# LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.

## FINANCIAL REPORT

**June 30, 2024**

BUCKNO LISICKY & COMPANY

BUCKNOLISICKY.COM

*A Professional Corporation*

Certified Public Accountants | Business Consultants

## LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.

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**June 30, 2024 and 2023**

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lehigh Valley Community Broadcasters Association, Inc.
Bethlehem, Pennsylvania

## Opinion

We have audited the accompanying financial statements of Lehigh Valley Community Broadcasters Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lehigh Valley Community Broadcasters Association, Inc. as of June 30, 2024 and 2023, 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.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lehigh Valley Community Broadcasters Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lehigh Valley Community Broadcasters Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Lehigh Valley Community Broadcasters Association, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lehigh Valley Community Broadcasters Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Buckno Lisicky + Company

Allentown, Pennsylvania
January 22, 2025

**LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.**

**Statements of Financial Position**

**June 30, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 16,868 | $ 97,014 |
| Investments | 440,681 | 402,580 |
| Accounts receivable, net | 13,593 | 34,780 |
| Prepaid expenses | 12,776 | 13,137 |
| TOTAL CURRENT ASSETS | 483,918 | 547,511 |
| PROPERTY AND EQUIPMENT | | |
| Leasehold improvements | 61,438 | 61,438 |
| Radio/electronic equipment | 447,523 | 448,049 |
| Music library | 29,183 | 29,183 |
| Office equipment | 19,399 | 50,924 |
| Furniture and fixtures | 13,300 | 17,510 |
| | 570,843 | 607,104 |
| Less accumulated depreciation | 514,478 | 538,909 |
| TOTAL PROPERTY AND EQUIPMENT, NET | 56,365 | 68,195 |
| OPERATING LEASE RIGHT OF USE ASSETS, NET | 104,608 | 165,840 |
| OTHER NONCURRENT ASSETS | | |
| Deposits | 2,064 | 2,064 |
| Investment restricted for long-term purposes | 12,455 | 11,251 |
| TOTAL NONCURRENT ASSETS | 14,519 | 13,315 |
| **TOTAL ASSETS** | **$ 659,410** | **$ 794,861** |
| **LIABILITIES AND NET ASSETS** | | |
| CURRENT LIABILITIES | | |
| Current portion of operating lease liability | $ 63,197 | $ 61,166 |
| Accrued expenses and other liabilities | 26,025 | 13,099 |
| Deferred revenue | 6,233 | 36,523 |
| TOTAL CURRENT LIABILITIES | 95,455 | 110,788 |
| NONCURRENT LIABILITIES | | |
| Operating lease liability, net of current portion | 41,729 | 104,992 |
| TOTAL LIABILITIES | 137,184 | 215,780 |
| NET ASSETS | | |
| Without donor restrictions | 509,771 | 567,830 |
| With donor restrictions | 12,455 | 11,251 |
| TOTAL NET ASSETS | 522,226 | 579,081 |
| **TOTAL LIABILITIES AND NET ASSETS** | **$ 659,410** | **$ 794,861** |

See Notes to Financial Statements.

## LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.

**Statements of Activities**
**Years Ended June 30, 2024 and 2023**

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES AND OTHER SUPPORT | | | | | | |
| Contributions and memberships | $ 328,771 | $ - | $ 328,771 | $ 238,869 | $ - | $ 238,869 |
| Grants: | | | | | | |
| Corporation for Public Broadcasting | 104,363 | - | 104,363 | 92,792 | - | 92,792 |
| Other government grants | 11,500 | - | 11,500 | 14,500 | - | 14,500 |
| Foundations, corporations and trusts | 35,000 | - | 35,000 | 55,480 | - | 55,480 |
| Program underwriting: | | | | | | |
| Cash | 161,268 | - | 161,268 | 166,251 | - | 166,251 |
| In kind | 292,006 | - | 292,006 | 259,190 | - | 259,190 |
| Special event revenue, net of direct expenses | (4,169) | - | (4,169) | 3,273 | - | 3,273 |
| Investment return, net | 35,190 | 1,454 | 36,644 | 24,232 | 1,090 | 25,322 |
| Gain (loss) on disposal of fixed assets | (1,051) | - | (1,051) | 60,345 | - | 60,345 |
| Miscellaneous | 1,650 | - | 1,650 | - | - | - |
| Net assets released from restrictions | 250 | (250) | - | 250 | (250) | - |
| TOTAL REVENUES AND OTHER SUPPORT | 964,778 | 1,204 | 965,982 | 915,182 | 840 | 916,022 |
| EXPENSES | | | | | | |
| Program services: | | | | | | |
| Programming and production | 211,983 | - | 211,983 | 205,115 | - | 205,115 |
| Broadcasting and engineering | 107,938 | - | 107,938 | 100,701 | - | 100,701 |
| Program information and promotion | 245,882 | - | 245,882 | 234,252 | - | 234,252 |
| Support services: | | | | | | |
| Management and general | 117,579 | - | 117,579 | 118,664 | - | 118,664 |
| Fund raising and membership development | 285,643 | - | 285,643 | 246,190 | - | 246,190 |
| Underwriting and grant solicitation | 53,812 | - | 53,812 | 40,530 | - | 40,530 |
| TOTAL EXPENSES | 1,022,837 | - | 1,022,837 | 945,452 | - | 945,452 |
| **CHANGE IN NET ASSETS** | **(58,059)** | **1,204** | **(56,855)** | **(30,270)** | **840** | **(29,430)** |
| NET ASSETS, July 1 | 567,830 | 11,251 | 579,081 | 598,100 | 10,411 | 608,511 |
| **NET ASSETS, June 30** | **$ 509,771** | **$ 12,455** | **$ 522,226** | **$ 567,830** | **$ 11,251** | **$ 579,081** |

See Notes to Financial Statements.

**Statements of Functional Expenses**
**Years Ended June 30, 2024 and 2023**

**Year Ended June 30, 2024**

| | Program Services | | | Support Services | | | |
|---|---|---|---|---|---|---|---|
| | Programming and Production | Broadcasting and Engineering | Program Information and Promotion | Management and General | Fund Raising and Membership Development | Underwriting and Grant Solicitation | Total |
| Salaries and benefits | $ 77,374 | $ 27,889 | $ 92,766 | $ 72,906 | $ 88,702 | $ 36,988 | $ 396,625 |
| Professional fees | 8,393 | 10,078 | 5,273 | 21,039 | 5,273 | 5,273 | 55,329 |
| Occupancy | 15,462 | 5,862 | 6,342 | 8,649 | 10,662 | 4,902 | 51,879 |
| Office | 11,673 | 4,487 | 5,003 | 7,755 | 16,171 | 3,808 | 48,897 |
| Depreciation | 242 | 9,409 | 242 | 403 | 242 | 242 | 10,780 |
| Insurance | 2,094 | 3,037 | 2,724 | 3,965 | 2,541 | 1,726 | 16,087 |
| Interest | 51 | 51 | 51 | 85 | 51 | 51 | 340 |
| Broadcast | 96,272 | 46,703 | - | - | - | - | 142,975 |
| Marketing and promotion | - | - | 133,059 | - | 133,506 | - | 266,565 |
| Bad debt expense | - | - | - | - | - | 400 | 400 |
| Miscellaneous | 422 | 422 | 422 | 2,777 | 28,495 | 422 | 32,960 |
| | $ 211,983 | $ 107,938 | $ 245,882 | $ 117,579 | $ 285,643 | $ 53,812 | $ 1,022,837 |

**Year Ended June 30, 2023**

| | Program Services | | | Support Services | | | |
|---|---|---|---|---|---|---|---|
| | Programming and Production | Broadcasting and Engineering | Program Information and Promotion | Management and General | Fund Raising and Membership Development | Underwriting and Grant Solicitation | Total |
| Salaries and benefits | $ 72,133 | $ 25,447 | $ 93,206 | $ 82,429 | $ 86,788 | $ 28,118 | $ 388,121 |
| Professional fees | 2,907 | 17,757 | 797 | 12,828 | 797 | 797 | 35,883 |
| Occupancy | 15,462 | 5,862 | 6,342 | 8,649 | 10,662 | 4,902 | 51,879 |
| Office | 9,215 | 3,631 | 4,129 | 6,603 | 14,471 | 3,102 | 41,151 |
| Depreciation | 268 | 9,435 | 268 | 446 | 268 | 268 | 10,953 |
| Insurance | 1,997 | 3,147 | 2,244 | 3,834 | 2,169 | 1,455 | 14,846 |
| Broadcast | 102,661 | 34,949 | - | - | - | - | 137,610 |
| Marketing and promotion | - | - | 126,794 | - | 127,678 | - | 254,472 |
| Bad debt expense | - | - | - | - | - | 1,415 | 1,415 |
| Miscellaneous | 472 | 473 | 472 | 3,875 | 3,357 | 473 | 9,122 |
| | $ 205,115 | $ 100,701 | $ 234,252 | $ 118,664 | $ 246,190 | $ 40,530 | $ 945,452 |

See Notes to Financial Statements.

**LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.**

**Statements of Cash Flows**
**Years Ended June 30, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | $ (56,855) | $ (29,430) |
| Adjustments to reconcile change in net assets to net cash used in operating activities | | |
| Bad debt expense | 400 | 1,415 |
| Depreciation | 10,780 | 10,953 |
| Amortization of operating lease right of use assets | 61,165 | 59,514 |
| (Gain) loss on sale of property and equipment | 1,051 | (60,345) |
| Unrealized (gain) on investments | (26,347) | (19,007) |
| Reinvested investment dividends and interest | (7,754) | (4,211) |
| Donated property and equipment | - | (2,800) |
| (Increase) decrease in assets: | | |
| Accounts receivable | 20,787 | 16,028 |
| Prepaid expenses | 359 | (1,883) |
| Increase (decrease) in liabilities: | | |
| Accrued expenses and other liabilities | 12,926 | 2,058 |
| Deferred revenue | (30,290) | (19,276) |
| Operating lease liability | (61,165) | (59,196) |
| NET CASH USED IN OPERATING ACTIVITIES ACTIVITIES | (74,943) | (106,180) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (4,000) | - |
| Increase in investment restricted for long-term purposes | (1,203) | (841) |
| Proceeds from sale of property and equipment | - | 60,345 |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (5,203) | 59,504 |
| **NET DECREASE IN CASH** | **(80,146)** | **(46,676)** |
| **CASH** | | |
| Beginning | 97,014 | 143,690 |
| **Ending** | **$ 16,868** | **$ 97,014** |
| **SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Cash paid for amounts included in measurement of lease liabilities: | | |
| Operating cash flows from operating leases | $ 64,966 | $ 64,716 |
| Lease assets obtained in exchange for lease obligations | $ - | $ 225,354 |
| Cash payments for: | | |
| Interest | $ 340 | $ - |

See Notes to Financial Statements.

## NOTE 1. ORGANIZATION AND PURPOSE

The Lehigh Valley Community Broadcasters Association, Inc. is established to operate WDIY-FM 88.1 as a community-run public radio station and to promote community access to and involvement in public radio. The Association's Board of Directors appoints committees to assist in the establishment of policies and budgets, the hiring of paid staff, and overseeing the development and operation of the radio station through the use of donations, grants, program underwriting, and the use of volunteer services.

The Association has three types of program service activities as follows:

Programming and production - This function consists of the production and/or acquisition of programming and conducting program operations.

Broadcasting and engineering - This function includes program transmission, interconnection and engineering.

Program information and promotion - This function consists of informing the listening public of specific available program services.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on the accrual basis of accounting. The significant accounting policies followed are described below:

**Basis of Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under these standards, the Association is required to report information regarding its financial position and activities according to two classes of net assets; net assets with donor restrictions and net assets without donor restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents**

Cash and cash equivalents, for the purposes of the Statements of Cash Flows, includes short-term, highly liquid financial instruments with original maturities of 90 days or less.

### Accounts Receivable, Program Underwriting and Credit Loss

Accounts receivable, program underwriting is stated at unpaid balances net of an allowance for credit losses. The Association provides for losses on account receivable, program underwriting using the allowance method. The allowance for credit losses is based on prior collection experience, analysis of customer's ability to pay, economic conditions and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. As of June 30, 2024 and 2023, the allowance for credit losses was $2,108 and $3,360, respectively. Bad debt expenses, program underwriting was $1,415 and $400 as of June 30, 2024 and 2023, respectively

The changes in the allowance for credit losses during the year ended June 30, 2024 is as follows:

| | |
|---|---|
| Balance, July 1, 2023 | $ 3,360 |
| Provision charged to expense | 400 |
| Receivables written off | (1,652) |
| Balance, June 30, 2024 | $ 2,108 |

### Unconditional Promises to Give

Unconditional promises to give are recorded as receivables and revenue when received. Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. As of June 30, 2024 and 2023, there were no unconditional promises to give.

