

White Pine Community Broadcasting, Inc.

Financial Statements

Years Ended September 30, 2017 and 2016

White Pine Community Broadcasting, Inc.

Financial Statements

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Independent Auditor's Report

Board of Directors
White Pine Community Broadcasting, Inc.
Rhineland, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of White Pine Community Broadcasting, Inc. (the "Corporation"), which comprise the statement of financial position as of September 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of White Pine Community Broadcasting, Inc. as of September 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Wipfli LLP

January 17, 2018
Rhineland, Wisconsin

White Pine Community Broadcasting, Inc.

Statements of Financial Position

September 30, 2017 and 2016

<i>Assets</i>	2017	2016
Current assets:		
Cash and cash equivalents	\$ 426,070	\$ 419,796
Investments	12,426	10,994
Receivables:		
Unconditional promises to give - Net	2,846	2,142
Underwriting receivable - Net	11,266	4,779
Prepaid expenses and other assets		86
Total current assets	452,608	437,797
Property and equipment - Net	506,454	560,753
Other assets - Beneficial interest in assets held by others	224,928	230,363
TOTAL ASSETS	\$ 1,183,990	\$ 1,228,913
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 4,578	\$ 4,612
Accrued and other liabilities	5,591	372
Deferred revenue - Other	3,251	4,315
Total current liabilities	13,420	9,299
Net assets:		
Unrestricted:		
Undesignated	910,788	899,575
Designated for salaries		33,730
Designated for maintenance	34,854	54,446
Designated for endowment	224,928	230,363
Total unrestricted	1,170,570	1,218,114
Temporarily restricted		1,500
Total net assets	1,170,570	1,219,614
TOTAL LIABILITIES AND NET ASSETS	\$ 1,183,990	\$ 1,228,913

See accompanying notes to financial statements.

White Pine Community Broadcasting, Inc.

Statements of Activities

Years Ended September 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted		Unrestricted	Temporarily Restricted	
		Total	Unrestricted		Temporarily Restricted	Total
Revenues and other support:						
Public support:						
Contributions	\$ 330,967	\$ 3,000	\$ 333,967	\$ 359,926	\$ 4,300	\$ 364,226
Special events	47,701		47,701	30,504		30,504
Underwriting	96,693		96,693	108,896		108,896
Grant revenues	100,509	26,684	127,193	98,175	25,833	124,008
Lease income	54,610		54,610	53,295		53,295
Investment return	1,833		1,833	1,595		1,595
Increase in beneficial interest	22,465		22,465	13,810		13,810
Miscellaneous	348		348	2,120		2,120
Net assets released from restriction	31,184	(31,184)		28,633	(28,633)	
Total revenues and other support	686,310	(1,500)	684,810	696,954	1,500	698,454
Expenses:						
Programming and production	275,536		275,536	261,203		261,203
Broadcasting	44,798		44,798	49,107		49,107
Program information	47,429		47,429	46,751		46,751
Management and general	230,000		230,000	246,252		246,252
Fundraising	32,319		32,319	39,710		39,710
Grant solicitation and underwriting	75,167		75,167	78,331		78,331
Costs of direct benefits to donors	28,605		28,605	20,222		20,222
Total expenses	733,854		733,854	741,576		741,576
Changes in net assets	(47,544)	(1,500)	(49,044)	(44,622)	1,500	(43,122)
Net assets at beginning of year	1,218,114	1,500	1,219,614	1,262,736		1,262,736
Net assets at end of year	\$ 1,170,570	\$ 0	\$ 1,170,570	\$ 1,218,114	\$ 1,500	\$ 1,219,614

See accompanying notes to financial statements.

White Pine Community Broadcasting, Inc.

