

JOHNSON KIGHTLINGER & COMPANY

FRIENDS OF MVYRADIO, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Friends of mvyradio, Inc.
Vineyard Haven, Massachusetts

We have audited the accompanying financial statements of Friends of mvyradio, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 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 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 audits 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 Friends of mvyradio, Inc. as of December 31, 2017 and 2016, 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

Johnson Kightlinger & Company

JOHNSON KIGHTLINGER & COMPANY
April 30, 2018

**FRIENDS OF MVYRADIO, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 576,811	\$ 429,242
Grants and contributions receivable (Note 2)	165,899	195,004
Sponsorship/underwriting receivables	67,915	57,510
Prepaid expense and other current assets	18,862	19,479
Total current assets	829,487	701,235
PROPERTY AND EQUIPMENT, NET (Note 3)	188,950	159,218
OTHER NONCURRENT ASSETS		
Broadcast license (Note 4)	225,000	225,000
Other intangible assets (Note 4)	20,000	30,000
Deposits	-	33,400
Total other assets	245,000	288,400
TOTAL ASSETS	\$ 1,263,437	\$ 1,148,853
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 19,680	\$ 12,098
Accrued liabilities (Note 5)	27,825	34,767
Deferred revenue	19,447	14,164
Total current liabilities	66,952	61,029
TOTAL LIABILITIES	66,952	61,029
COMMITMENTS (Note 6)		
NET ASSETS		
Unrestricted	989,663	862,932
Temporarily restricted (Note 7)	206,822	224,892
Total net assets	1,196,485	1,087,824
TOTAL LIABILITIES AND NET ASSETS	\$ 1,263,437	\$ 1,148,853

See Notes to Financial Statements

**FRIENDS OF MVYRADIO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
<u>Public support</u>			
Membership and contributions	\$ 502,601	\$ 122,830	\$ 625,431
In-kind contributions	3,554	-	3,554
Grants - Corporation for Public Broadcasting	-	118,563	118,563
Grants - other	71,182	-	71,182
Total public support	577,337	241,393	818,730
 <u>Program revenue</u>			
Underwriting	467,900	-	467,900
Other	2,505	-	2,505
Total program revenue	470,405	-	470,405
 <u>Fundraising events</u>			
Revenue	166,482	-	166,482
Direct costs	(83,333)	-	(83,333)
Net fundraising events	83,149	-	83,149
 <u>Net assets released from restrictions</u>			
Satisfaction of purpose restrictions	188,083	(188,083)	-
Expiration of time restrictions	71,380	(71,380)	-
Total net assets released from restrictions	259,463	(259,463)	-
Total revenue and support	1,390,354	(18,070)	1,372,284
 EXPENSES			
<u>Program services expense</u>			
Broadcasting and engineering	158,510	-	158,510
Programming	437,636	-	437,636
Total program services expense	596,146	-	596,146
 <u>Supporting services expense</u>			
Management and general	222,272	-	222,272
Underwriting and grant solicitation	217,312	-	217,312
Membership	99,544	-	99,544
Other fundraising	128,349	-	128,349
Total supporting services expense	667,477	-	667,477
Total expenses	1,263,623	-	1,263,623
 CHANGE IN NET ASSETS	 126,731	 (18,070)	 108,661
 NET ASSETS, BEGINNING OF YEAR	 862,932	 224,892	 1,087,824
 NET ASSETS, END OF YEAR	 \$ 989,663	 \$ 206,822	 \$ 1,196,485

