THE FOUNDATION FOR CREATIVE BROADCASTING, INC.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

REGIER CARR & MONROE, LLP, CPAs

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Foundation for Creative Broadcasting, Inc.
Tucson, Arizona

We have audited the accompanying financial statements of The Foundation for Creative Broadcasting, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, 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 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.

(continued)

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation for Creative Broadcasting, Inc. as of September 30, 2018 and 2017, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of functional expenses are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Regier Carr & Monroe, L.L.P.

February 13, 2019
Tucson, Arizona

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	$ 271,560	$ 266,850
Accounts receivable, net	24,935	19,123
Prepaid expenses and other current assets	19,532	18,779
Total current assets	316,027	304,752
PROPERTY AND EQUIPMENT		
Land	11,160	11,160
Buildings and improvements	300,229	314,706
Furniture and equipment	62,102	55,752
Broadcast equipment	519,325	519,325
Total	892,816	900,943
Less accumulated depreciation	673,803	653,866
Total property and equipment, net	219,013	247,077
OTHER ASSETS		
Music library collection	48,657	48,657
Loan fees	15	268
Total other assets	48,672	48,925
Total assets	$ 583,712	$ 600,754

The Notes to Financial Statements are an integral part of these statements

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Accounts payable	$ 6,895	$ 1,647
Accrued payroll and related taxes	13,207	8,711
Due to Corporation for Public Broadcasting	70,059	70,059
Current portion of long-term debt	858	10,026
Total current liabilities	91,019	90,443
LONG-TERM LIABILITIES		
Deferred rent	16,663	142,473
Total liabilities	107,682	232,916
NET ASSETS		
Unrestricted, as restated	373,497	180,754
Temporarily restricted	102,533	187,084
Total net assets	476,030	367,838
Total liabilities and net assets	$ 583,712	$ 600,754

The Notes to Financial Statements are an integral part of these statements

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Memberships	$ 357,370	$ -	$ 357,370
Underwriting	189,396	-	189,396
Capital campaign	-	6,320	6,320
Fundraising events	9,711	-	9,711
Other program service revenue	250	-	250
Corporation for Public Broadcasting grants	72,643	24,586	97,229
Other grant revenues	14,725	3,500	18,225
Barter transactions - services and supplies	60,421	-	60,421
In-kind revenue	28,526	-	28,526
Donations	102,460	-	102,460
Other income	132,867	-	132,867
Net assets released from restrictions	118,957	(118,957)	-
Total revenues	1,087,326	(84,551)	1,002,775
EXPENSES			
Program services			
Programming	468,428	-	468,428
Community events	70,909	-	70,909
Total program services	539,337	-	539,337
Supporting services			
Membership development and fundraising	137,331	-	137,331
Underwriting solicitation	135,087	-	135,087
Management and general	82,828	-	82,828
Total supporting services	355,246	-	355,246
Total expenses	894,583	-	894,583
CHANGE IN NET ASSETS	192,743	(84,551)	108,192
NET ASSETS, BEGINNING OF YEAR	180,754	187,084	367,838
NET ASSETS, END OF YEAR	$ 373,497	$ 102,533	$ 476,030

The Notes to Financial Statements are an integral part of these statements

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Memberships	$ 250,806	$ -	$ 250,806
Underwriting	172,926	-	172,926
Capital campaign	-	18,057	18,057
Fundraising events	32,359	-	32,359
Other program service revenue	642	-	642
Corporation for Public Broadcasting grants	75,569	26,649	102,218
Other grant revenues	17,000	-	17,000
Barter transactions - services and supplies	98,640	-	98,640
In-kind revenue	119,114	-	119,114
Donations	45,107	35,000	80,107
Other income	2,503	-	2,503
Net assets released from restrictions	228,398	(228,398)	-
Total revenues	1,043,064	(148,692)	894,372
EXPENSES			
Program services			
Programming	476,117	-	476,117
Community events	115,280	-	115,280
Total program services	591,397	-	591,397
Supporting services			
Membership development and fundraising	145,280	-	145,280
Underwriting solicitation	160,549	-	160,549
Management and general	79,631	-	79,631
Total supporting services	385,460	-	385,460
Total expenses	976,857	-	976,857
CHANGE IN NET ASSETS	66,207	(148,692)	(82,485)
NET ASSETS, BEGINNING OF YEAR, RESTATED	114,547	335,776	450,323
NET ASSETS, END OF YEAR	$ 180,754	$ 187,084	$ 367,838

