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**UNIVERSITY RADIO FOUNDATION, INC.**

Financial Statements for the Years  
Ended June 30, 2017 and 2016 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 statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with generally accepted auditing standards 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 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

### ***Prior Period Financial Statements***

The financial statements of University Radio Foundation, Inc. as of June 30, 2016, were audited by other auditors whose report dated October 21, 2016, expressed an unmodified opinion on those statements.

*Greer Walker LLP*

Certified Public Accountants  
October 27, 2017  
Charlotte, North Carolina

GreerWalker LLP | [greerwalker.com](http://greerwalker.com)

**Charlotte Office** The Carillon | 227 West Trade St., Suite 1100 | Charlotte, NC 28202 | USA | Tel 704.377.0239

**Greenville Office** Wells Fargo Center | 15 South Main St., Suite 800 | Greenville, SC 29601 | USA | Tel 864.752.0080

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## UNIVERSITY RADIO FOUNDATION, INC.

### STATEMENTS OF FINANCIAL POSITION JUNE 30, 2017 AND 2016

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<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 945,526	\$ 723,408
Restricted cash and cash equivalents	34,569	42,003
Pledges receivable, net	882,793	757,647
Accounts receivable, net	281,473	217,589
Prepaid expenses and other current assets	94,412	161,594
Total current assets	<u>2,238,773</u>	<u>1,902,241</u>
PROPERTY AND EQUIPMENT, NET	<u>286,313</u>	<u>350,795</u>
OTHER ASSETS:		
Pledges receivable, net	23,000	33,500
Investments	3,682,494	3,276,028
Total other assets	<u>3,705,494</u>	<u>3,309,528</u>
TOTAL	<u>\$ 6,230,580</u>	<u>\$ 5,562,564</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 129,535	\$ 129,336
Accrued expenses	172,962	129,867
Deferred revenue	65,784	48,115
Total current liabilities	<u>368,281</u>	<u>307,318</u>
ACCRUED RENT	<u>39,276</u>	<u>49,329</u>
NET ASSETS:		
Unrestricted	4,852,661	4,372,767
Temporarily restricted	970,362	833,150
Total net assets	<u>5,823,023</u>	<u>5,205,917</u>
TOTAL	<u>\$ 6,230,580</u>	<u>\$ 5,562,564</u>

See notes to financial statements.

## UNIVERSITY RADIO FOUNDATION, INC.

### STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	Year Ended June 30, 2017			Year Ended June 30, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE, SUPPORT, AND RECLASSIFICATIONS:</b>						
Contributions	\$ 2,855,016	\$ 837,621	\$ 3,692,637	\$ 2,331,668	\$ 701,351	\$ 3,033,019
Corporation for Public Broadcasting	308,768	-	308,768	298,629	-	298,629
Underwriting fees	2,084,899	-	2,084,899	1,703,237	-	1,703,237
Return on investments	418,506	-	418,506	33,502	-	33,502
Other income	41,204	-	41,204	41,598	-	41,598
Reclassifications:						
Contributions and grants released from time or purpose restrictions	700,409	(700,409)	-	525,826	(525,826)	-
Total revenue, support and reclassifications	<u>6,408,802</u>	<u>137,212</u>	<u>6,546,014</u>	<u>4,934,460</u>	<u>175,525</u>	<u>5,109,985</u>
<b>EXPENSES:</b>						
Program services:						
Programming and production	2,446,748	-	2,446,748	2,409,841	-	2,409,841
Broadcast engineering	448,304	-	448,304	406,026	-	406,026
Program information	282,406	-	282,406	365,104	-	365,104
Total program services	<u>3,177,458</u>	<u>-</u>	<u>3,177,458</u>	<u>3,180,971</u>	<u>-</u>	<u>3,180,971</u>
Supporting services:						
General and administrative	733,367	-	733,367	804,742	-	804,742
Fundraising	1,170,266	-	1,170,266	748,574	-	748,574
Underwriting and grants	847,817	-	847,817	671,242	-	671,242
Total support services	<u>2,751,450</u>	<u>-</u>	<u>2,751,450</u>	<u>2,224,558</u>	<u>-</u>	<u>2,224,558</u>
Total expenses	<u>5,928,908</u>	<u>-</u>	<u>5,928,908</u>	<u>5,405,529</u>	<u>-</u>	<u>5,405,529</u>
CHANGE IN NET ASSETS	479,894	137,212	617,106	(471,069)	175,525	(295,544)
NET ASSETS, BEGINNING OF YEAR	<u>4,372,767</u>	<u>833,150</u>	<u>5,205,917</u>	<u>4,843,836</u>	<u>657,625</u>	<u>5,501,461</u>
NET ASSETS, END OF YEAR	<u>\$ 4,852,661</u>	<u>\$ 970,362</u>	<u>\$ 5,823,023</u>	<u>\$ 4,372,767</u>	<u>\$ 833,150</u>	<u>\$ 5,205,917</u>

