Northeastern Pennsylvania Educational Television Association

Financial Statements and
Supplementary Information

June 30, 2024 and 2023

Independent Auditors' Report

To the Board of Directors of
Northeastern Pennsylvania Educational Television Association

Opinion

We have audited the financial statements of Northeastern Pennsylvania Educational Television Association (the 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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 the financial statements in accordance with GAAP, and for 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 the Organization'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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Activities - TV and FM for the year ended June 30, 2024 is presented for purposes of additional analysis and is 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.

Baker Tilly US, LLP

Pittston, Pennsylvania
October 4, 2024

Northeastern Pennsylvania Educational Television Association

Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 367,316	$ 425,794
Accounts receivable, net	48,050	146,414
Prepaid expenses	124,637	152,642
Pledges receivable, net	289,754	16,000
Contributions receivable of nonfinancial assets	45,000	-
Total current assets	874,757	740,850
Other Assets		
Cash escrow	288,038	286,645
Investments	29,617,707	28,672,605
Pledges receivable, net	780,902	50,000
Right-of-use asset, operating	519,073	540,474
Property and equipment, net	3,898,291	3,205,087
Franchise costs	19,241	19,241
Music and film rights	1,076,000	1,076,000
Total assets	$ 37,074,009	$ 34,590,902
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 173,392	$ 126,860
Accrued expenses	137,180	118,431
Line of credit - Capital Campaign	250,000	-
Construction payable	359,706	-
Deferred revenues	64,621	71,702
Operating lease liability, current	22,221	21,221
Assets held for others	-	19,991
Security deposits	5,000	5,000
Total current liabilities	1,012,120	363,205
Noncurrent Liabilities		
Operating lease liability, noncurrent	496,852	519,253
Total liabilities	1,508,972	882,458
Net Assets		
Without donor restrictions:		
Undesignated	4,083,494	4,715,434
Designated by Board for endowment	28,924,178	28,012,520
Total net assets without donor restrictions	33,007,672	32,727,954
With donor restrictions	2,557,365	980,490
Total net assets	35,565,037	33,708,444
Total liabilities and net assets	$ 37,074,009	$ 34,590,902

See notes to financial statements

Northeastern Pennsylvania Educational Television Association

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
Operating Revenues and Other Additions						
Contributions and memberships	$ 1,860,033	$ 1,633,380	$ 3,493,413	$ 2,217,282	$ -	$ 2,217,282
In-kind contributions	445,993	-	445,993	785,263	-	785,263
Endowment contributions	-	11,000	11,000	-	11,000	11,000
Grants	142,484	541,715	684,199	369,677	298,414	668,091
Corporation for Public Broadcasting grant	1,222,719	-	1,222,719	1,013,112	-	1,013,112
Program underwriting	431,890	-	431,890	500,607	-	500,607
Production underwriting	282,600	-	282,600	373,400	-	373,400
Website underwriting	25,038	-	25,038	12,233	-	12,233
Production services	104,269	-	104,269	109,343	-	109,343
Education	188,710	-	188,710	181,420	-	181,420
PBS royalties	-	-	-	5,025	-	5,025
Investment return designated for operations and capital	2,573,426	-	2,573,426	1,508,135	-	1,508,135
Rental income	85,541	-	85,541	83,051	-	83,051
Loss on disposal of assets	(129,451)	-	(129,451)	(401,861)	-	(401,861)
Miscellaneous	27,306	-	27,306	76,607	-	76,607
Net assets released from restrictions	695,756	(695,756)	-	337,165	(337,165)	-
Total operating revenues and other additions	7,956,314	1,490,339	9,446,653	7,170,459	(27,751)	7,142,708
Operating Expenses						
Program:						
Television programming and production	2,219,775	-	2,219,775	1,919,710	-	1,919,710
Broadcast operations	908,696	-	908,696	1,005,082	-	1,005,082
Radio programming	1,689,931	-	1,689,931	1,725,679	-	1,725,679
Promotions and marketing	657,418	-	657,418	510,732	-	510,732
Education	220,779	-	220,779	187,792	-	187,792
Supporting services:						
Fundraising	1,734,686	-	1,734,686	1,440,311	-	1,440,311
Management and general	1,156,969	-	1,156,969	1,160,531	-	1,160,531
Total operating expenses	8,588,254	-	8,588,254	7,949,837	-	7,949,837
Change in net assets from operating activities	(631,940)	1,490,339	858,399	(779,378)	(27,751)	(807,129)
Nonoperating Revenues and Expenses						
Investment income, net of amount designated for operations and capital	911,658	86,536	998,194	1,069,429	56,580	1,126,009
Change in net assets	279,718	1,576,875	1,856,593	290,051	28,829	318,880
Net Assets, Beginning	32,727,954	980,490	33,708,444	32,437,903	951,661	33,389,564
Net Assets, Ending	$ 33,007,672	$ 2,557,365	$ 35,565,037	$ 32,727,954	$ 980,490	$ 33,708,444

