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UNIVERSITY RADIO FOUNDATION, INC.

Financial Statements for the Years
Ended June 30, 2019 and 2018 and
Independent Auditors' Report



GreerWalker



GreerWalker

INDEPENDENT AUDITORS' REPORT

The Board of Directors of University Radio Foundation, Inc.:

We have audited the accompanying financial statements of University Radio Foundation, Inc. (the "Organization") which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles 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 generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including 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 Organization'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 Organization'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 University Radio Foundation, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

Greer Walker LLP

Certified Public Accountants
October 29, 2019
Charlotte, NC

GreerWalker LLP | GreerWalker Wealth Management LLC | GreerWalker Corporate Finance LLC

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UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 647,505	\$ 491,519
Accounts receivable, net	390,827	278,160
Pledges receivable, net	968,279	900,041
Prepaid expenses and other current assets	183,565	150,322
Total current assets	<u>2,190,176</u>	<u>1,820,042</u>
PROPERTY AND EQUIPMENT, NET	<u>362,398</u>	<u>390,491</u>
OTHER ASSETS:		
Note receivable, net	202,303	202,303
Investments	<u>3,797,491</u>	<u>3,981,553</u>
Total other assets	<u>3,999,794</u>	<u>4,183,856</u>
TOTAL	<u>\$ 6,552,368</u>	<u>\$ 6,394,389</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 195,232	\$ 193,574
Accrued expenses	222,294	218,378
Deferred revenue	<u>49,194</u>	<u>66,653</u>
Total current liabilities	<u>466,720</u>	<u>478,605</u>
ACCRUED RENT	<u>2,000</u>	<u>23,552</u>
NET ASSETS:		
Without donor restrictions	4,879,035	4,763,418
With donor restrictions	<u>1,204,613</u>	<u>1,128,814</u>
Total net assets	<u>6,083,648</u>	<u>5,892,232</u>
TOTAL	<u>\$ 6,552,368</u>	<u>\$ 6,394,389</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND RECLASSIFICATIONS:						
Contributions	\$ 3,343,549	\$ 889,694	\$ 4,233,243	\$ 3,152,182	\$ 885,511	\$ 4,037,693
Corporation for Public Broadcasting	343,490	-	343,490	303,816	-	303,816
Underwriting fees	2,550,551	-	2,550,551	2,339,851	-	2,339,851
Return on investments, net	222,993	-	222,993	312,430	-	312,430
Other income	42,969	-	42,969	47,509	-	47,509
Reclassifications:						
Contributions and grants released from time or purpose restrictions	813,895	(813,895)	-	727,059	(727,059)	-
Total revenue, support and reclassifications	<u>7,317,447</u>	<u>75,799</u>	<u>7,393,246</u>	<u>6,882,847</u>	<u>158,452</u>	<u>7,041,299</u>
EXPENSES:						
Program services:						
Programming and production	3,144,618	-	3,144,618	2,796,361	-	2,796,361
Broadcast engineering	408,647	-	408,647	429,537	-	429,537
Program information	463,468	-	463,468	391,464	-	391,464
Total program services	<u>4,016,733</u>	<u>-</u>	<u>4,016,733</u>	<u>3,617,362</u>	<u>-</u>	<u>3,617,362</u>
Supporting services:						
General and administrative	899,769	-	899,769	950,170	-	950,170
Fundraising	1,389,808	-	1,389,808	1,525,038	-	1,525,038
Underwriting and grants	895,520	-	895,520	879,520	-	879,520
Total support services	<u>3,185,097</u>	<u>-</u>	<u>3,185,097</u>	<u>3,354,728</u>	<u>-</u>	<u>3,354,728</u>
Total expenses	<u>7,201,830</u>	<u>-</u>	<u>7,201,830</u>	<u>6,972,090</u>	<u>-</u>	<u>6,972,090</u>
CHANGE IN NET ASSETS	115,617	75,799	191,416	(89,243)	158,452	69,209
NET ASSETS, BEGINNING OF YEAR	<u>4,763,418</u>	<u>1,128,814</u>	<u>5,892,232</u>	<u>4,852,661</u>	<u>970,362</u>	<u>5,823,023</u>
NET ASSETS, END OF YEAR	<u>\$ 4,879,035</u>	<u>\$ 1,204,613</u>	<u>\$ 6,083,648</u>	<u>\$ 4,763,418</u>	<u>\$ 1,128,814</u>	<u>\$ 5,892,232</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019