The Notes to Financial Statements are an integral part of these statements

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 108,192	$ (82,485)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	39,840	24,769
Collection of contributions for capital campaign	-	26,295
Bad debt and allowance	-	(6,238)
Increase (decrease) in cash resulting from changes in		
Accounts receivable	(5,812)	113,171
Pledges receivable	-	2,843
Prepaid expenses and other assets	(753)	948
Accounts payable	5,248	(14,921)
Accrued payroll and related taxes	4,496	979
Lease expense payable	(125,810)	(22,304)
Deferred income	-	(582)
Net cash provided by operating activities	25,401	42,475
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(11,523)	(78,074)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(9,168)	(9,445)
Collection of contributions for capital campaign	-	(26,295)
Net cash (used) by financing activities	(9,168)	(35,740)
Net increase/(decrease) in cash	4,710	(71,339)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	266,850	338,189
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 271,560	$ 266,850
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$ 324	$ 910

The Notes to Financial Statements are an integral part of these statements

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Foundation for Creative Broadcasting, Inc. (the "Foundation") is a nonprofit organization whose stated purpose is to act as an educational foundation for the creative use of media; encouraging community access to media and promoting the development of art in media, primarily, but not limited to, noncommercial educational broadcasting. The Foundation operates a noncommercial community radio station in Tucson, Arizona (KXCI-FM 91.3). The Foundation's main sources of revenue include membership fees, underwriting, and grant revenue.

Basis of Accounting

The financial statements of the Foundation, 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 U.S. generally accepted accounting principles; the Foundation is required to report 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.

<u>Unrestricted net assets</u> – Net assets that are not subject to donor-imposed stipulations.

<u>Temporarily restricted net assets</u> – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. They also include market gains and losses from invested permanently restricted net assets that have not been expended.

<u>Permanently restricted net assets</u> – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the 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 Foundation has no permanently restricted net assets.

Membership revenues are considered unrestricted support of the Foundation and are recognized as revenue in the period received. Members receive benefits, including the monthly newsletter, music products donated to the Foundation, KXCI T-shirts, and discounts at Foundation events.

Underwriting revenues are recognized when the spot is broadcast; underwriting receivables are written off when an account is deemed uncollectible. Newsletter advertising is recognized in the month of the printed advertisement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks, and investments with original maturities of three months or less. The Foundation maintains its cash balances in one financial institution. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation limits, however, management does not believe it is exposed to any significant credit risk on cash.

Collections

The Foundation capitalizes its music library collection. Additions are capitalized at cost if purchased and at appraised or fair value if received by donation. Items received as promotions from record companies are not recorded in the financial statements. No depreciation or amortization is recorded on the collection.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment is stated at cost except for donated property, which is recorded at fair market value at the date of gift. Assets with an estimated useful life greater than one year and cost greater than $2,500 are capitalized. Depreciation is calculated using the straight-line method over the asset's estimated useful life. Depreciable asset classifications and the range of estimated lives are summarized below:

Asset classification	Life
Buildings and improvements	4 - 39 years
Furniture and equipment	3 - 7 years
Broadcast equipment	7 - 10 years

Grants

Certain grants are restricted for the purchase of equipment and for the payment of certain operational expenses. When the Foundation is notified as a recipient of these grants, the amounts are included as temporarily restricted grant revenue in the accompanying statements of activities.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting ("CPB") is a private, nonprofit grant-making organization responsible for funding nearly 1,500 locally-owned and -operated public television and radio stations. CPB distributes annual Community Service Grants ("CSGs") to qualifying noncommercial public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and, thereby, to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. In addition, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported in the accompanying financial statements as increases in temporarily restricted net assets until satisfaction of the time and purpose restrictions, after which they are reported as a release from temporarily restricted net assets and an increase in unrestricted net assets.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Barter Transactions

Barter transactions are recorded as revenue and expense in the accompanying statements of activities at the estimated value of airtime exchanged in the transaction.