Statements of Functional Expenses Years Ended September 30, 2017 and 2016

	Program Services			Total Program Services	Support Services			Grant Solicitation and Underwriting	Total 2017
	Programming and Production	Broadcasting Information	Program Information		Management and General	Fundraising	Underwriting		
Salaries, wages, and benefits	\$ 109,149	\$ 0	\$ 40,387	\$ 149,536	\$ 118,506	\$ 12,302	\$ 69,821	\$ 350,165	
Programming costs	102,997			102,997	7,226			110,223	
Repairs and maintenance	2,405	5,220		7,625		850		8,475	
Telephone	1,687			1,687	1,433	1,433	1,433	5,986	
Utilities		18,704	3,608	22,312	9,860		2,240	34,412	
Travel and mileage	5,580			5,580	1,750		240	7,570	
Advertising					27,934			27,934	
Printing	13			13	2,278	6,433	1,376	10,100	
Professional services	2,280		1,250	3,530	25,232			28,762	
Supplies	35			35	1,123	235	57	1,450	
Postage					4,702	3,188		7,890	
Other	5,796		2,184	7,980	22,767	4,502		35,249	
Depreciation	45,594	20,874		66,468	7,189	3,376		77,033	
Totals	\$ 275,536	\$ 44,798	\$ 47,429	\$ 367,763	\$ 230,000	\$ 32,319	\$ 75,167	\$ 705,249	

White Pine Community Broadcasting, Inc.

Statements of Functional Expenses (Continued)

Years Ended September 30, 2017 and 2016

	Program Services			Total Program Services	Support Services			Total 2016
	Programming and Production	Broadcasting Information	Program Information		Management and General	Fundraising	Solicitation and Underwriting	
Salaries, wages, and benefits	\$ 89,881	\$ 0	\$ 40,328	\$ 130,209	\$ 139,531	\$ 11,956	\$ 67,603	\$ 349,299
Programming costs	104,558			104,558	7,157			111,715
Repairs and maintenance	4,661	6,119	169	10,949		850		11,799
Small equipment			308	308				308
Telephone	1,679	715		2,394	1,404	1,404	1,404	6,606
Utilities		19,110	3,406	22,516	9,187	355	5,688	37,746
Travel and mileage	6,687			6,687	5,703	45	2,423	14,858
Advertising					35,042			35,042
Printing	182		54	236	1,840	8,086	951	11,113
Professional services	2,280		890	3,170	13,968			17,138
Supplies	15			15	748	307	262	1,332
Postage	14			14	1,171	8,155		9,340
Other	6,898		1,596	8,494	21,126	5,176		34,796
Depreciation	44,348	23,163		67,511	9,375	3,376		80,262
Totals	\$ 261,203	\$ 49,107	\$ 46,751	\$ 357,061	\$ 246,252	\$ 39,710	\$ 78,331	\$ 721,354

See accompanying notes to financial statements.

White Pine Community Broadcasting, Inc.

Statements of Cash Flows

Years Ended September 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (49,044)	\$ (43,122)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	77,033	80,262
Provision for uncollectible receivables	195	938
Realized and unrealized gains on investments	(1,073)	(348)
Contribution of property and equipment		(2,000)
Distributions received from Community Foundation of North Central Wisconsin	27,900	40,500
Increase in beneficial interest in assets held by the Community Foundation of North Central Wisconsin	(22,465)	(13,810)
Changes in operating assets and liabilities:		
Receivables	(7,386)	(3,478)
Prepaid expenses and other assets	86	39
Accounts payable	(35)	(636)
Accrued and other liabilities	5,219	(821)
Deferred revenue	(1,064)	(6,753)
Total adjustments	78,410	93,893
Net cash provided by operating activities	29,366	50,771
Cash flows from investing activities:		
Acquisition of property and equipment	(22,734)	(15,379)
Purchases of investments	(358)	(869)
Net cash used in investing activities	(23,092)	(16,248)
Net increase in cash and cash equivalents	6,274	34,523
Cash and cash equivalents at beginning of year	419,796	385,273
Cash and cash equivalents at end of year	\$ 426,070	\$ 419,796

See accompanying notes to financial statements.

White Pine Community Broadcasting, Inc.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

Principal Business Activity

White Pine Community Broadcasting, Inc. (the "Corporation") is a nonprofit Wisconsin corporation located in Rhinelander, Wisconsin with a translator station in Ironwood, Michigan and a repeater station in Wausau, Wisconsin. The Corporation is a public radio station operating on 100,000 watts of power with a frequency of 91.7 on the FM radio dial. The Corporation's mission is to present program services to the people of northern Wisconsin and the upper peninsula of Michigan, which enrich, entertain, and educate in the broadest sense by informing citizens of significant issues facing society; by exploring cultural diversity through music, arts, public affairs, and community events; and by providing participation in these events.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Thus, they include all net assets whose use has not been restricted by donors or by law. Board designations, which are voluntary board-approved segregations of net assets for specific purposes, projects, or investments, are also a part of unrestricted net assets.