	Year Ended June 30, 2019						Total
	Program			Supporting			
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	
Salaries and wages	\$ 1,579,470	\$ 109,162	\$ 200,557	\$ 584,479	\$ 472,053	\$ 11,447	\$ 2,957,168
Payroll taxes	109,796	7,868	9,753	48,883	28,458	443	205,201
Employee benefits	117,750	5,774	10,516	35,378	23,225	626	193,269
Retirement plan contributions	71,461	6,452	10,927	29,109	15,264	713	133,926
Professional fees	10,509	31,094	33,495	32,810	24,699	846,496	979,103
Program fees	877,021	-	-	-	-	-	877,021
Outreach and promotion	8,466	-	113,445	4,108	106,537	586	233,142
Office expenses	2,441	130	301	12,303	6,207	1,082	22,464
Computer and IT	65,582	13,761	725	7,000	69,109	5,996	162,173
Occupancy	160,488	127,915	7,780	47,035	35,083	-	378,301
Postage and printing	2,658	164	4,817	1,396	257,834	582	267,451
Travel and entertainment	23,853	1,264	1,821	29,871	24,179	176	81,164
Conferences and meetings	12,411	808	975	13,390	4,028	-	31,612
Depreciation and amortization	13,464	51,053	3,502	3,143	1,256	1,123	73,541
Insurance	18,778	7,086	1,119	13,357	4,849	-	45,189
Dues and subscriptions	67,177	475	315	13,677	92	8,745	90,481
Bad debt expense	-	-	-	-	201,230	-	201,230
Transaction fees	-	-	1,710	6,903	79,390	10,525	98,528
Miscellaneous	3,293	45,641	61,710	16,927	36,315	6,980	170,866
Total expenses	\$ 3,144,618	\$ 408,647	\$ 463,468	\$ 899,769	\$ 1,389,808	\$ 895,520	\$ 7,201,830

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2018

	Year Ended June 30, 2018						Total
	Program			Supporting			
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	
Salaries and wages	\$ 1,296,356	\$ 119,350	\$ 167,149	\$ 556,537	\$ 392,921	\$ 59,582	\$ 2,591,895
Payroll taxes	91,308	8,849	7,897	43,566	22,526	4,164	178,310
Employee benefits	96,751	7,224	9,590	25,961	22,395	5,935	167,856
Retirement plan contributions	54,624	5,868	9,053	17,372	9,687	1,792	98,396
Professional fees	30,535	5,793	18,629	89,366	47,472	766,259	958,054
Program fees	859,583	844	-	-	-	-	860,427
Outreach and promotion	4,570	-	28,605	1,322	85,502	62	120,061
Office expenses	7,375	449	1,020	14,648	3,298	1,178	27,968
Computer and IT	9,840	45,903	1,240	5,273	346,252	5,262	413,770
Occupancy	146,295	136,150	15,753	48,671	29,458	9,048	385,375
Postage and printing	2,557	316	9,802	2,435	112,105	273	127,488
Travel and entertainment	38,867	2,009	24,512	35,677	34,419	1,626	137,110
Conferences and meetings	4,537	860	50	30,809	653	860	37,769
Depreciation and amortization	19,844	60,528	5,198	4,666	1,865	1,667	93,768
Insurance	14,068	6,259	1,017	11,163	2,856	780	36,143
Dues and subscriptions	97,690	475	310	15,232	22	8,844	122,573
Bad debt expense	-	-	-	-	263,006	-	263,006
Miscellaneous	21,561	28,660	91,639	47,472	150,601	12,188	352,121
Total expenses	\$ 2,796,361	\$ 429,537	\$ 391,464	\$ 950,170	\$ 1,525,038	\$ 879,520	\$ 6,972,090