See notes to financial statements

Northeastern Pennsylvania Educational Television Association

Statement of Functional Expenses

Year Ended June 30, 2024 (With Comparative Total for 2023)

	Program Services						Supporting Services				
	TV Programming and Production	Broadcast Operations	Radio Programming	Promotions and Marketing	Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total 2024	Total 2023
Expenses											
Compensation and benefits	$ 1,049,319	$ 226,387	$ 780,136	$ 378,968	$ 152,664	$ 2,587,474	$ 835,239	$ 680,927	$ 1,516,166	$ 4,103,640	$ 3,702,232
Programming, TV	852,436	-	16,248	-	-	868,684	-	-	-	868,684	737,711
Professional services	152,023	6,558	59,533	59,181	31,100	308,395	327,825	242,161	569,986	878,381	663,039
Membership, MSB costs	-	-	138,769	105	-	138,874	219,379	-	219,379	358,253	372,879
Programming, radio	-	-	297,529	-	-	297,529	-	-	-	297,529	275,321
Professional development	4,901	802	60	3,025	650	9,438	8,193	3,312	11,505	20,943	21,631
Dues and subscriptions	43,417	26,184	28,510	51,356	253	149,720	20,155	29,014	49,169	198,889	183,117
IT services and website	-	14,302	-	1,105	-	15,407	-	-	-	15,407	15,641
Utilities	-	81,958	43,288	-	-	125,246	-	-	-	125,246	111,722
Premiums	-	-	-	-	-	-	39,533	-	39,533	39,533	53,498
Supplies	9,553	13,982	10,064	1,460	18,155	53,214	19,507	13,977	33,484	86,698	89,905
WVIA Studios and production costs	30,867	-	200	45	-	31,112	-	-	-	31,112	27,425
Liability insurance	-	-	49,584	-	-	49,584	3,366	74,376	77,742	127,326	88,482
Membership costs (non MSB)	-	-	21,428	722	-	22,150	37,454	2,219	39,673	61,823	64,731
Publicity and advertising	116	-	5,630	57,871	-	63,617	3,346	-	3,346	66,963	91,161
Building maintenance	-	20,491	-	-	-	20,491	28,238	-	28,238	48,729	58,046
HR and staff related expenses	-	-	-	-	-	-	413	22,709	23,122	23,122	24,231
Telephone and internet	6,450	74,361	581	900	-	82,292	8,906	900	9,806	92,098	74,576
Equipment maintenance	1,028	42,789	5,184	-	-	49,001	-	-	-	49,001	44,195
Postage and freight	38	214	16,694	622	897	18,465	25,348	(234)	25,114	43,579	53,300
Channel share expenses	-	17,191	-	-	-	17,191	-	-	-	17,191	15,970
Travel	31,564	4,224	2,218	9,460	2,520	49,986	16,184	9,007	25,191	75,177	59,374
Miscellaneous	-	14,002	26,572	3	-	40,577	1,051	11,522	12,573	53,150	55,366
Awards	8,923	-	415	2,610	10,137	22,085	56	-	56	22,141	24,607
Printing	380	-	567	5,149	2,208	8,304	12,938	-	12,938	21,242	5,268
Hospitality	9,897	537	13,679	1,128	1,856	27,097	12,542	12,256	24,798	51,895	37,577
Vehicle maintenance	3,801	8,250	-	-	-	12,051	-	-	-	12,051	9,356
Bad debt expense	-	-	-	-	-	-	1,259	-	1,259	1,259	11,338
In-kind expenses	-	8,032	155,883	81,843	-	245,758	105,845	49,390	155,235	400,993	543,263
Donor events	-	-	1,848	-	-	1,848	7,909	-	7,909	9,757	2,915
Redevelopment building expenses	-	-	-	-	-	-	-	-	-	-	3,836
Depreciation expense	15,062	348,432	15,311	1,865	339	381,009	-	5,433	5,433	386,442	428,124
Total expenses	$ 2,219,775	$ 908,696	$ 1,689,931	$ 657,418	$ 220,779	$ 5,696,599	$ 1,734,686	$ 1,156,969	$ 2,891,655	$ 8,588,254	$ 7,949,837