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Corporation has no temporarily restricted net assets at September 30, 2017.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on any related investments for general or specific purposes. The Corporation currently has no permanently restricted net assets.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Use of Estimates

The preparation of the accompanying financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that directly affect the results of reports assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

White Pine Community Broadcasting, Inc.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investments

The Corporation's investments consist of certificates of deposit with a term greater than three months, which are held to maturity, as well as mutual funds which are stated at fair value.

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Property, Equipment and Depreciation

Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of property and equipment are reflected in income. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The Corporation capitalizes property and equipment with a value greater than or equal to \$500.

Accumulated Unpaid Vacation, Sick, and Personal Leave

Regular employees are granted vacation pay in varying amounts based on length of service and hire date. Full-time employees hired prior to October 1, 2009, forfeit any unused vacation time at the end of each fiscal year. Full-time employees hired after October 1, 2009, must use vacation time by the end of the 12-month period in which it is earned.

Each regular employee is credited four hours of sick leave per pay period. Sick leave credits cannot accumulate in excess of 160 hours. Unused sick leave is not paid to the employee upon termination.

Each regular employee is entitled to 24 hours of paid personal leave per year. Personal leave credits do not carry over into subsequent years and unused credits upon termination of employment will not be paid out to the employee.

White Pine Community Broadcasting, Inc.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions, Unconditional Promises to Give, and Underwriting

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Corporation 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Corporation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations 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 long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows, on a discounted basis applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenues. Conditional promises to give are not included as support until such time as the conditions are substantially met.

The Corporation receives support from the underwriters of its programming (underwriting), which are thanked with on-air messages (spots). Underwriting is recognized as revenue when credits are aired. Underwriting paid in advance of credits aired is reflected as deferred revenue until the credits are aired or delivered. As of September 30, 2017, the Corporation had no underwriting paid in advance of credits.

Contributed Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The amount of contributed services recognized as revenues for the years ended September 30, 2017 and 2016, are \$26,213 and \$35,771, respectively.

White Pine Community Broadcasting, Inc.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Expenses not directly chargeable are reported as supporting costs.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable State law, except on net income derived from unrelated business activities. Contributions to it are tax deductible within the limitations prescribed by the Code. The Corporation has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

The Corporation assesses whether it is more-likely-than-not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of the tax position is not recognized in the financial statements.

The Corporation recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. The Corporation leases rental space on their broadcasting tower that creates unrelated business income tax liability. The Corporation expensed income taxes of \$1,213 to the Internal Revenue Service and \$639 to the State of Wisconsin in 2017.

Subsequent Events

The Corporation has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 17, 2018, which is the date the financial statements were available to be issued.

White Pine Community Broadcasting, Inc.

Notes to the Financial Statements

Note 2: Investments

The following is a summary of investment securities at cost and fair value for the years ended September 30, 2017 and 2016:

	2017	
	Cost	Fair Value
Mutual funds - Equities	\$ 10,884	\$ 9,157
Common stock - Domestic	550	3,269
Total investments	\$ 11,434	12,426

	2016	
	Cost	Fair Value
Mutual funds - Equities	\$ 10,884	\$ 8,298
Common stock - Domestic	550	2,696
Total investments	\$ 11,434	10,994

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

Investment return consists of the following for the years ended September 30, 2017 and 2016:

	2017	2016
Interest and dividends	\$ 760	\$ 1,247
Net realized and unrealized gain	1,073	348
Total investments	\$ 1,833	1,595

White Pine Community Broadcasting, Inc.