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 191,416	\$ 69,209
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in allowance for pledges and accounts receivable	6,918	(7,639)
Depreciation and amortization	73,541	93,768
Loss on disposal of assets	342	-
Realized gain on investments	(231,645)	(138,493)
Unrealized loss (gain) on investments	121,607	(48,950)
Changes in operating assets and liabilities:		
Pledges receivable	(77,188)	9,582
Accounts receivable	(110,635)	7,122
Note receivable	-	(202,303)
Prepaid expenses and other current assets	(33,243)	(55,910)
Accounts payable	1,658	63,446
Accrued expenses	3,916	46,009
Deferred revenue	(17,459)	869
Accrued rent	(21,552)	(15,724)
Net cash applied to operating activities	<u>(92,324)</u>	<u>(179,014)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in investments	(105,900)	(111,616)
Purchases of property and equipment	(45,790)	(197,946)
Proceeds from sale of investments	400,000	-
Net cash provided by (applied to) investing activities	<u>248,310</u>	<u>(309,562)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	155,986	(488,576)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>491,519</u>	<u>980,095</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 647,505</u>	<u>\$ 491,519</u>

See notes to financial statements.

UNIVERSITY RADIO FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - University Radio Foundation, Inc. ("WFAE" or the "Organization") operates independent public radio stations located in Charlotte (WFAE-FM) and Hickory (WFHE-FM), North Carolina.

New Accounting Pronouncement - On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU is effective for annual periods beginning after December 15, 2017. The Organization has adjusted the presentation of these financial statements accordingly. The changes to net asset classification has been applied retrospectively to all periods presented such that the temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions and the unrestricted net asset class has been renamed net assets without donor restrictions.

Financial Statement Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

Net assets with donor restrictions - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met and restrictions stipulating that the amounts be maintained by the Organization in perpetuity. For net assets held in perpetuity, the Organization may expend part or all of the income earned according to donor stipulations.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash deposits with financial institutions that, at times, may exceed federally insured limits.

Pledges Receivable - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if restrictions expire in the same fiscal year. All other donor-restricted net assets are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions receivable are recorded at their net realizable value. An allowance for uncollectible pledges receivable is provided based on management's review of outstanding receivables and prior collection history.

Accounts Receivable - The Organization extends credit to its underwriters. By their nature, accounts receivable involve risk, including the credit risk of nonpayment by the underwriter. Accounts receivable are considered past due based on contractual and invoice terms. The Organization maintains allowances (\$14,392 and \$16,424 as of June 30, 2019 and 2018, respectively) which management believes are adequate to absorb estimated losses to be incurred in realizing the recorded amounts of its accounts receivable. These allowances are determined by management through review of outstanding receivables and prior collection history. Accounts deemed uncollectible are charged against the allowance for doubtful accounts.

Note Receivable - The Organization was assigned a promissory note by a donor with a principal amount of \$400,000 during the year ended June 30, 2018. The note bears interest at 7% and payments on the note will begin December 1, 2019 with a final payment due November 1, 2027. The Organization recorded the note at a net realizable value of \$202,302.

Property and Equipment - Property and equipment that is purchased is recorded at cost. Property and equipment that is contributed is recorded at approximate fair value at the time of donation. Depreciation and amortization are computed using straight-line methods based on the estimated useful lives of the respective assets. The Organization has determined that items purchased with a value exceeding \$1,000 are to be treated as capitalized assets.

Investments - Investments are recorded at fair value with realized and unrealized gains and losses included in the statement of activities as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulations. The fair value of investment securities is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities.

Deferred Revenue - Underwriting and marketing fees received for the next fiscal year are deferred and will be recognized when earned in that year.

Accrued Rent - The Organization recognizes lease expense on a straight-line basis over the term of the respective lease. Accrued rent arises from leases that provide for lease payments that differ from a straight-line basis.

Revenue Recognition - The Organization recognizes contributions that are given unconditionally in the period the contributions are received or promised, whichever is earlier. Pledges receivable are recorded net of estimated uncollectible amounts and discounted to net present value when applicable.

