NORTHWEST INDIANA PUBLIC BROADCASTING, INC.
Merrillville, Indiana

ANNUAL REPORT
September 30, 2018

CONTENTS

REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS 1

FINANCIAL STATEMENTS

Statements of Financial Position 3

Statements of Activities 4

Statements of Functional Expenses 6

Statements of Cash Flows 8

Notes to the Financial Statements 9

APPLEGATE & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

1421 South Woodland Avenue
Michigan City, Indiana 46360
(219) 871-7880
FAX (219) 879-0135
E-mail: admin@applecpa.com

Paul E. Applegate, CPA
John E. Applegate, PA (1920-1993)
Blake E. Applegate, CPA
Megan M. Applegate, CPA
Ronald J. Delco, CPA
Charles C. Fox, CPA
Jason M. Nichols, CPA
Brenda K. Novak, CPA

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Northwest Indiana Public
Broadcasting, Inc.
Merrillville, Indiana

We have audited the accompanying financial statements of Northwest Indiana Public 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Indiana Public 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses on pages 6 and 7 are presented for purposes 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.

Applegate & Company

APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
February 25, 2019

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

ASSETS	2018	2017
CURRENT ASSETS		
Cash	$1,158,984	$1,406,009
Investments (Note 2)	78,735	78,735
Grants and accounts receivable (net of allowance for doubtful accounts: 2018-$10,000, 2017-$10,000)	134,654	171,276
Membership receivable	19,771	27,252
Prepaid expenses	35,278	34,577
Total current assets	1,427,422	1,717,849
PROPERTY AND EQUIPMENT (Note 3)	1,293,828	1,351,923
OTHER ASSETS		
Deposits	6,475	6,475
Radio license (Note 4)	1,076,682	1,076,682
Total other assets	1,083,157	1,083,157
Total assets	$3,804,407	$4,152,929

LIABILITIES AND NET ASSETS	2018	2017
CURRENT LIABILITIES		
Current portion of long-term debt (Note 5)	$ 62,691	$ 605,583
Accounts payable	377,068	329,510
Accrued payroll and payroll taxes	34,526	57,876
Deferred revenue	381,804	404,900
Total current liabilities	856,089	1,397,869
LONG-TERM DEBT (Note 5)	480,254	6,237
NET ASSETS		
Unrestricted	2,468,064	2,748,823
Total net assets	2,468,064	2,748,823
Total liabilities and net assets	$3,804,407	$4,152,929

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

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENT OF ACTIVITIES
For the year ended September 30, 2018

	2018 Unrestricted	Temporarily Restricted	Restricted	Total All Funds
REVENUES AND SUPPORT				
Contributions - foundations	$ 155,740			$ 155,740
Contributions - bequests	23,518			23,518
CPB - community service grant	564,405			564,405
Mobile production grant	45,711			45,711
IPBS - annual allocation	316,596			316,596
Fundraising and special events	70,578			70,578
Investment income	2,658			2,658
Membership subscriptions	841,913			841,913
Miscellaneous income	8,160			8,160
Production underwriting income	340,754			340,754
Program underwriting income	91,174			91,174
CPB - community service grant - radio	79,473	$28,258		107,731
IPBS - annual allocation - radio	56,023			56,023
Membership subscriptions - radio	15,386			15,386
Transmission grants - radio	25,000			25,000
Underwriting income - radio	50,033			50,033
In-kind revenue	79,002			79,002
Net assets released from restrictions	28,258	(28,258)		
Gain on sale of fixed assets	63,500			63,500
Total revenues and support	2,857,882			2,857,882
EXPENSES				
Administrative	860,218			860,218
Production	288,692			288,692
Engineering	319,002			319,002
Programming	706,748			706,748
Memberships	349,908			349,908
Development	302,001			302,001
News				
Radio	312,072			312,072
Total expenses	3,138,641			3,138,641
DECREASE IN NET ASSETS	(280,759)			(280,759)
NET ASSETS AT BEGINNING OF YEAR	2,748,823			2,748,823
NET ASSETS AT END OF YEAR	$2,468,064	$	$	$2,468,064

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

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENT OF ACTIVITIES
For the year ended September 30, 2017