See notes to financial statements

Northeastern Pennsylvania Educational Television Association

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services						Supporting Services			
	TV Programming and Production	**Broadcast Operations**	**Radio Programming**	**Promotions and Marketing**	**Education**	**Total Program Services**	**Fundraising**	**Management and General**	**Total Supporting Services**	**Total 2023**
Expenses										
Compensation and benefits	$ 855,799	$ 257,552	$ 785,780	$ 265,469	$ 111,023	$ 2,275,623	$ 770,757	$ 655,852	$ 1,426,609	$ 3,702,232
Programming, TV	719,571	-	18,140	-	-	737,711	-	-	-	737,711
Professional services	209,731	8,381	43,342	10,710	11,588	283,752	32,787	346,500	379,287	663,039
Membership, MSB costs	-	-	141,920	-	-	141,920	230,959	-	230,959	372,879
Programming, radio	-	-	275,321	-	-	275,321	-	-	-	275,321
Professional development	2,779	730	-	2,920	1,545	7,974	10,674	2,983	13,657	21,631
Dues and subscriptions	38,468	27,807	19,414	58,058	449	144,196	13,332	25,589	38,921	183,117
IT services and website	-	8,345	406	6,890	-	15,641	-	-	-	15,641
Utilities	-	68,210	43,512	-	-	111,722	-	-	-	111,722
Premiums	-	-	-	-	-	-	53,498	-	53,498	53,498
Supplies	12,995	24,315	9,456	1,203	24,287	72,256	7,624	10,025	17,649	89,905
WVIA Studios and production costs	22,498	-	2,955	1,972	-	27,425	-	-	-	27,425
Liability insurance	-	-	35,393	-	-	35,393	-	53,089	53,089	88,482
Membership costs (non MSB)	-	-	23,582	-	79	23,661	38,436	2,634	41,070	64,731
Publicity and advertising	8	-	2,004	88,846	-	90,858	303	-	303	91,161
Building maintenance	-	58,046	-	-	-	58,046	-	-	-	58,046
HR and staff related expenses	-	-	-	-	249	249	1,913	22,069	23,982	24,231
Telephone and internet	6,413	61,024	539	900	-	68,876	4,800	900	5,700	74,576
Equipment maintenance	1,295	34,927	7,973	-	-	44,195	-	-	-	44,195
Postage and freight	2,331	203	18,599	57	335	21,525	30,310	1,465	31,775	53,300
Channel share expenses	-	15,970	-	-	-	15,970	-	-	-	15,970
Travel	10,468	7,638	5,483	4,119	7,875	35,583	17,932	5,859	23,791	59,374
Miscellaneous	1,500	12,847	26,423	-	4,160	44,930	24	10,412	10,436	55,366
Awards	7,701	-	120	1,375	14,755	23,951	656	-	656	24,607
Printing	-	-	-	283	159	442	4,826	-	4,826	5,268
Hospitality	9,263	(47)	1,148	1,004	4,553	15,921	13,262	8,394	21,656	37,577
Vehicle maintenance	5,337	3,910	-	-	-	9,247	-	109	109	9,356
Bad debt expense	2,450	911	500	-	6,650	10,511	827	-	827	11,338
In-kind expenses	-	8,400	256,416	66,799	-	331,615	200,640	11,008	211,648	543,263
Donor events	-	-	-	-	-	-	2,915	-	2,915	2,915
Redevelopment building expenses	-	-	-	-	-	-	3,836	-	3,836	3,836
Depreciation expense	11,103	405,913	7,253	127	85	424,481	-	3,643	3,643	428,124
Total expenses	$ 1,919,710	$ 1,005,082	$ 1,725,679	$ 510,732	$ 187,792	$ 5,348,995	$ 1,440,311	$ 1,160,531	$ 2,600,842	$ 7,949,837