The Organization may receive contributions of cash or other assets which it reports as restricted support if such contributions are received with donor restrictions that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Underwriting revenue is recognized as services are performed.

Donated Services and Goods - The Organization receives donated services and goods and engages in trade transactions, in the ordinary course of business. Such transactions involve donation of goods or services or the exchange of underwriting time for certain goods or services. These goods and services are recorded at the estimated market value of the related goods or services received on the date that they are received. These goods and services are recorded as support in the accompanying statements of activities and in the corresponding functional expense category on the accompanying statement of functional expenses and totaled approximately \$175,000 and \$208,000 for the years ended June 30, 2019 and 2018, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services, management and general, and fundraising efforts. The value of this contributed time does not meet the criteria for recognition of donated services and, accordingly, is not reflected as support in the accompanying financial statements.

Income Taxes - The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes has been recognized in the accompanying financial statements.

The Organization records liabilities for income tax positions taken or expected to be taken when those positions are deemed uncertain to be upheld in an examination by taxing authorities. No liabilities for uncertain income tax positions were recorded as of June 30, 2019 and 2018.

Advertising Expense - The Organization expenses the cost of advertising as incurred. The accompanying statements of activities include advertising expense in the amount of approximately \$33,000 and \$26,000 for the years ended June 30, 2019 and 2018, respectively.

Functional Expense Classification - The Organization's functional expense classification and allocation policy is based on a review of the current organizational structure, and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas. The compensation of certain members of management is allocated based on time and effort spent on program and supporting services. Occupancy, insurance and supply expenses are allocated based on employee headcount. All remaining expenses are categorized according to natural classification.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through October 29, 2019, which is the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at June 30, 2019:

Financial assets at year-end:	
Cash and cash equivalents	\$ 647,505
Accounts and pledges receivable, net	1,359,106
Investments	<u>3,797,491</u>
Total financial assets	<u>5,804,102</u>
Less amounts not available to be used for general expenditures within one year:	
Restricted by donors with purpose restrictions	34,032
Restricted by donors with time restrictions greater than one year	<u>-</u>
Financial assets not available to be used within one year	<u>34,032</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,770,070</u>

As part of the Organization's liquidity management, the Organization maintains at least three months of monthly expenses in cash and cash equivalents and appropriate short-term liquid investments, which may include unused availability on a line of credit issued by a commercial bank. As detailed in Note 7, the Organization has a line of credit for an amount up to \$750,000. There were no outstanding borrowings under this agreement as of June 30, 2019.

3. PLEDGES RECEIVABLE

Pledges outstanding consisted of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Pledges receivable	\$ 1,075,866	\$ 998,678
Less allowance for uncollectible pledges	<u>107,587</u>	<u>98,637</u>
Pledges receivable, net	968,279	900,041
Current portion, net	<u>968,279</u>	<u>900,041</u>
Long-term, net	<u>\$ -</u>	<u>\$ -</u>

4. INVESTMENTS

Investments consisted of the following funds as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Money Market Funds	\$ 39,289	\$ 53,120
Certificates of Deposit	500,000	-
Fixed-Income Funds	1,585,164	1,689,428
Equity Funds	1,396,862	1,890,105
Exchange-Traded Products	<u>276,176</u>	<u>348,900</u>
Total	<u>\$ 3,797,491</u>	<u>\$ 3,981,553</u>

Generally accepted accounting principles in the United States of America establish a 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

The inputs used for valuing investments are summarized in the three broad levels listed below:

- Level 1 - quoted prices in active markets for identical assets
- Level 2 - other significant observable inputs either directly or indirectly (including quoted prices for similar securities, interest rates, yield curves, credit risk, etc.)
- Level 3 - significant unobservable inputs