	2017			
	Unrestricted	Temporarily Restricted	Restricted	Total All Funds
REVENUES AND SUPPORT				
Contributions - foundations	$ 172,631			$ 172,631
Contributions - bequests	6,997			6,997
CPB - community service grant	494,616			494,616
Mobile production grant	141,195			141,195
IPBS - annual allocation	316,297			316,297
Fundraising and special events	68,428			68,428
Investment income	1,413			1,413
Membership subscriptions	896,645			896,645
Miscellaneous income	12,201			12,201
Production underwriting income	283,369			283,369
Program underwriting income	82,395			82,395
CPB - community service grant - radio	99,986	$ 8,483		108,469
IPBS - annual allocation - radio	56,583			56,583
Membership subscriptions - radio	37,615			37,615
Transmission grants - radio	25,000			25,000
Underwriting income - radio	18,199			18,199
In-kind revenue	125,871			125,871
Net assets released from restrictions	8,483	(8,483)		
Total revenues and support	2,847,924			2,847,924
EXPENSES				
Administrative	894,728			894,728
Production	305,125			305,125
Engineering	334,728			334,728
Programming	722,772			722,772
Memberships	404,498			404,498
Development	344,665			344,665
News	14,650			14,650
Radio	346,674			346,674
Total expenses	3,367,840			3,367,840
DECREASE IN NET ASSETS	(519,916)			(519,916)
NET ASSETS AT BEGINNING OF YEAR	3,268,739			3,268,739
NET ASSETS AT END OF YEAR	$2,748,823	$	$	$2,748,823

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

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2018

	Administration	Production	Engineering	Programming	Membership	Development	News	Radio	Total
EXPENSES									
Salaries and related expenses									
Salaries	$ 233,701	$125,352	$ 40,085	$110,444	$ 46,656	$132,338	$	$142,410	$ 830,986
Payroll taxes	18,121	10,847	3,550	8,559	3,123	10,200		10,746	65,146
Insurance - health	2,412	9,939	2,869	9,323	2,481	7,740		4,789	39,553
Mileage expense	1,542	5,779	1,750	178	362	3,230		847	13,688
Total salaries and related expenses	255,776	151,917	48,254	128,504	52,622	153,508		158,792	949,373
Advertising and promotion	4,937					9,545		298	14,780
Bad debt expense	1,120								1,120
Bank fees and finance charges	820								820
Business insurance	39,632								39,632
Conferences, training and meetings					825	825			1,650
Contract services	30,267	7,872	8,546	19,446	56,604	24,725		1,920	149,380
Credit card fees					31,157				31,157
Dues, subscriptions and licenses	41,393							63,896	105,289
Interest expense	405							27,590	27,995
Janitorial and maintenance	15,218								15,218
Miscellaneous	12,063	1,424		3,301	67	15,512		862	33,229
Personnel recruiting	880								880
Postage/shipping	8,400				605				9,005
Premium and premium expense					166,586			635	167,221
Print materials	3,744				39,106	50,174			93,024
Professional fees	91,959			138,401	2,336				232,696
Public broadcasting and other programming				417,096				30,588	447,684
Rent expense	253,789							18,900	272,689
Repairs and maintenance - building	4,560								4,560
Repairs and maintenance - equipment			32,445						32,445
Special event/fundraising expense						39,977			39,977
Supplies - general		12,642	4,132			7,735		500	25,009
Supplies - office	4,444								4,444
Telephone	7,924								7,924
Utilities	37,916		45,357					6,696	89,969
Vehicle expense	1,864								1,864
Property tax	1,474								1,474
Total expenses before depreciation	818,585	173,855	138,734	706,748	349,908	302,001		310,677	2,800,508
Depreciation	41,633	114,837	180,268					1,395	338,133
TOTAL EXPENSES	$ 860,218	$288,692	$319,002	$706,748	$349,908	$302,001	$	$312,072	$3,138,641