See notes to financial statements

Northeastern Pennsylvania Educational Television Association

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

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ 1,856,593	$ 318,880
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	386,442	428,124
Realized loss on disposal of assets	129,451	401,861
Net realized and unrealized gains on investments	(2,900,255)	(1,663,234)
Contributions restricted for long-term purposes	(1,644,380)	(11,000)
In-kind contributions of music and film rights	-	(242,000)
In-kind contributions of nonfinancial assets yet to be received	(45,000)	-
(Increase) decrease in operating assets:		
Accounts receivable	98,364	91,820
Prepaid expenses	28,005	4,151
Increase (decrease) in operating liabilities:		
Accounts payable	46,532	8,119
Accrued expenses	18,749	49,838
Assets held for others	(19,991)	19,991
Deferred revenues	(7,081)	(34,124)
Net cash used in operating activities	(2,052,571)	(627,574)
Cash Flows From Investing Activities		
Purchase of property and equipment	(849,391)	(277,401)
Proceeds from sale of property and equipment	-	1,500
Purchase of investments	(25,234,588)	(7,930,610)
Proceeds from sale of investments	27,189,741	7,611,573
Net cash provided by (used in) investing activities	1,105,762	(594,938)
Cash Flows From Financing Activities		
Proceeds from line of credit	250,000	-
Proceeds from contributions for long-term purposes	639,724	11,000
Net cash provided by financing activities	889,724	11,000
Net change in cash and cash equivalents and restricted cash	(57,085)	(1,211,512)
Cash and Cash Equivalents and Restricted Cash, Beginning	712,439	1,923,951
Cash and Cash Equivalents and Restricted Cash, Ending	$ 655,354	$ 712,439
Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents	$ 367,316	$ 425,794
Cash escrow	288,038	286,645
Total cash and cash equivalents and restricted cash	$ 655,354	$ 712,439
Supplemental Cash Flow Information		
Capitalized noncash contribution of music and film rights	$ -	$ 242,000
Fixed asset additions included in construction payable	$ 359,706	$ -

See notes to financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Northeastern Pennsylvania Educational Television Association (the Organization) is a Pennsylvania Nonprofit Corporation that is exempt from tax under §501(c)(3) of the Internal Revenue Code (IRC). The Organization operates a public television station (WVIA-TV) and public radio station (WVIA-FM) which broadcast to households located primarily in Northeastern Pennsylvania and the Central Susquehanna Valley.

The Organization continues to extend its offerings to include multi-channel public media programming, including television, radio and digital platforms. The Organization is the PBS and NPR affiliate for Northeast and Central Pennsylvania. The Organization focuses on providing news, arts, culture, local production and educational programming to the community it serves.

During the year ended June 30, 2024, the Organization initiated their “Building the Future Capital Campaign”. The Organization plans to make a $10,000,000 investment into their infrastructure and programming offerings. The campaign will be funded by pledges, matching grants, short term debt, and operating capital. See Notes 2, 5, 7, 15 and 16 for additional information on related financial statement impact.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classifications of net assets: net assets without donor restrictions and net assets with donor restrictions, as applicable. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. All revenues not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or those required to be maintained in perpetuity as a source of investment income, are accounted for in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

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 and disclosure of contingent assets and liabilities at 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 include short-term deposits with original maturities of three months or less. Cash equivalents consist of funds held in money market accounts.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded 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. The discounts on those amounts are computed using the expected rate of return of a market participant applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Management has provided for an allowance for uncollectible contributions receivable based upon a periodic review of individual contributions.

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses for its receivables arising from reciprocal transactions to present the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events. The Organization pools these receivables based on similar risk characteristics in estimating expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. Receivables are written off when the Organization determines that such receivables are deemed uncollectible.

The Organization utilizes the loss rate method in determining its lifetime expected credit losses on accounts receivable. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, payor type, customer creditworthiness, and the effect of other external forces, such as economic conditions and legal and regulatory requirements, on the level of estimated credit losses in the existing receivables. The allowance for credit losses was $10,000 as of June 30, 2024. As of June 30, 2023, prior to the adoption of Accounting Standards Update (ASU) No. 2016-13, an allowance for doubtful accounts for such receivables of $10,000 was recorded.

Music and Film Rights

At June 30, 2024 and 2023, the Organization had music and film rights not subject to amortization. Music and film rights are recorded at their fair value at the time of donation or acquisition.