Advertising

The Foundation uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled $38,540 and $123,219 for the years ended September 30, 2018 and 2017, respectively. For the year ended September 30, 2017, $115,874 of the advertising expenses were related to in-kind advertising services.

In-Kind Contributions

Contributions of services are recognized as income if the services received (a) create or enhance non-financial assets or (b) requires specialized skills and would typically need to be purchased if not donated. Donated services are recorded at their fair values in the period received. Total donated professional services meeting the criteria for recognition and recorded for the year ended September 30, 2018 and 2017 were $28,526 and $119,114 (inclusive of $115,874 in-kind advertising services), respectively. Contributions of donated non-cash assets are recorded at fair values in the period received. No non-cash assets were received for the years ended September 30, 2018 and 2017.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under Sections 509(a)(1) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Recent Accounting Pronouncements

- Revenue Recognition

  In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), that will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The original implementation effective date was deferred upon the issuance of ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date. The new guidance will be effective for the Foundation's year ending September 30, 2021. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Foundation has not yet determined which application method it will use or the potential effects on the new standard on the financial statements, if any.

- Leases

  In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, Leases (Topic 842), that will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital lease obligations recognized on the statement of financial position. Lessor accounting under the new standard will remain similar to lessor accounting under current GAAP. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Foundation's year ending September 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Non-Profit Organizations

  In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 948), which will change how not-for-profit organizations will report and present certain items in their financial statements. The new guidance will take effect for the year ending September 30, 2019. The significant changes are:

  - Simplification of net asset presentation – net assets will now be presented in two classes, “Net assets with donor restrictions,” and “Net assets without donor restrictions.”

  - All not-for-profit organizations will be required to present expenses in their natural classification (advertising, payroll, rent, etc.) and by function (program, general and administrative and fund raising).

  - Enhanced disclosure requirements related to presenting liquidity information and simplification of existing disclosure requirements related to investment returns and long-lived assets purchased with donor-restricted funds.

  The Foundation currently presents a schedule of functional expenses as supplemental information and has not yet determined the effect of applying the remaining requirements of the new standard on the financial statements.

2. ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2018 and 2017 are comprised of the following:

	2018	2017
Underwriting and newsletter advertising	$ 24,935	$ 19,123

In prior years, the Foundation recognized a receivable related to Membership; during the year ended September 30, 2017, management reevaluated membership receivables and determined that the balance did not accurately reflect the revenues earned and collected. The Foundation has determined that there should be no receivable recorded for Membership beyond the fiscal year end. Other receivables are written off when deemed uncollectible. The total loss if all parties fail to perform and collection efforts prove to be ineffective is the stated balance of $24,935 at September 30, 2018. The Foundation has no liens to reduce this credit risk.

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3. LONG-TERM DEBT

	2018	2017
Mortgage note payable, dated August 1998, due in monthly installments of $863 including interest at 6.0%, due September 2018. Collateralized by real property.	$ 858	$ 10,026
Less current portion of long-term debt	858	10,026
Total, net of current maturities	$ -	$ -

4. OPERATING LEASES

The Foundation leases tower facilities under an operating lease which was renegotiated during the current year and expires July 2031. Under the original lease, the payments were amortized on a straight-line basis over the term of the lease, and the renegotiation reduced the rent escalation and resulted in a reduction in the deferred rent. At September 30, 2018, $16,663 was reported as a liability to accrue the lease expense on a straight-line basis ($142,473 for 2017). The write-off of deferred rent is included in other income in the accompanying statement of activities. Beginning January 1, 2018, the monthly rent is $4,000 through September 2018 plus utility charges; the lease payments are to be increased annually by 3% on October 1st of each year of the agreement.