### Investments

The Association carries investments in marketable securities with readily determinable fair values at their fair values in the Statement of Financial Position. Unrealized and realized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

### Property and Equipment

The Association capitalizes all property and equipment that has an estimated useful life of greater than one year. Property and equipment are stated at cost for purchased items and fair value for contributed items and depreciated using the straight-line method over the estimated useful lives of the assets and considering the estimated salvage value of the assets. The useful lives range from five to fifteen years for equipment, furniture and fixtures and the music library to twenty years for leasehold improvements.

### Revenue Recognition

Contributions

Contributions are comprised primarily of membership and other donations which are recorded as revenue when the unconditional promise to give has been made. The Association reports gifts of cash and other assets as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions for which the donor restrictions are completely met in the same fiscal period are reported as contributions without donor restrictions.

The Association reports gifts of land, buildings and equipment as contributions without donor restrictions 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 contributions with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grants

The Association receives grant revenue from the Corporation for Public Broadcasting as well as other supporting organizations. Grant revenue deemed to be a contribution and whose restrictions are met within the same year as received are reported as grants without donor restrictions in the accompanying consolidated financial statements. Grant revenue deemed to be an exchange transaction is classified as revenue without donor restrictions or contract liability, as appropriate, when received or receivable. Grants from the Corporation for Public Broadcasting are recognized as revenue without donor restrictions in the period during which the expenditure of the grant has occurred.

Program Underwriting

Revenues from program underwriting are recognized over the period of the customer contract which coincides with the period during which the underwriting programming is broadcast. Deferred revenue is recorded for the unearned portion of the underwriting contract revenue.

The Association's contracts with customers consist of contracts to provide program underwriting. The Association's underwriting contracts contain a single delivery element and revenue is recognized over time as the program underwriting is broadcast.

The Association recognized revenues from contracts with customers transferred over time of $453,274 and $425,441 for the years ended June 30, 2024 and 2023, respectively.

The related beginning and ending contract assets and liabilities were as follows:

| | Year Ended June 30, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Accounts receivable, trade | $ 13,593 | $ 34,780 | $ 52,223 |
| Deferred revenue | 6,233 | 36,523 | 55,799 |

Special Events

Special event revenue is recognized at the time of the event.

**Income Taxes**

The Association is a nonprofit corporation established under Pennsylvania law and is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Association has adopted the provisions of FASB ASC 740-10 related to accounting for uncertainty in income taxes. The Association continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings in determining any uncertain tax positions.

The Association files a Return of Organization Exempt From Income Tax annually. The Association's returns for 2020, 2021, 2022 and 2023 are subject to examination by the IRS, generally for three years after they were filed.

**Date of Management's Review**

The Association has evaluated subsequent events through January 22, 2025, the date which the financial statements were available to be issued.

**NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Management and Board of Directors regularly monitors liquidity needed to meet the Association's operating needs and other contractual commitments. The Association regularly manages cash resources to maximize any interest earnings. It also has various sources of liquidity at its disposal, including its cash and investments.

For the purposes of analyzing short-term liquidity needs, the Association strives to maintain sufficient liquid financial assets to cover up to several months of operating expenses. In addition to the financial assets available, the Association operates with a balanced budget and anticipates collecting sufficient revenues to cover general operating expenditures.

As of June 30, 2024 and 2023. the Association has the following financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures:

| | 2024 | 2023 |
|---|---|---|
| Cash | $ 16,868 | $ 97,014 |
| Investments | 440,681 | 402,580 |
| Accounts receivable | 13,593 | 34,780 |
| | $ 471,142 | $ 534,374 |

In addition, to help manage unanticipated liquidity needs, the Association has a secured line of credit available which can provide borrowings up to $100,000.

## NOTE 4. INVESTMENTS

The Association investments as of June 30, 2024 and 2023 consist of the following:

| | 2024 | 2023 |
|---|---|---|
| Without donor restrictions: | | |
| Money market funds | $ 84,362 | $ 67,665 |
| Mutual funds: | | |
| Stock mutual funds | 13,730 | 12,734 |
| Exchange traded equity | 144,229 | 128,594 |
| Exchange traded fixed income | 198,360 | 193,587 |
| | 440,681 | 402,580 |
| With donor restrictions: | | |
| Money market funds | 12,456 | 11,252 |
| | $ 453,137 | $ 413,832 |

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

- Level 2—Inputs to the valuation methodology include:

  • quoted prices for similar assets or liabilities in active markets;

• quoted prices for identical or similar assets or liabilities in inactive markets;
• inputs other than quoted prices that are observable for the asset or liability;
• inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

- Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis.

- *Mutual funds:* Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

All of the Association’s investments as of June 30, 2024 and 2023 are valued using Level 1 measurements.