Investments

Equity securities with readily determinable fair values and debt securities are valued at fair value based on quoted market prices. Adjustments to reflect increases or decreases in market value, referred to as unrealized gains and losses, are reported in the statements of activities.

The cost of investments received as gifts is recorded at fair value as determined upon receipt. The cost of investments sold is determined by use of the specific identification method.

All realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations.

Property and Equipment

Land, buildings and equipment purchases are capitalized at cost. Donations of land, buildings or equipment are recorded at estimated fair value and are included in support unless restricted to a specific purpose. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Impairment

The Organization reviews the carrying value of long-lived assets and other identifiable intangibles for impairment whenever events or changes in circumstances indicate that carrying amounts of the assets might not be recoverable.

Revenue Recognition

Program Underwriting and Production Services

The Organization recognizes revenues and expenses on projects as work progresses. Deferred revenues on uncompleted projects represent project billings for which revenues have not been earned.

Education Services

Revenues are recognized by the Organization when the services are provided.

Grants and Contributions

The Organization engages in fundraising campaigns manifested by offering some special television programs and on-air and mail appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Organization for enhancement of program offerings and other operating expenses. Financial contributions are sometimes evidenced by pledges received from responding viewers.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

A portion of the Organization's revenues are derived from cost-reimbursed federal and state contracts (grant programs), which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenues when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Organization had no refundable advances at June 30, 2024 and 2023. The Organization reports these cost-reimbursable grants as changes in net assets without donor restrictions when restrictions are met in the same period.

In-Kind Contributions

In-kind contributions are recorded as revenues and expenses in the period received at their estimated fair values. In-kind contributions include donated professional services, programming services, rents, advertising, materials and supplies.

Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents includes cash and highly liquid money market funds.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the IRC.

In accordance with the Financial Accounting Standards Board (FASB) guidance on accounting for uncertainty in income taxes, management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2020.

Cost Allocations

The financial statements report certain expense categories that are attributable to more than one function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and occupancy costs, are allocated to a functional region based on square- footage. Salaries and wages, employee benefits and other expenses are allocated to a functional region based on estimated time and effort.

Nonoperating Activities

The Organization records investment return net of the amount designated for operations and capital as nonoperating activities.

Accounting Standards Adopted in the Current Year

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses* (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. On July 1, 2023, the Organization adopted the ASU using the modified retrospective approach. The adoption of ASU No. 2016-13 had no impact to the financial statements for the year ended June 30, 2024, but enhanced disclosures were added as a result of the adoption.

Reclassifications

Reclassifications have been reflected in the current period presentation for prior year balances. Such reclassification are for comparative purposes only and do note restate the prior year financial statements.

Subsequent Events

The Organization has evaluated subsequent events through October 4, 2024, the date the financial statements were available to be issued, and concluded no events or transactions occurred during the period requiring recognition or disclosure.

2. Pledges Receivable

Pledges receivable consisted of the following as of June 30:

	2024	2023
Pledges receivable, gross	$ 1,186,512	$ 66,000
Discount to net present value at 4.0%	(60,296)	-
Allowance for uncollectible contributions	(55,560)	-
Total contributions receivable, net	$ 1,070,656	$ 66,000

The following is a schedule of gross pledges due:

	2024	2023
Due in less than one year	$ 321,108	$ 16,000
Due in one to five years	865,404	50,000
Total contributions receivable	$ 1,186,512	$ 66,000

3. Investments and Fair Value Measurements

Investments consisted of the following at June 30, 2024 and 2023:

	2024 Fair Value	2023 Fair Value
Money market funds	$ 465,431	$ 1,387,092
Corporate bonds	7,012,214	6,323,494
Mutual funds	17,394,167	15,895,789
U.S. Treasury bonds	4,745,895	5,066,230
Total	$ 29,617,707	$ 28,672,605

The following schedules summarize the investment return in the statements of activities:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	$ 733,338	$ 17,507	$ 750,845
Net unrealized and realized gains	2,829,665	70,590	2,900,255
Investment fees	(77,919)	(1,561)	(79,480)
Total	$ 3,485,084	$ 86,536	$ 3,571,620

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	$ 1,015,253	$ 21,940	$ 1,037,193
Net unrealized and realized gains	1,627,134	36,100	1,663,234
Investment fees	(64,823)	(1,460)	(66,283)
Total	$ 2,577,564	$ 56,580	$ 2,634,144

The Organization 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 as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization 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 other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's 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 need to 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.