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2017

	Administration	Production	Engineering	Programming	Membership	Development	News	Radio	Total
EXPENSES									
Salaries and related expenses									
Salaries	$ 234,277	$133,279	$ 62,050	$122,338	$ 51,323	$129,321	$ 9,213	$164,130	$ 905,931
Payroll taxes	18,564	9,424	4,620	9,474	3,910	10,457	792	12,461	69,702
Insurance - health	3,196	10,777	2,633	12,081	2,417	2,478		8,649	42,231
Mileage expense	2,081	7,186	1,868	165	13	1,708	47	2,003	15,071
Total salaries and related expenses	258,118	160,666	71,171	144,058	57,663	143,964	10,052	187,243	1,032,935
Advertising and promotion	3,337				3,000	11,400		800	18,537
Bad debt expense	992								992
Bank fees and finance charges	1,063								1,063
Business insurance	40,664								40,664
Conferences, training and meetings	2,197					2,089			4,286
Contract services	27,845	8,226	10,178	41,683	58,462	141,088		9,752	297,234
Credit card fees					32,436				32,436
Dues, subscriptions and licenses	54,405					218		42,453	97,076
Interest expense	1,329							27,740	29,069
Janitorial and maintenance	14,925								14,925
Miscellaneous	1,486	265	365	1,085		875		1,175	5,251
Personnel recruiting	1,360								1,360
Postage/shipping	11,977				1,375				13,352
Premium and premium expense					175,441				175,441
Print materials	5,072				75,029	2,716			82,817
Professional fees	117,976			160,946	1,092			2,311	282,325
Public broadcasting and other programming				375,000				46,758	421,758
Rent expense	267,061							18,375	285,436
Repairs and maintenance - building	7,741								7,741
Repairs and maintenance - equipment			16,460						16,460
Special event/fundraising expense						40,300			40,300
Supplies - general		15,090	1,739			2,015		720	19,564
Supplies - office	5,259								5,259
Telephone	(17,128)						4,598		(12,530)
Utilities	40,535		54,339					4,938	99,812
Vehicle expense	5,333		917						6,250
Property tax	(493)								(493)
Total expenses before depreciation	851,054	184,247	155,169	722,772	404,498	344,665	14,650	342,265	3,019,320
Depreciation	43,674	120,878	179,559					4,409	348,520
TOTAL EXPENSES	$ 894,728	$305,125	$334,728	$722,772	$404,498	$344,665	$14,650	$346,674	$3,367,840

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENTS OF CASH FLOWS
For the years ended September 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(decrease) in net assets	$ (280,759)	$ (519,916)
Add non-cash items:		
Depreciation	338,133	348,520
Decrease/(increase) in assets:		
Grants and accounts receivable	36,622	150,914
Membership receivable	7,481	1,045
Prepaid expenses	(701)	(4,227)
Increase/(decrease) in liabilities:		
Accounts payable	47,558	(142,775)
Accrued payroll and payroll taxes	(23,350)	(1,866)
Deferred revenue	(23,096)	107,160
Net cash provided/(used) by operating activities	101,888	(61,145)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in certificates of deposit		(544)
Purchase of equipment	(280,038)	(8,808)
Net cash used by investing activities	(280,038)	(9,352)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt reduction:		
Short-term - line of credit		
Long-term	(68,875)	(63,803)
Net cash used by financing activities	(68,875)	(63,803)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(247,025)	(134,300)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,406,009	1,540,309
CASH AND CASH EQUIVALENTS - END OF YEAR	$1,158,984	$1,406,009

* * * *

	2018	2017
Schedule of Interest Paid in Arriving at Change in Net Assets		
Cash paid for interest	$ 27,995	$ 29,069
Schedule of Noncash Investing and Financing Transactions		
Acquisition of fixed assets:		
Cost of fixed assets	$ 280,038	$ 8,808
Cash payment for fixed assets	$ 280,038	$ 8,808

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS - Northwest Indiana Public Broadcasting, Inc. (the Station) is a not-for-profit organization, incorporated in the State of Indiana. The Station's purpose is to plan and provide non-commercial educational broadcasting while serving the educational, cultural, and instructional needs of the general public in Northwest Indiana and surrounding communities. The Station receives grants from public and governmental agencies, which is its primary source of revenue. It is the Station's responsibility to obtain revenues to meet operating expenses and capital requirements not funded by the receipt of grant money.

ACCOUNTING METHODS - The financial statements of Northwest Indiana Public Broadcasting, Inc. are prepared on the accrual basis of accounting.