The components of investment return as of June 30, 2024 and 2023 are as follows:

| June 30, 2024 | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Interest and dividends | $ 10,573 | $ - | $ 10,573 |
| Net unrealized gains | 26,347 | 1,454 | 27,801 |
| Investment expenses | (1,730) | - | (1,730) |
| | $ 35,190 | $ 1,454 | $ 36,644 |

| June 30, 2023 | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Interest and dividends | $ 6,534 | $ - | $ 6,534 |
| Net unrealized gains | 19,007 | 1,090 | 20,097 |
| Investment expenses | (1,598) | - | (1,598) |
| | $ 24,232 | $ 1,090 | $ 25,322 |

## NOTE 5. LINE OF CREDIT

The Association has available a line of credit in the amount of $100,000 for operational uses. The note is secured by the Association’s accounts receivable and equipment. Interest is at a variable rate at the Bank’s prime rate plus 1.0% with a minimum rate of 5%. There was no outstanding balance on the line of credit as of June 30, 2024 and June 30, 2023.

## NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2024 and 2023 are available for the following purposes:

| | 2024 | 2023 |
|---|---|---|
| Building-to-endowment | $ 12,455 | $ 11,251 |

## NOTE 7. CONTRIBUTED SERVICES AND MATERIALS

The Association records various types of in-kind contributions for use in its operations at their fair value. Some of these services and materials are received in exchange for on-air underwriting acknowledgement announcements. The amounts, reflected in the accompanying financial statements as in-kind contributions or in-kind program underwriting, are offset by like amounts included in expenses.

The Association received the following in-kind contributions of services and materials for the years ended June 30, 2024 and 2023 that have been reflected in the financial statements:

| | 2024 | 2023 |
|---|---|---|
| Advertising and promotion | $ 252,853 | $ 242,639 |
| Printing services | 9,100 | 9,100 |
| Copier maintenance agreement | 2,800 | 2,800 |
| Food for fundraising events | 27,253 | 1,851 |
| Furniture and fixtures | - | 2,800 |
| | $ 292,006 | $ 259,190 |

Directors, officers and on-air program hosts of the Association have made significant contributions of their time to develop and provide its programs. No amounts have been recognized in the accompanying statement of activities and changes in net assets because the criteria for recognition of such efforts under GAAP have not been satisfied.

## NOTE 8. LEASE ACTIVITIES

The Association rents building space and antenna space on a transmission tower under operating lease agreements.

Operating leases are included in operating lease right-of-use (ROU) assets and current and noncurrent operating lease liabilities in the statement of financial position. The Association assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Association has elected to apply the short-term lease exception to all leases with terms of a year or less to recognize the expense on the straight-line basis.

Right-of use assets (ROU) represent the right to use an underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Association uses the implicit rate of the lease when it is readily determinable. However, since the Association’s leases generally do not provide an implicit rate to determine the present value of lease payments, management has elected to use a risk-free discount rate for the applicable lease term for all classes of underlying assets. Lease expense is recognized on a straight-line basis over the lease term.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

The weighted average remaining lease term of the Association’s operating leases is 1.64 years and 2.65 years for the years ended June 30, 2024 and 2023, respectively. The weighted average discount rate is 2.86% for both years ended June 30, 2024 and 2023.

Operating lease expense, included in occupancy expense and broadcast expense totaled $65,033 for the years ended June 30, 2024 and 2023.

The aggregate future annual lease payments required to amortize the operating lease payable as of June 30, 2024, including total interest payments are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 63,197 | $ 2,024 | $ 65,221 |
| 2026 | 41,729 | 337 | 42,066 |
| | $ 104,926 | $ 2,361 | $ 107,287 |

## NOTE 9. FUNCTIONAL EXPENSE ALLOCATIONS

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

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and other occupancy expenses, which are allocated on a square footage basis.

## NOTE 10. CONCENTRATIONS

Cash in bank:

At times, the Association's cash in bank can exceed amounts insured by the federal deposit insurance. The Association has not incurred any losses because of uninsured cash balances.

Accounts receivable:

The Association has accounts receivable from program underwriting contracts with various businesses located primarily in the Lehigh Valley area of Pennsylvania.

Revenue:

Approximately 11% and 10% of the Association's revenue and other support for the years ended June 30, 2024 and 2023, respectively, came from the Corporation for Public Broadcasting. The current level of the Association's operations and program services may be impacted if the above funding would be reduced.