U.S. Treasury bonds, mutual funds and money market funds are valued at the closing price reported on the active market on which the individual securities are traded and are Level 1.

Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available and are Level 2.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2024 and 2023:

	Assets at Fair Value as of June 30, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets measured at fair value on a recurring basis:				
U.S. Treasury bonds	$ 4,745,895	$ -	$ -	$ 4,745,895
Corporate bonds:				
U.S. companies	-	7,012,214	-	7,012,214
Mutual funds:				
Equity/growth	11,941,553	-	-	11,941,553
Global/international	5,377,078	-	-	5,377,078
Fixed income	75,536	-	-	75,536
Total mutual funds	17,394,167	-	-	17,394,167
Money market funds	465,431	-	-	465,431
Total	$ 22,605,493	$ 7,012,214	$ -	$ 29,617,707

	Assets at Fair Value as of June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets measured at fair value on a recurring basis:				
U.S. Treasury bonds	$ 5,066,230	$ -	$ -	$ 5,066,230
Corporate bonds:				
U.S. companies	-	6,323,494	-	6,323,494
Mutual funds:				
Equity/growth	10,103,466	-	-	10,103,466
Global/international	5,270,023	-	-	5,270,023
Fixed income	522,300	-	-	522,300
Total mutual funds	15,895,789	-	-	15,895,789
Money market funds	1,387,092	-	-	1,387,092
Total	$ 22,349,111	$ 6,323,494	$ -	$ 28,672,605

4. Property and Equipment

Property and equipment consisted of the following at June 30:

	Depreciable Lives	2024	2023
Land improvements and buildings	10-50 years	$ 3,739,057	$ 3,783,042
Television equipment	3-10 years	4,198,164	4,487,074
Radio equipment	3-10 years	1,218,631	1,472,759
Transportation	5-10 years	105,704	119,314
Office furniture and equipment	5-10 years	214,167	361,312
Construction in progress	N/A	1,230,073	123,513
		10,705,796	10,347,014
Less accumulated depreciation		6,807,505	7,141,927
Property and equipment, net		$ 3,898,291	$ 3,205,087

5. Short-Term Debt

In 2022, the Organization opened a margin line of credit with its investment manager, secured by the investment portfolio. The line bears interest at a variable rate based on the Secured Overnight Financing Rate (SOFR). The rate was 5.56% at June 30, 2024, and has a maximum borrowing limit of $9,000,000. No borrowings were outstanding at June 30, 2024 and 2023.

In 2024, the Organization opened a secured line of credit with a bank collateralized by their investment portfolio. The line bears interest at a variable rate based on the SOFR plus 1.10%. The rate was 6.66% at June 30, 2024, and has a maximum borrowing limit of $8,000,000. The balance outstanding at June 30, 2024 was $250,000. The line matures on May 14, 2025.

6. Leases

The Organization leases the right to use transmission towers for their radio and television broadcasting from various parties in the northeastern region of Pennsylvania. The leases have initial term leases ranging from 5-10 years, some including extension terms. For leases where the Organization is reasonably certain to utilize the extension, the extension periods are included within the lease term, and therefore, the measurement of the right-of-use asset and lease liability. The payment structure of the Organization's leases often includes annual escalation clauses that are fixed in nature. Leases with an initial term of 12 months or less are not recorded on the statements of financial position.

The Organization has adopted the following policy: Leases with either no formal end date, or that have auto-renewal options where the Organization has no intent to terminate, are treated as having a 30-year life.

The Organization makes certain assumptions and judgements in determining the discount rate, as most leases do not provide an implicit rate. The Organization uses the risk-free rate based on information available at the adoption date in determining the present value of lease payments. A portfolio approach was utilized to group assets based on similar lease terms in a manner whereby the Organization reasonably expects that the application of the portfolio approach does not differ materially from application to individual leases.

Subsequent to the lease commencement date, the Organization reassesses lease classifications when there is a contract modification that is accounted for as a separate contract, a change in the lease term or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

The Organization has an informal sublease agreement with another television broadcasting entity to share space at one of the tower locations. The other broadcasting entity reimburses the Organization approximately $1,150 per month for the shared space. These payments are recorded as a reduction to lease expense.