In 2014, the Foundation entered into a five-year agreement to lease space on an auxiliary broadcasting tower. The lease expires May 2019, and the Foundation has the option to renew the lease for three additional five-year periods. The monthly rent is $1,000 through May 2019, plus utility charges and taxes. Rent will increase by 5% at the beginning of each renewal period.

In 2016, the Foundation entered into a five-year lease agreement for auxiliary broadcast studio space, located inside Hotel Congress in downtown Tucson. The lease expires June 2021, and the Foundation has the option to renew the lease for an additional five-year term. The monthly rent is $1,500 through June 2021, a portion of which is paid through in-kind underwriting services, with an initial six-month period of rent forgiveness.

Total lease expense for the years ended September 30, 2018 and 2017 was $104,897 and $92,976, respectively.

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4. OPERATING LEASES (continued)

Future minimum lease payments are as follows:

Year Ended September 30	
2019	$ 75,440
2020	68,923
2021	65,951
2022	54,025
2023	55,645
Thereafter	497,911
Total	$ 817,895

5. FAIR VALUE MEASUREMENTS

United States generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 Fair Value Measurements are based on quoted prices (unadjusted) in active markets for identical assets that the reporting entity has the ability to access at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Fair Value Measurements are based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset.

Level 3 Fair Value Measurements are based on unobservable inputs for the asset. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset. Therefore, unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the assets (including assumptions about risk). Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

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5. FAIR VALUE MEASUREMENTS (continued)

The music collection library valuation was valued as a level 2 valuation and was based on an appraisal which is periodically reviewed for impairment. These fair values are on a non-recurring basis. Management estimates these values to be reasonable.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net asset activity consists of various funds raised and expensed during the years ended September 30, 2018 and 2017. Temporarily restricted net asset balances at year end consist of the following:

Year Ended September 30,	2018	2017
Capital Campaign	$ 99,033	$ 178,784
Alliance Fund	3,500	-
CPB Grant	-	8,300
Total	$ 102,533	$ 187,084

7. PRIOR PERIOD ADJUSTMENT

As discussed in Note 1, the Foundation receives Community Service Grants (“CSGs”) from the Corporation for Public Broadcasting. A portion of the CSGs is restricted specifically to be used for acquiring or producing programming that is to be distributed nationally and is designed to serve the needs of a national audience. Additionally, the restricted CSG funds must be used within 2 years of receipt. In years prior to 2015, not all expenses that met the restricted requirements were allocated to the restricted CSG. As such, expenditures appeared to not be made within the required 2 years and were recorded as a payable to Corporation for Public Broadcasting. During 2018, the Foundation performed a study of expenses related to programming of nationally distributed programs and determined there were expenses not allocated to the restricted CSG. These expenses were reclassed and resulted in a reduction to the payable and an increase in net assets of $22,472.

8. SUBSEQUENT EVENTS

During 2018, the Foundation was notified they were named as a beneficiary in an individual’s will. The donor’s estate was still being valued and going through the probate process as of September 30, 2018, but the Foundation anticipated receiving the proceeds from the estate in the fiscal year ending September 30, 2019.

Management has evaluated subsequent events through February 13, 2019 the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2018

	Program Services			Supporting Services				
	Programming	Community Events	Total Program Services	Membership Development and Fundraising	Underwriting	Management and General	Total Supporting Services	Total
Personnel costs	$ 240,847	$ 7,228	$ 248,075	$ 72,884	$ 39,829	$ 20,564	$ 133,277	$ 381,352
Dues and subscriptions	1,670	499	2,169	2,224	1,031	1,086	4,341	6,510
Professional and contract services	27,878	8,460	36,338	7,425	5,789	27,320	40,534	76,872
Computer expense	827	893	1,720	107	12,798	893	13,798	15,518
Staff travel	224	224	448	205	-	-	205	653
Rent	104,897	-	104,897	-	-	-	-	104,897
Utilities	1,487	1,485	2,972	1,485	1,485	1,485	4,455	7,427
Repairs and maintenance	16,737	8,949	25,686	6,623	5,857	6,617	19,097	44,783
Insurance	2,446	4,095	6,541	2,446	2,446	4,750	9,642	16,183
Membership premiums	-	-	-	11,855	-	-	11,855	11,855
Printing	718	143	861	260	191	127	578	1,439
Program acquisition and supplies	40,236	-	40,236	-	-	-	-	40,236
Supplies	2,247	854	3,101	5,679	1,376	1,375	8,430	11,531