Notes to the Financial Statements

Note 3: Property and Equipment

A summary of property and equipment is as follows:

Years Ended September 30	2017	2016
Land	\$ 16,262	\$ 16,262
Buildings and improvements	379,085	379,085
Broadcasting equipment	859,462	866,860
Furniture, fixtures, and equipment	52,786	52,786
Total	1,307,595	1,314,993
Less - Accumulated depreciation	801,141	754,240
Total	\$ 506,454	\$ 560,753

Note 4: Beneficial Interest in Assets Held by Others

In 1997, the Corporation established the WXPR Public Radio Endowment Fund (the "Fund"), a board-designated endowment fund, which is administered by the Community Foundation of North Central Wisconsin (the "Foundation"). Under terms of the agreement, income of the Fund may be distributed annually. The Corporation can withdraw all or a portion of the original amount transferred, any appreciation on those transferred assets, or both, provided that a majority of the governing boards of the Corporation and Foundation approve of the withdrawal. At the time of the transfer, the Corporation granted variance power to the Foundation. That power gives the Foundation the right to distribute the investment income to another not-for-profit organization of its choice if the Corporation ceases to exist or if the governing board of the Foundation votes that support of the Corporation (a) is no longer necessary or (b) is inconsistent with the needs of the North Central Wisconsin community.

The Corporation has adopted investment and spending policies for these endowments that may provide future supplemental funding while seeking to maintain the purchasing power of these assets. To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation establishes guidelines for the minimum and maximum percentages of cash, fixed income, and equity securities and an investment committee monitors and adjusts the allocations periodically.

The changes in the endowment fund for the years ended September 30, 2017 and 2016, were as follows:

	2017	2016
Beginning balance	\$ 230,363	\$ 257,053
Contributions	200	100
Investment income	7,833	14,704
Net realized and unrealized gains	17,665	2,557
Distribution	(27,900)	(40,500)
Administrative fee	(3,233)	(3,551)
Ending balance	\$ 224,928	\$ 230,363

White Pine Community Broadcasting, Inc.

Notes to the Financial Statements

Note 5: Fair Value Measurements

As of September 30, 2017, the Corporation does not have any liabilities that are measured at fair value. Following is a description of the valuation methodology used for each asset measured at fair value on a recurring or nonrecurring basis, as well as the classification of the asset within the fair value hierarchy.

Quoted market prices are used to determine the fair value of investments in publicly traded equity securities (common and preferred stock), money market funds, equity funds, and fixed income funds. The beneficial interest in assets held by others is based on the net asset value of the underlying investments.

Assets measured at fair value on a recurring basis as of September 30, 2017 and 2016, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value are as follows:

	2017			
	Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - Equities	\$ 3,269	\$ 3,269	\$ 0	\$ 0
Common stock - Domestic	9,157	9,157		
Beneficial interest in assets held by others	224,928			224,928
Total	\$ 237,354	\$ 12,426	\$ 0	\$ 224,928

	2016			
	Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - Equities	\$ 8,298	\$ 8,298	\$ 0	\$ 0
Common stock - Domestic	2,696	2,696		
Beneficial interest in assets held by others	230,363			230,363
Total	\$ 241,357	\$ 10,994	\$ 0	\$ 230,363

See Note 4 for the summary of changes required for Level 3 assets.

White Pine Community Broadcasting, Inc.

Notes to the Financial Statements

Note 6: Unconditional Promises to Give and Underwriting Receivable

Unconditional promises to give at September 30, 2017, consisted of the following:

	2017	2016
Receivable in less than one year	\$ 4,227	\$ 3,455
Less - Allowance for uncollectible promises to give	(1,381)	(1,313)
Net unconditional promises to give	\$ 2,846	\$ 2,142

Underwriting receivable at September 30, 2017, consisted of the following:

	2017	2016
Receivable in less than one year	\$ 12,169	\$ 5,810
Less - Allowance for uncollectible amounts	(903)	(1,031)
Net underwriting receivable	\$ 11,266	\$ 4,779

Note 7: Defined Contribution Pension Plan

The Corporation sponsors a Simplified Employee Pension Plan (SEP) covering eligible employees. The employer is required to match contributions up to 3% of the employee's annual salary. For 2017 and 2016, the amount of pension expense were \$6,726 and \$3,912, respectively.

Note 8: Advertising Costs

The Corporation expenses advertising costs as incurred. Total advertising costs charged to expense for 2017 and 2016, were \$27,934 and \$35,042, respectively.