At June 30, 2024, future aggregate minimum lease payments due under lease agreements are as follows:

Years ending June 30:	
2025	$ 37,892
2026	35,905
2027	29,411
2028	29,198
2029	29,297
Thereafter	599,491

Lease-related expenses are included in miscellaneous expense in the accompanying statements of functional expense. Lease expense for the Organization for the years ended June 30 was as follows:

	2024	2023
Operating lease expense	$ 37,648	$ 36,680
Short-term lease expense	6,769	6,643
Reimbursements	(14,255)	(13,320)
Total	$ 30,162	$ 30,003

	2024	2023
Lease Term and Discount Rate		
Weighted-average remaining lease term (years):		
Operating leases	22.70	27.00
Weighted-average discount rate:		
Operating leases	3.09 %	3.09 %

7. Net Assets With Donor Restrictions

At June 30, 2024 and 2023, donor-restricted net assets are available as follows:

	2024	2023
Subject to expenditure for specified purpose:		
Education and news programs	$ 230,456	$ 320,405
Building the Future - Capital Campaign	1,633,380	-
Endowment	693,529	660,085
Total donor-restricted net assets	$ 2,557,365	$ 980,490

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for programs, including endowment.

8. In-Kind Contributions

The Organization recognized in-kind contributions for certain services received at the fair value of those services for the years ended June 30, 2024 and 2023 as follows:

	2024	2023
Television programming:		
Professional services	$ 7,500	$ 16,907
Communications:		
Advertising	101,701	95,973
Television and radio engineering:		
Rents	33,712	29,400
Office space rental	90,000	-
Music and film rights	-	242,000
Membership development	213,080	400,983
Total	$ 445,993	$ 785,263

The Organization recognizes contributed nonfinancial assets in its revenues, including services, advertising, translator rentals, building space, music and film rights and membership development. The contributed services were recognized at their estimated fair market value only if they created or enhanced a nonfinancial asset belonging to the Organization and that it would otherwise have to purchase the services if they were not donated.

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor restrictions associated with the donated services and assets.

The Organization's Underwriting department accepts in-kind contributions in exchange for advertising. In exchange for the value of the services or goods provided by the contributing entity, the contributing entity receives advertising placements. The value of the in-kind contributions is based on the value of the goods or services provided by the contributing entity. Any trade messages issued as part of this arrangement must be FCC-compliant and must be approved by the Organization's Director of Corporate Support before airing.

The music and film rights assets donated to the Organization are recorded at fair value based on an appraisal at the time of donation.

The Organization received a one-year lease of rental space in-kind to continue operations while their building undergoes renovations. The rental space is recorded at fair value based on market prices of like properties.

The Organization hosts membership appreciation days free of charge to its members through in-kind contributions from local participating businesses, including amusement parks, ski resorts and other local attractions. In-kind contributions for these events are valued based on how many members attend each event multiplied by the current season individual rates for each venue.

9. FCC Broadcast Television Spectrum Incentive Auction and Cash Escrow

In April 2017, the Organization was notified by the Federal Communications Commission (FCC) that it was the subject of a winning bid in the broadcast television spectrum incentive auction. The compensation to be received was $51,934,668, with 50% of the proceeds to be paid to another station through a channel sharing and facilities agreement. The Organization received this amount in July 2017. As part of the agreement, the Organization was required to establish a cash escrow account in an amount equal to its portion of one year's estimated operating costs. The escrow account is to be maintained for the term of the agreement, and has a balance of $288,038 at June 30, 2024 and $286,645 at June 30, 2023.

10. Pension and Employee Benefits

The Organization has a defined contribution pension plan. The Plan operates under Section 403(b) of the IRC. Participants are allowed to contribute an amount equal to the maximum allowed by the Internal Revenue Service. The Organization makes an annual safe harbor matching contribution of 100% of the participant's elective deferral up to 3% of a participant's compensation plus 50% of the participant's elective deferral between 3% and 5% of the participant's compensation.

The pension expense for the plan for the years ended June 30, 2024 and 2023 was $77,016 and $97,878, respectively.

11. Endowments

The Organization's endowment fund was established to support programming now and in the future. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds without donor restrictions designed to function as endowments, are classified and reported based on existence or absence of donor-imposed restrictions. The Organization classifies these funds to be maintained in perpetuity: (a) the original value of the gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment. The remaining portion of the fund is classified as restricted net assets until those funds are appropriated for expenditure for programming.

