

WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2016 AND 2015

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

SEPTEMBER 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
White Ash Broadcasting, Inc.
Fresno, California

We have audited the accompanying financial statements of White Ash Broadcasting, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 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 White Ash Broadcasting, Inc., as of September 30, 2016 and 2015, 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.

Price Pange & Company

Clovis, California
January 17, 2017

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015**

	2016	2015
<u>Assets</u>		
Current assets:		
Cash	\$ 240,737	\$ 216,298
Current portion of pledges receivable - net	317,413	299,876
Prepaid expenses	60,474	1,386
Total current assets	618,624	517,560
Long-term portion of pledges receivable - net	176,762	331,152
Investments - at fair value	424,026	555,683
Restricted investments	156,092	235,565
Property and equipment, net	4,396,155	1,881,606
Total assets	\$ 5,771,659	\$ 3,521,566
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 18,148	\$ 15,179
Vacation payable	54,160	52,053
Note payable - current	42,538	-
Other accrued expenses	15,885	15,833
Total current liabilities	130,731	83,065
Long-term liabilities:		
Note payable	1,698,009	-
Total long-term liabilities	1,698,009	-
Total liabilities	1,828,740	83,065
Net assets:		
Donor restricted:		
Temporarily	506,884	2,429,571
Permanently	270,933	259,768
Total donor restricted	777,817	2,689,339
Unrestricted:		
Designated by the Board for endowment	29,120	25,244
Undesignated	3,135,982	723,918
Total unrestricted	3,165,102	749,162
Total net assets	3,942,919	3,438,501
Total liabilities and net assets	\$ 5,771,659	\$ 3,521,566

The accompanying notes are an integral part of the financial statements.

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Unrestricted</u>	<u>Restricted</u>		<u>Total</u>
		<u>Temporarily</u>	<u>Permanently</u>	
Revenues:				
Contributions	\$ 1,251,342	\$ 989,475	\$ 11,165	\$ 2,251,982
Grants	16,700	396,810	-	413,510
Special events	150,270	-	-	150,270
Realized and unrealized gain/(loss)	2,181	30,025	-	32,206
Interest and dividend income	251	48	-	299
Other income	3,739	-	-	3,739
Net assets released from restrictions	<u>3,339,045</u>	<u>(3,339,045)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,763,528</u>	<u>(1,922,687)</u>	<u>11,165</u>	<u>2,852,006</u>
Expenses and losses:				
Program services:				
Programming and production	859,865	-	-	859,865
Broadcasting and technical	814,776	-	-	814,776
Public information	<u>207,003</u>	<u>-</u>	<u>-</u>	<u>207,003</u>
Total program expenses	<u>1,881,644</u>	<u>-</u>	<u>-</u>	<u>1,881,644</u>
Supporting services:				
General administration	103,120	-	-	103,120
Fundraising and membership development	193,157	-	-	193,157
Losses:				
Uncollectible pledges	5,400	-	-	5,400
Disposal of fixed assets	<u>164,267</u>	<u>-</u>	<u>-</u>	<u>164,267</u>
Total supporting expenses and losses	<u>465,944</u>	<u>-</u>	<u>-</u>	<u>465,944</u>
Total expenses and losses	<u>2,347,588</u>	<u>-</u>	<u>-</u>	<u>2,347,588</u>
Changes in net assets	2,415,940	(1,922,687)	11,165	504,418
Net assets, beginning of year	<u>749,162</u>	<u>2,429,571</u>	<u>259,768</u>	<u>3,438,501</u>
Net assets, end of year	<u>\$ 3,165,102</u>	<u>\$ 506,884</u>	<u>\$ 270,933</u>	<u>\$ 3,942,919</u>

The accompanying notes are an integral part of the financial statements.

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Unrestricted	Restricted		Total
		Temporarily	Permanently	
Revenues:				
Contributions	\$ 1,140,554	\$ 779,309	\$ 5,685	\$ 1,925,548
Grants	38,784	594,251	-	633,035
Special events	159,638	-	-	159,638
Realized and unrealized gain/(loss)	(525)	(6,684)	-	(7,209)
Interest and dividend income	342	698	-	1,040
Other income	5,327	-	-	5,327
Net assets released from restrictions	396,835	(396,835)	-	-
Total revenues	1,740,955	970,739	5,685	2,717,379
Expenses and losses:				
Program services:				
Programming and production	725,136	-	-	725,136
Broadcasting and technical	589,996	-	-	589,996
Public information	204,926	-	-	204,926
Total program expenses	1,520,058	-	-	1,520,058
Supporting services:				
General administration	124,241	-	-	124,241
Fundraising and membership development	164,541	-	-	164,541
Losses:				
Uncollectible pledges	24,600	-	-	24,600
Disposal of fixed assets	19,252	-	-	19,252
Total supporting expenses and losses	332,634	-	-	332,634
Total expenses and losses	1,852,692	-	-	1,852,692
Changes in net assets	(111,737)	970,739	5,685	864,687
Net assets, beginning of year	860,899	1,458,832	254,083	2,573,814
Net assets, end of year	\$ 749,162	\$ 2,429,571	\$ 259,768	\$ 3,438,501

The accompanying notes are an integral part of the financial statements.