See notes to financial statements.

## UNIVERSITY RADIO FOUNDATION, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2017

	Year Ended June 30, 2017						Total
	Program			Supporting			
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	
Salaries and wages	\$ 1,098,231	\$ 102,776	\$ 129,242	\$ 425,899	\$ 284,522	\$ 33,950	\$ 2,074,620
Payroll taxes	75,773	6,984	9,020	39,268	17,536	2,131	150,712
Employee benefits	103,305	11,053	9,380	17,981	25,289	2,893	169,901
Retirement plan contributions	56,613	5,963	6,086	9,736	14,218	263	92,879
Professional fees	13,844	6,259	3,000	28,741	32,436	715,871	800,151
Program fees	828,017	43,161	-	-	4,905	-	876,083
Outreach and promotion	4,858	-	24,327	6,088	95,357	-	130,630
Office expenses	1,829	428	476	13,747	1,403	948	18,831
Computer and IT	10,273	23,660	452	4,591	105,708	4,371	149,055
Occupancy	113,908	136,535	11,134	33,693	34,498	35,718	365,486
Postage and printing	1,119	120	-	2,575	154,493	662	158,969
Travel and entertainment	17,201	2,060	520	29,590	14,029	64	63,464
Conferences and meetings	2,540	1,362	-	6,405	5,240	65	15,612
Depreciation and amortization	26,328	68,661	7,053	6,224	2,637	2,261	113,164
Insurance	12,556	13,865	1,669	8,908	4,582	3,291	44,871
Dues and subscriptions	71,265	463	432	13,505	4,850	4,147	94,662
Bad debt expense	-	-	-	-	219,795	-	219,795
Miscellaneous	9,088	24,954	79,615	86,416	148,768	41,182	390,023
<b>Total expenses</b>	<b>\$ 2,446,748</b>	<b>\$ 448,304</b>	<b>\$ 282,406</b>	<b>\$ 733,367</b>	<b>\$ 1,170,266</b>	<b>\$ 847,817</b>	<b>\$ 5,928,908</b>

See notes to financial statements.

## UNIVERSITY RADIO FOUNDATION, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2016

	Year Ended June 30, 2016						Total
	Program			Supporting			
	Program and Production	Broadcast Engineering	Program Information	General and Administrative	Fundraising	Underwriting and Grants	
Salaries and wages	\$ 1,078,777	\$ 94,610	\$ 149,189	\$ 505,242	\$ 265,824	\$ 131	\$ 2,093,773
Payroll taxes	89,754	8,092	15,839	28,828	17,650	3,646	163,809
Employee benefits	120,383	11,778	10,946	17,252	26,452	-	186,811
Retirement plan contributions	55,342	5,700	4,362	15,661	8,310	754	90,129
Professional fees	15,171	10,525	7,073	54,127	66,113	590,488	743,497
Program fees	826,888	34,883	-	-	1,350	-	863,121
Outreach and promotion	1,339	-	7,072	1,003	74,589	-	84,003
Office expenses	1,082	146	200	4,000	1,816	540	7,784
Computer and IT	4,266	6,662	5,608	761	15,574	28,070	60,941
Occupancy	112,885	140,706	12,900	34,027	31,279	36,187	367,984
Postage and printing	642	76	1,360	1,561	63,198	1,404	68,241
Travel and entertainment	12,981	666	2,261	15,887	9,153	-	40,948
Conferences and meetings	4,936	1,488	1,708	6,822	2,433	-	17,387
Depreciation and amortization	27,746	59,902	7,181	5,185	5,853	2,260	108,127
Insurance	14,212	10,879	2,024	12,760	5,182	2,840	47,897
Dues and subscriptions	40,217	985	589	-	-	-	41,791
Miscellaneous	3,220	18,928	136,792	101,626	153,798	4,922	419,286
<b>Total expenses</b>	<b>\$ 2,409,841</b>	<b>\$ 406,026</b>	<b>\$ 365,104</b>	<b>\$ 804,742</b>	<b>\$ 748,574</b>	<b>\$ 671,242</b>	<b>\$ 5,405,529</b>