See Notes to Financial Statements

**FRIENDS OF MVYRADIO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
<u>Public support</u>			
Membership and contributions	\$ 575,407	\$ 32,380	\$ 607,787
In-kind contributions	9,783	-	9,783
Grants - Corporation for Public Broadcasting	-	122,078	122,078
Grants - other	<u>72,657</u>	<u>-</u>	<u>72,657</u>
Total public support	657,847	154,458	812,305
 <u>Program revenue</u>			
Underwriting	515,188	-	515,188
Other	<u>1,521</u>	<u>-</u>	<u>1,521</u>
Total program revenue	516,709	-	516,709
 <u>Fundraising events</u>			
Revenue	66,455	-	66,455
Direct costs	<u>(54,150)</u>	<u>-</u>	<u>(54,150)</u>
Net fundraising events	12,305	-	12,305
 <u>Net assets released from restrictions</u>			
Satisfaction of program restrictions	106,978	(106,978)	-
Expiration of time restrictions	<u>61,465</u>	<u>(61,465)</u>	<u>-</u>
Total net assets released from restrictions	168,443	(168,443)	-
Total revenue and support	<u>1,355,304</u>	<u>(13,985)</u>	<u>1,341,319</u>
 EXPENSES AND LOSSES			
<u>Program services expense</u>			
Broadcasting and engineering	164,011	-	164,011
Programming	<u>415,623</u>	<u>-</u>	<u>415,623</u>
Total program services expense	579,634	-	579,634
 <u>Supporting services expense</u>			
Management and general	215,986	-	215,986
Underwriting and grant solicitation	237,077	-	237,077
Membership	103,835	-	103,835
Other fundraising	<u>106,920</u>	<u>-</u>	<u>106,920</u>
Total supporting services expense	663,818	-	663,818
Loss on asset dispositions	8,373	-	8,373
Total expenses and losses	<u>1,251,825</u>	<u>-</u>	<u>1,251,825</u>
 CHANGE IN NET ASSETS	 <u>103,479</u>	 <u>(13,985)</u>	 <u>89,494</u>
 NET ASSETS, BEGINNING OF YEAR	 759,453	 238,877	 998,330
 NET ASSETS, END OF YEAR	 <u>\$ 862,932</u>	 <u>\$ 224,892</u>	 <u>\$ 1,087,824</u>

See Notes to Financial Statements

**FRIENDS OF MVYRADIO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services			Management & General	Fundraising				Total
	Broad-casting & Engineering	Program-ming	Total		Underwriting & Grant Solicitation	Member-ship	Other	Total	
Employee compensation	\$ -	\$ 298,650	\$ 298,650	\$ 34,916	\$ 85,196	\$ 43,622	\$ 80,356	\$ 209,174	\$ 542,740
Payroll taxes	-	23,955	23,955	2,782	13,313	3,499	6,431	23,243	49,980
Employee benefits	-	13,237	13,237	5,034	7,090	6,496	9,990	23,576	41,847
Commissions	-	-	-	-	84,712	-	-	84,712	84,712
Bank and finance charges	-	-	-	40.00	1,711	18,003	2	19,716	19,756
Amortization and depreciation	29,815	6,665	36,480	1,529	920	1,198	324	2,442	40,451
Dues and subscriptions	1,073	25,071	26,144	778	679	-	790	1,469	28,391
Equipment rental and maintenance	-	5,297	5,297	834	-	-	-	-	6,131
Insurance	3,325	-	3,325	8,129	1,241	-	-	1,241	12,695
Professional fees	7,460	5,690	13,150	61,106	538	4,100	2,500	7,138	81,394
Marketing and membership	216	26,171	26,387	12,712	-	12,462	2,506	14,968	54,067
Occupancy	91,603	-	91,603	73,079	-	-	-	-	164,682
Office supplies	-	2,032	2,032	12,419	2,315	3,718	33	6,066	20,517
Software	-	5,327	5,327	886	3,133	5,022	-	8,155	14,368
Telephone and communications	24,980	1,264	26,244	2,563	1,753	1,264	1,170	4,187	32,994
Travel, meals, and entertainment	38	23,207	23,245	4,323	12,773	160	3,422	16,355	43,923
Donations	-	-	-	400	-	-	20,337	20,337	20,737
Other expense	-	1,070	1,070	742	1,938	-	488	2,426	4,238
Total expenses	\$ 158,510	\$ 437,636	\$ 596,146	\$ 222,272	\$ 217,312	\$ 99,544	\$ 128,349	\$ 445,205	\$ 1,263,623