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	2016	2015
Cash flows from operating activities:		
Contributions received	\$ 2,539,105	\$ 2,265,085
Grants received	413,510	633,035
Payments to vendors	(1,143,354)	(798,611)
Payments to employees, including taxes and benefits	(955,611)	(926,469)
Proceeds from interest and dividends	299	1,041
Other cash receipts	3,739	5,327
Net cash provided by (used in) operating activities	857,688	1,179,409
Cash flows from investing activities:		
Purchase of property and equipment	(2,817,133)	(1,165,180)
Purchase of investments	(121,880)	(369,940)
Proceeds from sale of investments	365,216	213,346
Net cash provided by (used in) investing activities	(2,573,797)	(1,321,774)
Cash flows from financing activities:		
Borrowings on note payable	1,750,000	-
Payments on note payable	(9,453)	-
Net cash provided by (used in) financing activities	1,740,547	-
Net increase (decrease) in cash	24,438	(142,365)
Cash at beginning of year	216,298	358,663
Cash at end of year	\$ 240,736	\$ 216,298
Reconciliation of change in net assets to net operating cash flow:		
Changes in net assets	\$ 504,418	\$ 864,687
Adjustments for noncash accrual items:		
Depreciation expense	138,317	48,603
Realized and unrealized (gain) loss on investments	(32,206)	7,209
Loss on disposal of fixed assets	164,267	19,252
Changes in operating assets and liabilities:		
Pledges receivable	136,854	179,900
Prepaid expenses	(59,089)	29,052
Accounts payable	2,969	6,511
Vacation payable	2,106	11,982
Other accrued expenses	52	12,212
Net cash provided by (used in) operating activities	\$ 857,688	\$ 1,179,409

The accompanying notes are an integral part of the financial statements.

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

White Ash Broadcasting, Inc. (the “Organization”) is a nonprofit corporation which operates public radio stations in Fresno and Bakersfield, California, under the call letters KVPR and KPRX.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Codification in its Statement of Financial Accounting Standards *Financial Statements of Not-for-Profit Organizations*. As required by the Financial Statement Presentation Topic of the FASB Accounting Standards Codification, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Organization classifies net assets for the presentation of its financial statements as follows:

Unrestricted net assets include assets over which the Organization has full discretion as to use.

Temporarily restricted net assets include contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Temporarily restricted net assets at September 30, 2016 are composed of contributions received and receivable for the capital campaign, as well as contributions restricted to the purchase of property and equipment. Also included in temporarily restricted assets are realized and unrealized gains on individual endowment funds that have not been expended as stipulated by the donor.

Permanently restricted net assets include assets that are restricted by the donor for investment in perpetuity, the income from which is available to support activities as stipulated by the donor. Losses from investments are recorded as decreases in unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all certificates of deposit and all highly liquid debt instruments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Pledges Receivable

Pledges receivable represent amounts committed by donors that have not been received by the Organization. The noncurrent portion of pledges receivable are related to the Capital Campaign. The carrying amount of pledges receivable approximates net present value. An allowance for uncollectible pledges is provided based on management’s evaluation of potential uncollectible pledges receivable at year-end.

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

Investments

Investments are carried at fair value and realized and unrealized gains and losses are reflected in the statement of activities. The fair values of investments are based on quoted market prices. The Organization's investment policy authorizes investments in United States government obligations, corporate bonds, common stock and mutual funds.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair market value at the date of the donation. The Organization's policy is to capitalize all purchases in excess of \$2,500. Any purchases less than \$2,500 for property and equipment are expensed through operations unless the items are to be kept for three years or more. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	7-39 years
Radio equipment	3-15 years
Office furniture and fixtures	3-15 years
Leasehold improvements	3-15 years

Revenue Recognition

Revenues are recognized based on accrual accounting in accordance with generally accepted accounting principles (GAAP). Revenues are recognized when earned, regardless of the timing of cash receipts. Revenue is considered earned when the Organization has substantially met its obligation to be entitled to the benefits represented by the revenue. Deposits, advance payments and progress payments for programs or activities to be conducted primarily in the next fiscal year are classified as deferred revenues and are recognized as revenue only when the revenue-producing event has occurred.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization has received rulings from the Internal Revenue Service and the State of California which exempt it from federal and state income taxes.

