current rates of the professional firms. In-kind contributions are not restricted. The Station does not sell in-kind contributions and uses the contributed in-kind items in programming and production and management and general activities.

(11) Nonfederal Financial Support:

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on nonfederal financial support ("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 \$1,441,857 and \$1,437,264 for the years ended September 30, 2022 and 2021, respectively.