See notes to financial statements.

## UNIVERSITY RADIO FOUNDATION, INC.

### STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 617,106	\$ (295,544)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in allowance for pledges and accounts receivable	33,825	27,764
Depreciation and amortization	113,164	108,127
Loss on disposal of assets	-	1,858
Realized gain on investments	(15,431)	(5,076)
Unrealized (gain) loss on investments	(301,405)	89,752
Changes in operating assets and liabilities:		
Pledges receivable	(148,991)	(169,398)
Accounts receivable	(63,364)	(27,980)
Prepaid expenses and other current assets	67,182	(35,539)
Accounts payable	199	66,074
Accrued expenses	43,095	(166,875)
Deferred revenue	17,669	30,307
Accrued rent	(10,053)	(4,556)
Net cash provided by (applied to) operating activities	<u>352,996</u>	<u>(381,086)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in investments	(89,630)	93,126
Purchases of property and equipment	(48,682)	(13,317)
Net cash provided by (applied to) investing activities	<u>(138,312)</u>	<u>79,809</u>
NET INCREASE (DECREASE) IN CASH	214,684	(301,277)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>765,411</u>	<u>1,066,688</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 980,095</u>	<u>\$ 765,411</u>

See notes to financial statements.



## **UNIVERSITY RADIO FOUNDATION, INC.**

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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#### 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.

Financial Statement Presentation - The net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets* - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired

*Temporarily restricted net assets* - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met.

*Permanently restricted net assets* - Net assets that contain donor-imposed restrictions stipulating that the amounts be maintained by the Organization in perpetuity. As of June 30, 2017 and 2016, the Organization had no permanently restricted net assets.

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.

Restricted Cash and Cash Equivalents - The Organization receives donations that are restricted for the compensation of its interns and are included in the Sarrow Fund in the temporarily restricted net assets.

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 unrestricted net assets if restrictions expire in the same fiscal year. All other donor-restricted net assets are reported as temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets. 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 (\$20,233 and \$20,753 as of June 30, 2017 and 2016, 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.

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 temporarily or permanently 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 recognized 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.

The Organization may receive contributions of cash or other assets which it reports as temporarily restricted support if such contributions are received with donor restrictions that limit the use of the donated assets. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. 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 \$235,000 and \$164,000 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016.

Advertising Expense - The Organization expenses the cost of advertising as incurred. The accompanying statements of activities include advertising expense in the amount of approximately \$5,000 and \$7,000 for the years ended June 30, 2017 and 2016, respectively.

Reclassifications - Certain amounts in the 2016 financial statements have been reclassified to conform with 2017 presentation. Such reclassifications had no effect on the previously reported change in net assets.

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.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through October 27, 2017, which is the date the financial statements were available to be issued.