Donated Services and Non-Cash Contributions

Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles. Contributions of donated non-cash assets are recorded at their fair values in the period received.

Compensated Absences

The Organization accrues vacation and personal time for its qualified employees. The Organization's policy allows for up to 216 hours per year of paid time off. Vacation and personal time accrued have been recorded and is included in vacation payable at year-end.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expenses for the years ended September 30, 2016 and 2015 were \$2,100 and \$2,790, respectively.

Reclassification

Certain reclassifications were made to the prior-year financial statements in order to conform to the presentation in the current year financial statements.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable represent promises to give which have been made by donors but have not yet been received by the Organization. Pledges which will not be received in the subsequent year have been discounted using an estimated rate of return, which could be earned if such contributions have been made in the current year. The Organization determines uncollectible pledges at an estimated amount based on management's estimate. The discount rate applied to arrive at net present value was 2%.

Total unconditional promises to give were as follows at September 30:

	<u>2016</u>	<u>2015</u>
Receivables in less than one year	\$ 348,513	\$ 375,076
Receivables in one to five years	<u>189,278</u>	<u>358,936</u>
Total	537,791	734,012
Less: Discount to net present value	<u>(12,516)</u>	<u>(27,784)</u>
Subtotal	525,275	706,228
Less: Allowance for uncollectible pledges	<u>(31,100)</u>	<u>(75,200)</u>
Net unconditional promises to give	<u>\$ 494,175</u>	<u>\$ 631,028</u>

WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 3 – INVESTMENTS

Investments include both unrestricted and permanently restricted funds. The fair value of investments is as follows at September 30:

	<u>2016</u>	<u>2015</u>
Corporate bond funds	\$ 128,911	\$ 134,924
Equity funds	206,891	185,328
Money Markets	170,266	142,025
Fixed income	<u>74,050</u>	<u>328,971</u>
Total	<u>\$ 580,118</u>	<u>\$ 791,248</u>

As stated in Note 1, income from permanently restricted net assets is available to support any activity. Therefore, the investment return increases the unrestricted net assets.

Investment return consists of the following at September 30:

	<u>2016</u>	<u>2015</u>
Investment earnings	\$ 15,000	\$ 14,627
Unrealized gain/(loss)	<u>17,206</u>	<u>(21,836)</u>
Total	<u>\$ 32,206</u>	<u>\$ (7,209)</u>

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant observable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations are for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations are for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets.

Level 3: Inputs are unobservable. Valuations are for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discount cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining fair value assigned to such assets or liabilities. The Organization has no financial assets or liabilities in this category.

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 3 – INVESTMENTS (Continued)

The table below presents the level within the fair value hierarchy at which investments are measured at September 30, 2016:

Description	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Quoted Prices in Active Markets for Similar Instruments (Level 2)
Equity Funds	\$ 206,891	\$ -
Bond Funds	128,911	-
Money Market	170,266	-
Fixed Income	74,050	-

The carrying amount of cash, accounts receivable, prepaid expenses, inventories, other assets, accounts payable, accrued payroll and related liabilities and other liabilities approximates fair value.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at September 30:

	2016	2015
Land	\$ 411,650	\$ 411,650
Radio equipment	409,329	599,629
Furniture, fixtures and equipment	53,331	78,705
Leasehold improvements	38,034	306,838
Buildings and Improvements	3,833,703	-
Construction in progress	-	1,197,635
	4,746,047	2,594,457
Accumulated depreciation	(349,891)	(712,851)
Property and equipment, net	<u>\$ 4,396,155</u>	<u>\$ 1,881,606</u>

Depreciation expense for the years ended September 30, 2016 and 2015 was \$138,317 and \$48,603, respectively.

NOTE 5 – LINE OF CREDIT

The Organization has a line of credit agreement with a bank that provides for borrowings of up to \$150,000 at the bank's prime rate. Any borrowings under this line are collateralized by the Organization's savings account, deposits, receivables and fixed assets. At September 30, 2016 and 2015, the Organization did not carry a balance on the line of credit. The Organization did not pay any interest for the year ended September 30, 2016 and 2015, respectively. The line expires on October 5, 2017.

WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 6 – NOTE PAYABLE

Long-term debt at September 30, consists of the following:

Note payable to United Security Bank payable in monthly installments of \$9,230 including interest at 3.95%. Secured by assets subject to note. \$ 1,740,547

Year Ending September 30.