INCOME TAXES - The Station is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and from state income taxes under Indiana law.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification "Accounting for Uncertainty in Income Taxes," that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Station's income tax returns. The Station has adopted the Standard. The Station evaluates all significant tax positions

- Continued -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

as required by generally accepted accounting principles in the United States. As of September 30, 2018, the Station does not believe that it has taken any tax positions that would require the recording of any tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Station's income tax returns are subject to examination by the appropriate taxing jurisdictions and the open tax years are 2014-2017.

CASH EQUIVALENTS - All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents and are reflected as cash in the statement of cash flows.

FINANCIAL STATEMENT PRESENTATION - The Station 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. Contributions whose restrictions are met in the same period as the recognition of the contribution are considered unrestricted for reporting purposes.

CONTRIBUTIONS - Contributions including grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor/grantor restrictions.

- Continued -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Such contributions and grants are required to be reported as temporarily restricted support and then reclassified to unrestricted net assets upon expiration of the time or purpose restrictions. Restricted support is reported as unrestricted, if restrictions are met in the same reporting period when received.

During the years ended September 30, 2018 and 2017, the Station expensed less than $750,000 and $750,000, respectively, of federal awards and thus is not subject to the audit and reporting requirements of the Uniform Guidance.

ACCOUNTS RECEIVABLE - Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for uncollectible accounts, as needed. The allowance for doubtful accounts represents management's best estimate of probable losses inherent in the account receivable balance. Management determines the allowance based on known troubled accounts, historical experience and other available existing information. The bad debt expense for the years ended September 30, 2018 and 2017 was $1,120 and $992, respectively.

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

- Continued -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from those estimated amounts.

FAIR VALUE OF FINANCIAL INSTRUMENTS - The Station has a number of financial instruments, none of which are held for trading purposes. The Station estimates that the fair value of all financial instruments at September 30, 2018 and 2017 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated amounts have been determined by the Station using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Station could realize in a current market exchange.

CONCENTRATION OF CREDIT RISK - The Station maintains cash balances at a financial institution located in Indiana. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of September 30, 2018, the Station's uninsured cash balances totaled $1,029,593. These balances fluctuate greatly during the year and can exceed this $250,000 limit at other times during the year.

- Continued -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ADVERTISING AND PROMOTION - Advertising and promotion costs are expensed as incurred. Advertising and promotion expense was $14,780 and $18,537 for the years ended September 30, 2018 and 2017.

VALUATION OF DONATED SERVICES AND MATERIALS - Donated services are recorded when the volunteer provides a specialized skill in which he/she is trained or employed to provide and the Station would otherwise need to purchase those services.

Donated services are valued at the market rate charged for the particular services being provided. Donated materials are valued based on the fair market value of the material as assigned by the donor.

INVESTMENTS - The Station has certificates of deposit with maturities over 90 days. These are classified as investments and are valued at fair market value.

TRADE REVENUE - The Station trades certain underwriting time for various goods and services. These transactions are recorded at the estimated fair value of the goods or services received. Revenue from trade transactions is recognized when the related underwriting spots are broadcast. The Station recorded $-0- and $5,699 of trade revenues for the years ended September 30, 2018 and 2017, respectively.

- Continued -

NOTE 2 - INVESTMENTS

The Station held investments in the form of certificates of deposit at September 30, 2018 and 2017 which are valued at fair market value as follows:

September 30, 2018

Issuer	Origination Date	Maturity Date	Market Value	Interest Rate
Peoples Bank	11/04/2017	05/04/2019	$78,735	0.25%
Total Certificates of Deposit			$78,735	

September 30, 2017

Issuer	Origination Date	Maturity Date	Market Value	Interest Rate
Peoples Bank	10/04/2016	11/04/2017	$78,735	0.70%
Total Certificates of Deposit			$78,735	

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification 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 the quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Station uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Station measures fair value using Level 1 inputs because they generally provide the most reliable

- Continued -

NOTE 2 - INVESTMENTS (Continued)

evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available.