## 2. PLEDGES RECEIVABLE

Pledges outstanding consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Due in less than one year	\$ 985,260	\$ 825,769
Due in 1 to 5 years	<u>23,000</u>	<u>33,500</u>
Subtotal	1,008,260	859,269
Less allowance for uncollectible pledges	<u>102,467</u>	<u>68,122</u>
Pledges receivable, net	905,793	791,147
Current portion, net	<u>882,793</u>	<u>757,647</u>
Long-term, net	<u>\$ 23,000</u>	<u>\$ 33,500</u>

## 3. INVESTMENTS

Investments consisted of the following funds as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Money Market Funds	\$ 37,189	\$ 32,892
Fixed-Income Funds	1,253,692	1,112,218
Equity Funds	2,052,012	1,838,868
Exchange-Traded Products	<u>339,601</u>	<u>292,050</u>
Total	<u>\$ 3,682,494</u>	<u>\$ 3,276,028</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, 2017.

- Money Market Funds: 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 Product Funds: Valued at an index, a commodity or a basket of assets like an index fund but trades like a stock on an exchange.

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, 2017 and 2016 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 37,189	\$ -	\$ -	\$ 37,189
Fixed-Income Funds	1,253,692	-	-	1,253,692
Equity Funds	2,052,012	-	-	2,052,012
Exchange-Traded Products	<u>339,601</u>	<u>-</u>	<u>-</u>	<u>339,601</u>
Total	<u>\$ 3,682,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,682,494</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 32,892	\$ -	\$ -	\$ 32,892
Fixed-Income Funds	1,112,218	-	-	1,112,218
Equity Funds	1,838,868	-	-	1,838,868
Exchange-Traded Products	<u>292,050</u>	<u>-</u>	<u>-</u>	<u>292,050</u>
Total	<u>\$ 3,276,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,276,028</u>

Return on investments in the accompanying statement of activities is comprised of the following for the years ended June 30, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
Realized gains	\$ 15,431	\$ 5,076
Unrealized gains (losses)	301,405	(89,752)
Interest	5	97
Dividends	<u>101,665</u>	<u>118,081</u>
Total	<u>\$ 418,506</u>	<u>\$ 33,502</u>

#### 4. PROPERTY

Property consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 28,432	\$ 28,432
Transmitters, antenna, and tower	1,203,941	1,195,191
Equipment- studio and broadcast	674,188	675,316
Furniture and fixtures	310,327	310,327
Leasehold improvements	<u>95,781</u>	<u>95,781</u>
Subtotal	2,312,669	2,305,047
Less accumulated depreciation and amortization	<u>2,026,356</u>	<u>1,954,252</u>
Total, net	<u>\$ 286,313</u>	<u>\$ 350,795</u>

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available for future periods or purposes consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Subscription, memberships, and other pledges	\$ 905,793	\$ 791,147
Grants	30,000	-
Sarrow Fund	<u>34,569</u>	<u>42,003</u>
Total	<u>\$ 970,362</u>	<u>\$ 833,150</u>

Net assets are released from donor restrictions by satisfaction of time and purpose. Restrictions released during the years ended June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Subscription, memberships, and other pledges	\$ 692,975	\$ 525,286
Sarrow Fund	<u>7,434</u>	<u>-</u>
Total	<u>\$ 700,409</u>	<u>\$ 525,826</u>

6. LINE OF CREDIT

The Organization has a line of credit agreement with a bank for an amount up to \$500,000. 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 (4.25% as of June 30, 2017) plus 1%, subject to a floor of 5.00%. The line of credit expires on April 17, 2018. There were no outstanding borrowings under this agreement as of June 30, 2017 and 2016.

7. 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 \$248,000 and \$226,000 for the years ended June 30, 2017 and 2016, respectively.

Approximate future minimum lease payments under the operating leases as of June 30, 2017 are as follows:

Year ending June 30:	
2018	\$ 255,000
2019	245,000
2020	41,000
2021	<u>2,000</u>
Total minimum lease payments	<u>\$ 543,000</u>

8. 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, 2017 and 2016 totaling \$92,616 and \$90,129, respectively.

9. RELATED PARTY TRANSACTIONS

A board member of the Organization is an owner of a staffing company that provided services of approximately \$62,000 for the year ended June 30, 2016.

During the years ended June 30, 2017 and 2016, the Organization received contributions from the Board of Directors and employees totaling approximately \$90,000 and \$81,000, respectively.