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

- Money Market Funds and Certificates of Deposit: Valued at the net asset value (“NAV”) per share which is \$1 per share.
- Mutual Funds (Fixed-Income and Equity Funds): Valued at the NAV of the shares held by the Organization at year end, as listed on publicly traded exchanges.
- Exchange-Traded Products: Valued at an index, a commodity or a basket of assets like an index fund that is listed on publicly traded exchanges.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. The following is a summary of the valuations as of June 30, 2019 and 2018 for the Organization’s investments based upon the three levels defined above.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 39,289	\$ -	\$ -	\$ 39,289
Certificates of Deposit	500,000			500,000
Fixed-Income Funds	1,585,164			1,585,164
Equity Funds	1,396,862			1,396,862
Exchange-Traded Products	<u>276,176</u>			<u>276,176</u>
Total	<u>\$ 3,797,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,797,491</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 53,120	\$ -	\$ -	\$ 53,120
Fixed-Income Funds	1,689,428			1,689,428
Equity Funds	1,890,105			1,890,105
Exchange-Traded Products	<u>348,900</u>			<u>348,900</u>
Total	<u>\$ 3,981,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,981,553</u>

Return on investments in the accompanying statement of activities is comprised of the following for the years ended June 30, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Realized gains	\$ 231,645	\$ 138,493
Unrealized (losses) gains	(121,607)	48,872
Dividends and interest	<u>112,955</u>	<u>125,065</u>
Total	<u>\$ 222,993</u>	<u>\$ 312,430</u>

5. PROPERTY

Property consisted of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 28,432	\$ 28,432
Transmitters, antenna, and tower	1,354,869	1,348,960
Equipment - studio and broadcast	739,358	714,585
Furniture and fixtures	318,044	318,044
Leasehold improvements	<u>104,097</u>	<u>95,781</u>
Subtotal	2,544,800	2,505,802
Less accumulated depreciation and amortization	<u>2,182,402</u>	<u>2,115,311</u>
Total, net	<u>\$ 362,398</u>	<u>\$ 390,491</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Restricted by donors with time restrictions	<u>\$ 1,170,581</u>	<u>\$ 1,102,344</u>
Restricted by donors with purpose restrictions:		
The Sarow Fund	8,950	26,470
Environmental coverage	<u>25,082</u>	<u>-</u>
Total	<u>34,032</u>	<u>26,470</u>
Net assets with donor restrictions	<u>\$ 1,204,613</u>	<u>\$ 1,128,814</u>

Net assets with donor restrictions are released from restriction by satisfaction of time and purpose. Restrictions released during the years ended June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Released from time restrictions	\$ 796,375	\$ 688,960
Released from purpose restrictions	<u>17,520</u>	<u>38,099</u>
Total	<u>\$ 813,895</u>	<u>\$ 727,059</u>

7. LINE OF CREDIT

The Organization has a line of credit agreement with a bank for an amount up to \$750,000. The line of credit is secured by substantially all assets, is payable in full on demand and renews annually. Interest is payable monthly at the bank's prime rate (5.5% as of June 30, 2019) plus 1%, subject to a floor of 5.00%. The line of credit expires on April 17, 2020. There were no outstanding borrowings under this agreement as of June 30, 2019 and 2018.

8. LEASE COMMITMENTS

The Organization leases building space and a transmitter from unrelated third parties under agreements classified as operating leases. Rent expense under these agreements totaled approximately \$239,000 and \$266,000 for the years ended June 30, 2019 and 2018, respectively.

Approximate future minimum lease payments under the operating leases as of June 30, 2019 are as follows:

Year ending June 30:	
2020	\$ 242,000
2021	218,000
2022	222,000
2023	229,000
2024	234,000
Thereafter	<u>20,000</u>
Total minimum lease payments	<u>\$ 1,165,000</u>

9. RETIREMENT PLAN

The Organization maintains a 403(b) retirement plan (the "Plan"), which covers full time employees of the Organization that have been employed for at least one year. The Plan requires employees to contribute 6% of salary following the completion of one year of service. The Organization makes discretionary contributions. Discretionary contributions were made by the Organization for the years ended June 30, 2019 and 2018 totaling approximately \$134,000 and \$98,000, respectively.

10. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Organization received contributions from the Board of Directors and employees totaling approximately \$132,000 and \$74,000, respectively.