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THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
SCHEDULE OF FUNCTIONAL EXPENSES (continued)
For the Year Ended September 30, 2018

	Program Services			Supporting Services				
	Programming	Community Events	Total Program Services	Membership Development and Fundraising	Underwriting	Management and General	Total Supporting Services	Total
Telephone and internet	11,681	2,330	14,011	1,765	822	1,764	4,351	18,362
Fundraising	641	1,897	2,538	4,573	642	642	5,857	8,395
Advertising and marketing	3,076	21,925	25,001	7,919	2,810	2,810	13,539	38,540
Miscellaneous	1,875	985	2,860	939	648	1,992	3,579	6,439
Interest and bank charges	3,003	3,001	6,004	3,001	3,001	3,001	9,003	15,007
Depreciation and amortization	7,874	7,876	15,750	7,876	7,876	8,337	24,089	39,839
Barter transactions - donated services and supplies	-	-	-	-	48,421	-	48,421	48,421
Mortgage interest	64	65	129	65	65	65	195	324
Total	$ 468,428	$ 70,909	$ 539,337	$ 137,331	$ 135,087	$ 82,828	$ 355,246	$ 894,583

(continued)

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
SCHEDULE OF FUNCTIONAL EXPENSES (continued)
For the Year Ended September 30, 2017

	Program Services			Supporting Services				
	Programming	Community Events	Total Program Services	Membership Development and Fundraising	Underwriting	Management and General	Total Supporting Services	Total
Personnel costs	$ 207,215	$ 6,218	$ 213,433	$ 62,706	$ 34,267	$ 17,693	$ 114,666	$ 328,099
Dues and subscriptions	1,559	465	2,024	2,076	962	1,012	4,050	6,074
Professional and contract services	32,777	7,806	40,583	6,852	5,341	25,209	37,402	77,985
Computer expense	175	322	497	38	4,614	370	5,022	5,519
Staff travel	186	186	372	171	-	-	171	543
Rent	92,976	-	92,976	-	-	-	-	92,976
Utilities	1,361	1,360	2,721	1,360	1,360	1,360	4,080	6,801
Repairs and maintenance	24,605	5,439	30,044	4,025	3,559	4,021	11,605	41,649
Insurance	2,897	4,847	7,744	2,895	2,895	5,623	11,413	19,157
Membership premiums	-	-	-	12,811	-	-	12,811	12,811
Printing	460	151	611	275	202	134	611	1,222
Program acquisition and supplies	84,916	-	84,916	-	-	-	-	84,916
Supplies	1,229	885	2,114	8,559	2,347	2,304	13,210	15,324

(continued)

THE FOUNDATION FOR CREATIVE BROADCASTING, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2017

	Program Services			Supporting Services				
	Programming	Community Events	Total Program Services	Membership Development and Fundraising	Underwriting	Management and General	Total Supporting Services	Total
Telephone and internet	3,726	2,079	5,805	1,575	733	1,574	3,882	9,687
Fundraising	1,665	4,926	6,591	10,721	1,665	1,666	14,052	20,643
Advertising and marketing	10,041	72,089	82,130	22,739	9,175	9,175	41,089	123,219
Miscellaneous	2,457	636	3,093	606	418	1,330	2,354	5,447
Interest and bank charges	2,794	2,793	5,587	2,793	2,793	2,793	8,379	13,966
Depreciation and amortization	4,896	4,896	9,792	4,896	4,896	5,185	14,977	24,769
Barter transactions - donated services and supplies	-	-	-	-	85,140	-	85,140	85,140
Mortgage interest	182	182	364	182	182	182	546	910
Total	$ 476,117	$ 115,280	$ 591,397	$ 145,280	$ 160,549	$ 79,631	$ 385,460	$ 976,857