2017	\$ 42,538
2018	44,249
2019	46,028
2020	47,880
2021	49,806
Thereafter	<u>1,510,046</u>
Total	<u>\$ 1,740,547</u>

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30:

	<u>2016</u>	<u>2015</u>
Capital campaign	\$ 452,326	\$ 775,315
Program services	<u>54,558</u>	<u>1,654,256</u>
Total temporarily restricted net assets	<u>\$ 506,884</u>	<u>\$ 2,429,571</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors and by receipt of pledges receivable as described in Note 1.

NOTE 8 – ENDOWMENTS

Generally accepted accounting principles (GAAP) provide guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Organization's endowment consists of approximately six individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 8 – ENDOWMENTS (Continued)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Endowment Net Asset Computation by Type of Fund

Endowment net assets consist of the following at September 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 57,200	\$ 270,933	\$ 328,133
Board-Designated Endowment Funds	<u>29,120</u>	<u>-</u>	<u>-</u>	<u>29,120</u>
Total Endowed Net Assets	<u>\$ 29,120</u>	<u>\$ 57,200</u>	<u>\$ 270,933</u>	<u>\$ 357,253</u>

Endowment net assets consisted of the following at September 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 52,175	\$ 259,768	\$ 311,943
Board-Designated Endowment Funds	<u>25,244</u>	<u>-</u>	<u>-</u>	<u>25,244</u>
Total Endowed Net Assets	<u>\$ 25,244</u>	<u>\$ 52,175</u>	<u>\$ 259,768</u>	<u>\$ 337,187</u>

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 8 – ENDOWMENTS (Continued)

Changes in Endowment Net Assets

The following schedule shows changes in endowment net assets for the year ending September 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, October 1, 2015	\$ 25,244	\$ 52,175	\$ 259,768	\$ 337,187
Investment Return:				
Investment Income	973	14,073	-	15,046
Net Appreciation (Depreciation)	<u>1,253</u>	<u>15,952</u>	<u>-</u>	<u>17,205</u>
Total Investment Return	<u>2,226</u>	<u>30,025</u>	<u>-</u>	<u>32,251</u>
Contributions	1,650	-	11,165	12,815
Appropriation of Endowment Assets for Expenditure	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
Endowment Net Assets, September 30, 2016	<u>\$ 29,120</u>	<u>\$ 57,200</u>	<u>\$ 270,933</u>	<u>\$ 357,253</u>

The following schedule shows changes in endowment net assets for the year ending September 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, October 1, 2014	\$ 25,368	\$ 57,867	\$ 254,083	\$ 337,318
Investment Return:				
Investment Income	42	566	-	608
Net Appreciation (Depreciation)	<u>(466)</u>	<u>(6,258)</u>	<u>-</u>	<u>(6,724)</u>
Total Investment Return	<u>(424)</u>	<u>(5,692)</u>	<u>-</u>	<u>(6,116)</u>
Contributions	300	-	5,685	5,985
Appropriation of Endowment Assets for Expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets, September 30, 2015	<u>\$ 25,244</u>	<u>\$ 52,175</u>	<u>\$ 259,768</u>	<u>\$ 337,187</u>

WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 8 – ENDOWMENTS (Continued)

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets

The following schedule shows the balances at September 30:

PERMANENTLY RESTRICTED NET ASSETS	<u>2016</u>	<u>2015</u>
The portion of perpetual endowment funds that is required to be retained either by explicit donor stipulation or by UPMIFA	\$ <u>270,933</u>	\$ <u>259,768</u>
Total endowment funds classified as permanently restricted net assets	\$ <u>270,933</u>	\$ <u>259,768</u>
 TEMPORARILY RESTRICTED NET ASSETS		
The portion of perpetual endowment funds subject to a purpose restriction under UPMIFA		
With purpose restrictions	\$ <u>57,200</u>	\$ <u>52,175</u>
Total endowment funds classified as temporarily restricted net assets	\$ <u>57,200</u>	\$ <u>52,175</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 3 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The investment committee meets quarterly to assess the investment assets and the returns from the assets. As of September 30, 2016, the Organization had an investment policy of 60% bonds, 40% stocks in order to be conservative in an uncertain market.

**WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA**

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 8 – ENDOWMENTS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year fifty percent of earnings, based on the fiscal year-end account value. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of three percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Organization participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 10 – UNCERTAIN TAX POSITION

The Organization has qualified as a non-profit organization and has been granted tax-exempt status pursuant to Internal Revenue Code Section 501 (c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes.

Generally accepted accounting principles provide accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 17, 2017, the date the financial statements were available to be issued, noting no matters requiring disclosure in the financial statements for the year ended September 30, 2016.