The Station's investments are reported at fair value in the accompanying statement of financial position as of September 30, 2018 and 2017:

Fair Value Measurements at September 30, 2018

Financial Assets:	Fair Value	Quoted Market Prices (Level 1)
Investments, at fair value		
Certificates of deposit	$78,735	$78,735
Total	$78,735	$78,735

Fair Value Measurements at September 30, 2017

Financial Assets:	Fair Value	Quoted Market Prices (Level 1)
Investments, at fair value		
Certificates of deposit	$78,735	$78,735
Total	$78,735	$78,735

NOTE 3 - PROPERTY AND EQUIPMENT

Property, equipment and improvements are carried at cost if purchased or fair value if contributed. Depreciation expense is computed using straight-line methods over the estimated useful life of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and

- Continued -

NOTE 3 - PROPERTY AND EQUIPMENT (Continued)

any gain or loss resulting from the transaction is recognized for the period. The cost of repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized. The depreciation expense for the years ended September 30, 2018 and 2017 was $338,133 and $348,520, respectively.

At September 30, 2018 and 2017, property and equipment consisted of the following:

2 0 1 8

	Cost	Accumulated Depreciation	Net Book Value
Transmitter - digital	$2,029,807	$1,472,502	$ 557,305
Transmitter - analog	1,049,667	781,954	267,713
Land improvements	98,993	74,459	24,534
Leasehold improvements	397,524	348,253	49,271
Production equipment	2,138,858	1,882,796	256,062
Engineering equipment	1,483,406	1,428,013	55,393
Satellite transmitter at studio	106,823	106,823	
Leasehold improvements - radio	20,928	13,189	7,739
Equipment - radio	25,000	25,000	
Office furniture/fixtures	130,639	130,639	
Office machines	137,386	133,845	3,541
Vehicles	36,425	25,399	11,026
Land	61,244		61,244
Website	47,601	47,601	
Total	$7,764,301	$6,470,473	$1,293,828

- Continued -

NOTE 3 - PROPERTY AND EQUIPMENT (Continued)

2 0 1 7

	Cost	Accumulated Depreciation	Net Book Value
Transmitter - digital	$2,029,807	$1,376,277	$ 653,530
Transmitter - analog	801,965	723,668	78,297
Land improvements	98,993	68,497	30,496
Leasehold improvements	389,134	332,958	56,176
Production equipment	2,114,914	1,768,139	346,775
Engineering equipment	1,483,406	1,402,257	81,149
Satellite transmitter at studio	106,823	106,823	
Leasehold improvements - radio	20,928	11,794	9,134
Equipment - radio	25,000	25,000	
Office furniture/fixtures	130,639	130,302	337
Office machines	137,386	131,061	6,325
Vehicles	673,106	651,786	21,320
Land	61,244		61,244
Website	47,601	40,461	7,140
Total	$8,120,946	$6,769,023	$1,351,923

In addition, agreements were entered into with the National Telecommunications and Information Administration of the United States Department of Commerce, in which they provided matching grant money for the purchase of various broadcasting equipment by the Station. The United States government retained a ten year security interest in such equipment to ensure that it continued to be used primarily for public broadcasting. The security interest commenced in 2007.

- Continued -

NOTE 4 - INTANGIBLE ASSET

During fiscal year 2009, the Station purchased an FCC (Federal Communications Commission) regulated radio license for $1,076,682. In accordance with generally accepted accounting principles, the radio license is not amortized since it has an indefinite life. Instead, this asset is tested annually for impairment. During the fiscal years ended September 30, 2018 and 2017, it was determined that there was no impairment and therefore, no change in the value of the radio license.

NOTE 5 - LONG-TERM DEBT

During the fiscal year ended September 30, 2009, the Station negotiated a new loan with Peoples Bank for the acquisition of WWLO-FM Radio. The terms of the loan were interest only until January 15, 2011. The Station negotiated the principal and interest terms of the note on or before January 15, 2011 and the debt was set to mature on January 16, 2017. As of May 24, 2017 the loan maturity date had been extended to August 16, 2018. The Station negotiated the loan maturity date and financial covenant requirements as of August 16, 2018. The new loan maturity date is August 16, 2021. The financial covenant has been eliminated from the agreement. The monthly principal and interest payment is $6,794.