See Notes to Financial Statements

**FRIENDS OF MVYRADIO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services			Management & General	Fundraising				Total
	Broad-casting & Engineering	Program-ming	Total		Underwriting & Grant Solicitation	Member-ship	Other	Total	
Employee compensation	\$ -	\$ 262,866	\$ 262,866	\$ 36,352	\$ 114,639	\$ 42,807	\$ 84,582	\$ 242,028	\$ 541,246
Payroll taxes	-	20,925	20,925	2,898	13,830	3,423	6,732	23,985	47,808
Employee benefits	-	15,843	15,843	4,250	10,322	5,812	9,037	25,171	45,264
Leased employees	-	28,482	28,482	-	-	-	-	-	28,482
Commissions	-	-	-	-	58,725	-	-	58,725	58,725
Bank and finance charges	-	-	-	-	1,224	15,854	4	17,082	17,082
Amortization and depreciation	30,815	1,884	32,699	287	3,006	1,198	354	4,558	37,544
Dues and subscriptions	1,148	24,221	25,369	1,036	1,580	-	940	2,520	28,925
Equipment rental and maintenance	1,649	5,268	6,917	677	406	-	-	406	8,000
Insurance	8,299	-	8,299	6,852	1,336	-	-	1,336	16,487
Professional fees	11,630	315	11,945	82,992	9,100	3,983	-	13,083	108,020
Marketing and membership	-	23,262	23,262	12,407	306	16,472	2,078	18,856	54,525
Occupancy	87,075	-	87,075	36,871	-	-	-	-	123,946
Office supplies	-	2,468	2,468	14,199	1,126	4,977	-	6,103	22,770
Software	-	7,207	7,207	948	4,438	7,957	13	12,408	20,563
Telephone and communications	23,303	1,894	25,197	2,462	2,688	1,228	1,264	5,180	32,839
Travel, meals, and entertainment	92	20,158	20,250	12,267	14,277	124	1,887	16,288	48,805
Other expense	-	830	830	1,488	74	-	29	103	2,421
Total expenses	\$ 164,011	\$ 415,623	\$ 579,634	\$ 215,986	\$ 237,077	\$ 103,835	\$ 106,920	\$ 447,832	\$ 1,243,452

See Notes to Financial Statements

**FRIENDS OF MVYRADIO, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 108,661	\$ 89,494
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	30,451	27,544
Amortization	10,000	10,000
Equipment dispositions	-	8,373
Changes in operating assets and liabilities:		
Grants and contributions receivable	29,105	22,688
Sponsorship/underwriting receivables	(10,405)	(3,908)
Prepaid expenses and other assets	617	(35,524)
Accounts payable and accrued liabilities	640	9,168
Deferred revenue	5,283	(26,643)
Net cash from operating activities	<u>174,352</u>	<u>101,192</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(26,783)</u>	<u>-</u>
Net cash from investing activities	<u>(26,783)</u>	<u>-</u>
CHANGE IN CASH	<u>147,569</u>	<u>101,192</u>
CASH - BEGINNING OF YEAR	<u>429,242</u>	<u>328,050</u>
CASH - END OF YEAR	<u>\$ 576,811</u>	<u>\$ 429,242</u>
SUPPLEMENTARY INFORMATION:		
Noncash transaction: prior year deposit applied to current year equipment purchase	<u>\$ 33,400</u>	<u>\$ -</u>

**FRIENDS OF MVYRADIO, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Friends of mvyradio, Inc. (the Organization) is a Massachusetts nonprofit corporation established in 2013. It operates an FM radio station on the island of Martha's Vineyard, Massachusetts, as well as an internet streaming music service. The Organization aspires to reflect Martha's Vineyard and the region in music, news, culture and community. It embraces its local, regional and worldwide roots through its independent format, and uses contemporary media and community engagement to enrich the lives of its audience.

The Organization's revenue derives primarily from grants, contributions, membership, and underwriting sponsorships.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Organization had no permanently restricted net assets at December 31, 2017.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the report period. Actual results could differ from those estimates.

Cash

The Organization considers all highly liquid debt and equity instruments purchased with maturities of three months or less, and certificates of deposit with maturities of one year or less, to be cash equivalents.

Receivables

Grants and contributions receivable consist of unconditional promises to give, and are recorded at net realizable value for promises expected to be collected within one year, and at fair value for those due beyond one year. The relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are incorporated into a fair value measurement using present value techniques.

Sponsorship/underwriting receivables are due from sponsors for underwriting programs or events that have occurred. The receivables are uncollateralized obligations that are typically due within 30 days of the broadcast. Payments of receivables are allocated to specific invoices identified by the sponsor, or, if unspecified, are applied to the earliest unpaid invoices. Receivables are considered delinquent if not paid within the agreed terms. Delinquent receivables are written off, as necessary, based on evaluation of the sponsor's creditworthiness and specific circumstances.

The carrying amount of receivables is reduced by a valuation allowance reflecting management's best estimate of amounts that will not be collected. At December 31, 2017 and 2016, no allowance was recorded because management believed the balances were fully collectible.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment is recorded at cost if purchased, or at fair market value if donated. Depreciation is computed using the straight-line method with estimated useful lives of 10 years for transmission equipment and office fixtures, 3 years for computer equipment, and 4-5 years for other equipment. Leasehold improvement are amortized over the remaining lease term.

FRIENDS OF MVYRADIO, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

The Organization tests for possible impairment of property, plant and equipment whenever events or changes in circumstances, such as a reduction in operating cash flow or a dramatic change in the manner that the asset is intended to be used, indicate that the carrying amount of the asset may not be recoverable. If indicators exist, the Organization compares the undiscounted cash flows related to the asset to the carrying value of the asset. The impairment loss calculations require management to apply judgment in estimating future cash flows and the discount rates that reflect the risk inherent in future cash flows. If the carrying value is greater than the undiscounted cash flow amount, an impairment charge is recorded in the statement of activities for amounts necessary to reduce the carrying value of the asset to fair value.

Intangible Assets

The Organization classifies intangible assets as definite-lived or indefinite-lived assets. Its definite-lived intangibles consist of trademarks, domain names, and similar assets. Definite-lived intangible assets are stated at cost if purchased, or fair value if donated, and are amortized over their estimated useful lives on a straight-line basis. The Organization periodically reviews the appropriateness of the amortization periods related to its definite-lived intangible assets, and tests for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If indicators exist, the Organization follows the impairment method described above.

The Organization's only indefinite-lived intangible is a broadcast license. Indefinite-lived intangibles are not subject to amortization, but are tested for impairment at least annually. The Organization utilizes an outside valuation firm to assist in determining the fair value of its broadcast license. Valuations of broadcast licenses are estimates that involve judgments about the validity of comparable sales. It is at least reasonably possible that such valuations will change in the near term. Broadcast licenses are subject to periodic renewal; the Organization charges renewal costs, which are nominal, to operating expense when incurred.

Revenue Recognition

Grants and contributions are recognized in the period when the grant award, contribution, or unconditional promise to give is received. Grants and contributions are considered to be unrestricted unless specifically restricted by the donor. Net assets released from restrictions (when the donor-stipulated purpose has been met or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets in the statement of activities.

Revenue from sponsorship/underwriting is recognized when the announcement is broadcast. Sponsorship/underwriting received in advance is reported as deferred revenue. Revenue from memberships is recognized when it is received.

The organization barter sponsorship broadcasts for products and services. Revenue from such transactions is recorded at the estimated fair value of the product or services received. Trade revenue is recognized when the sponsorships are broadcast, and expense for the traded products or services is recognized when received. When products or services are received prior to the sponsorship broadcast, the Organization records deferred revenue liability. When sponsorships are broadcast before receiving the products or services, the Organization records a receivable. Barter revenue totaled \$75,705 and \$114,765 in 2017 and 2016, respectively.

FRIENDS OF MVYRADIO, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition—Gifts of Long-Lived Assets

The Organization reports gifts of equipment and other long-lived assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization does not imply a time restriction on donations of long-lived assets in the absence of a donor-specified period over which the asset must be used, or for gifts of other assets that are restricted to the acquisition of long-lived assets.

Donated Services and Materials

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they require specialized skills and are provided by individuals possessing those skills. Donated materials, if significant, are reported as contributions at fair market value.

Volunteers have donated significant amounts of time to the Organization in various capacities. However, these services have not been reflected in the financial statements because they neither require specialized skills nor would they have typically been purchased had they not been donated. The value of these services is not readily determinable.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization has no unrelated business income, and has taken no tax positions that management believes are unlikely to be upheld, or that might jeopardize its tax-exempt status, if examined by taxing authorities with full knowledge of all relevant information.

Accordingly, no provision for income taxes is included in the accompanying financial statements. Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS. The Organization's federal information returns (Forms 990) for 2014 through 2017 are subject to examination by the IRS, generally for three years after they were filed.

Expense Allocation

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

Subsequent Events Evaluation

Management has evaluated subsequent events through the date of the accompanying independent auditors' report, which is the date the financial statements were available to be issued.