- Continued -

NOTE 5 - LONG-TERM DEBT (Continued)

A schedule of the Station's long-term debt at September 30, 2018 and 2017 with the current maturity thereof follows:

Payee/(Security)	Interest Rate	Payment Amount and Due Date	2018	2017
Peoples Bank/(All business assets)	4.50%	$6,794 per month including interest until January 2017	$536,208	$596,519
Ally Bank/(Vehicle)	3.94%	$433 per month including interest until February 2018		2,556
Peoples Bank/ (Vehicle)	4.50%	$580 per month including interest until August 2019	6,737	12,745
Total			542,945	611,820
Less current maturities			62,691	605,583
Net long-term debt			$480,254	$ 6,237

Long-term debt matures as follows:

2019	$ 62,691
2020	58,817
2021	421,437
Total	$542,945

NOTE 6 - UNRELATED BUSINESS INCOME TAXES

The Station pays income taxes on income earned through activities unrelated to its exempt purposes, which includes the use of its production truck. There was no unrelated business taxable income for the years ended September 30, 2018 and 2017.

- Continued -

NOTE 7 - RETIREMENT PLANS

The Station maintains a non-contributory defined contribution plan covering all employees after a specific period of service. Contributions are provided for and funded in accordance with the plan document. Contributions to this plan for the years ended September 30, 2018 and 2017 were $-0- and $-0-, respectively.

NOTE 8 - BUILDING LEASE

In October 2015, the Station signed a new lease for the building and additional office space. The lease term is four years, expiring October 31, 2019, with one four-year renewal option available. The monthly rent for the year ended September 30, 2017 was $5,908.

In June 2018, the Station signed a new lease for the building. The lease term is three years, expiring May 31, 2021. The monthly rent for the current three year term is $4,408.

The Station also received an in-kind contribution from TJ Property, Inc. for lease of the building in the amount of $31,000 and $37,100 for the years ended September 30, 2018 and 2017.

Total office space and production facility rental expenses for the years ended September 30, 2018 and 2017 were $90,092 and $108,000, respectively.

- Continued -

NOTE 8 - BUILDING LEASE (Continued)

The Station has the following lease obligation in future years:

For the year ended September 30,	
2019	$ 52,896
2020	52,896
2021	35,264
Total	$141,056

NOTE 9 - VEHICLE LEASES

The Station leased a vehicle through February 28, 2017 that required monthly payments of $466. Total lease expense for the years ended September 30, 2018 and 2017 was $-0- and $2,330, respectively.

NOTE 10 - OPERATING LEASE

During 2016, the Station entered into a copier lease. The terms of the lease call for rental payments of $727 through June 22, 2021. The total copier lease expense for the years ended September 30, 2018 and 2017 was $8,724 and $8,724, respectively. Future minimum rents under this lease are as follows:

2019	$ 8,724
2020	8,724
2021	6,543
Total	$23,991

In September 2018, the Station entered into a postage equipment lease. The terms of the lease call for rental payments of $141 through

- Continued -

NOTE 10 - OPERATING LEASE (Continued)

September 2022. The total lease expense for the year ended September 30, 2018 was $141. Future minimum rents under this lease are as follows:

2019	$1,692
2020	1,692
2021	1,692
2022	1,551
Total	$6,627

NOTE 11 - TOWER LEASES

Effective June 1, 2011, the Station executed a seven-year lease for tower space. The lease requires a monthly payment of $13,995 with annual increases of 3.5% effective every June 1st. In June, 2018, the Station opted to renew the lease for an additional seven year term. The lease expires in 2025, but the Station has the right to renew the lease for two additional seven-year terms.

The Station is leasing tower space over a five-year term expiring in 2022. The lease requires monthly payments of $1,575. The Station has the right to renew this lease for two additional terms of five years each with a 5% maximum increase per renewal term.

Total lease expense for the years ended September 30, 2018 and 2017 was $182,598 and $177,436, respectively.

Minimum future lease payments over the term of the leases are as follows:

- Continued -

NOTE 11 - TOWER LEASES (Continued)

For the year ended September 30,	
2019	$ 188,800
2020	176,037
2021	200,904
2022	202,551
2023	194,968
Thereafter	339,424
Total	$1,302,684

NOTE 12 - RELATED PARTY TRANSACTIONS

The Station received professional services from a company that is owned by a board member. During the fiscal year ended September 30, 2018 and 2017, amounts billed to the Station by the related party totaled $20,313 and $45,715, respectively.

NOTE 13 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 25, 2019, which is the date that the accompanying financial statements were available for issuance.