**FRIENDS OF MVYRADIO, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – GRANTS AND CONTRIBUTIONS RECEIVABLE

The Organization's grants and contributions receivable, including the donated rent receivable described in Note 6, were due as follows at December 31:

	<u>2017</u>	<u>2016</u>
In less than one year	\$ 123,899	\$ 111,004
In one to five years	<u>42,000</u>	<u>84,000</u>
	<u>\$ 165,899</u>	<u>\$ 195,004</u>

NOTE 3 – PROPERTY AND EQUIPMENT

The Organization's property and equipment consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Radio and broadcast equipment	\$ 173,299	\$ 173,299
Leasehold improvements	16,141	-
Furniture and fixtures	17,050	17,050
Computer equipment	53,572	9,530
Vehicle	-	5,000
	<u>260,062</u>	<u>204,879</u>
Less accumulated depreciation	<u>(71,112)</u>	<u>(45,661)</u>
	<u>\$ 188,950</u>	<u>\$ 159,218</u>

NOTE 4 – INTANGIBLE ASSETS

The Organization's broadcast license had a carrying value of \$225,000 in both 2017 and 2016 and is subject to renewal in April 2022.

The Organization's trademarks and similar assets are being amortized over their estimated useful lives. Amortization expense totaled \$10,000 in both 2017 and 2016, and is estimated to total \$10,000 per year for the next two years. The trademarks and similar assets consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Gross carrying amount	\$ 50,000	\$ 50,000
Accumulated amortization	<u>(30,000)</u>	<u>(20,000)</u>
	<u>\$ 20,000</u>	<u>\$ 30,000</u>

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Compensation and related expense	\$ 27,402	\$ 34,371
Other	423	396
	<u>\$ 27,825</u>	<u>\$ 34,767</u>

**FRIENDS OF MVYRADIO, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – OPERATING LEASES

The Organization subleases office and studio space from a company owned by one of its Board members (Aritaur Communications, Inc.). Under the sublease agreement, the Organization pays no rent, but is responsible for paying certain operating expenses. The sublease expires December 28, 2019, but under certain conditions can be extended for one 18-month period and 11 additional one-year periods beyond that date. The estimated value of donated rent was \$42,000 in both 2017 and 2016. The estimated fair value of donated rent receivable in future years was \$84,000 and \$126,000 at December 31, 2017 and is included in grants and contributions receivable.

The Organization leases space on a tower under an operating lease that expires in 2019 and can be renewed for four additional periods of five years each. The Organization also leases equipment under month-to-month arrangements. Rent expense for all leases (including donated rent) totaled \$87,285 and \$86,469 in 2017 and 2016, respectively. Future minimum lease commitments were as follows at December 31, 2017:

		Donated <u>Rent</u>	All <u>Other</u>		<u>Total</u>
2018	\$	42,000	\$ 18,569	\$	60,569
2019		42,000	6,250		48,250
		<u>\$ 84,000</u>	<u>\$ 24,819</u>		<u>\$ 108,819</u>

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Promises to give	\$ 165,899	\$ 195,004
Purpose restrictions	40,923	29,888
	<u>\$ 206,822</u>	<u>\$ 224,892</u>

NOTE 8 – RETIREMENT PLAN

The Organization sponsors a 403(b) retirement plan (“the Plan”), which covers all employees who normally work at least 20 hours per week, are at least 21 years old, and have completed six months of service. Employees may elect to defer a portion of their compensation, subject to certain limits. Employer contributions are discretionary and totaled \$10,751 and \$9,408 in 2017 and 2016, respectively.

NOTE 9 – CREDIT RISK AND CONCENTRATIONS

Financial instruments that potentially subject the Organization to credit risk consist of receivables.

At December 31, 2017 and 2016, 72% and 83% of the Organization’s grants and contributions receivable, respectively, were due from the Corporation for Public Broadcasting (CPB) and the provider of donated rent described in Note 6. In 2017 and 2016, 20% and 15% of the Organization’s total revenue, respectively, was received from CPB and a private donor.

**FRIENDS OF MVYRADIO, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – RELATED PARTY TRANSACTIONS

The Organization purchases accounting and management services from a nonprofit organization (Public Media Company) for which one of the Organization's directors is also a Board member and manager. Such purchases totaled \$43,650 and \$41,000 in 2017 and 2016, respectively.

As described in Note 6, the Organization receives donated office and studio facilities from a company owned by one of its Board members.