The Organization has adopted investment and spending policies for endowment assets that is consistent with its investment objective of achieving long-term real growth in its assets. In order to achieve such long-term growth, the Organization's expenditures should be less than the Organization's total inflation-adjusted return on investments. Consistent with the Organization's long-term investment objectives, the Organization's spending policy is to multiply 4% times the preceding rolling 12 quarters average market value of the Portfolio. The Board of Directors is responsible for setting this spending rate from time to time on the recommendation of its Audit and Finance Committee.

Endowment net assets as of June 30, 2024 and 2023, and the changes in endowment net assets for the years then ended are as follows:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 28,012,520	$ 660,085	$ 28,672,605
Investment return:			
Investment income, net of fees	650,744	15,946	666,690
Net realized and unrealized gains	2,834,340	70,590	2,904,930
Total investment return	3,485,084	86,536	3,571,620
Contributions	-	11,000	11,000
Appropriation of endowment assets for expenditure	(2,573,426)	(64,092)	(2,637,518)
Endowment net assets, end of year	$ 28,924,178	$ 693,529	$ 29,617,707

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 26,073,876	$ 616,458	$ 26,690,334
Investment return:			
Investment income, net of fees	950,434	20,480	970,914
Net realized and unrealized gains	1,596,345	36,100	1,632,445
Total investment return	2,546,779	56,580	2,603,359
Contributions and transfers in	900,000	11,000	911,000
Appropriation of endowment assets for expenditure	(1,508,135)	(23,953)	(1,532,088)
Endowment net assets, end of year	$ 28,012,520	$ 660,085	$ 28,672,605

The donor-restricted endowment assets are invested with Goldman Sachs in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a balanced level of investment risk. The Organization expects its endowment funds, over time, to provide a rate of return commensurate with the portfolio risk. Actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law. The Organization has interpreted the relevant law to permit spending from such endowments in accordance with the prudent measures described in the spending policy. There were no material underwater endowments at June 30, 2024 or 2023.

12. Concentration of Credit Risk

The Organization maintains its cash accounts in various commercial banks located in Northeastern Pennsylvania. Accounts at each bank are insured, in aggregate, by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

13. Related-Party Transactions

Members of the Organization's Board of Directors and senior management may, from time to time, be associated, either directly or through interlocking board memberships, with entities doing business with the Organization. The Organization has a written conflict of interest policy that requires such associations be disclosed in writing on an annual basis and updated as appropriate during the year. When such associations exist, measures are taken to mitigate any actual or perceived conflict.

The financial statements include transactions with board members and senior management of approximately $750,700 and $32,590 of contributions for the years ended June 30, 2024 and 2023, respectively. Pledges receivable at year-end consisted of balances due from board members and senior management of approximately $660,200 and $0 for the years ended June 30, 2024 and 2023, respectively. The in-kind office space rental valued at $90,000 that the Organization received (see Note 8) was from a board member. All related-party activity is conducted in accordance with the Organization's normal policies and procedures.

14. Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2024 and 2023, the following financial assets are available to meet annual operating needs for the upcoming fiscal year:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	$ 367,316	$ 425,794
Accounts receivable, net	48,050	146,414
Pledges receivable, net	16,000	16,000
Investments available for expenditure	842,336	1,424,878
Investments approved for expenditure	1,158,239	1,146,275
Financial assets available to meet general expenditures within one year	$ 2,431,941	$ 3,159,361

The Organization has various sources of liquidity at its disposal including cash, receivables and certain investments. In addition, the Organization has access to two lines of credit as discussed in Note 5 to the financial statements. Spending from the investment portfolio beyond the annual endowment draw discussed in Note 11 or as noted above is subject to Board approval.

15. Conditional Promises to Give

The Organization was awarded a $2,250,000 conditional grant through the Redevelopment Assistance Capital Program (RACP) to support their Building the Future Capital Campaign project. The RACP grant monies will not be received until all RACP program and grant agreement requirements have been substantially met. The grant agreement requires the Organization to raise a matching amount of funding.

16. Commitments

The Organization has entered into a construction contract for approximately $6,602,000 for building renovations. At June 30, 2024, the outstanding commitment on the contract was approximately $6,100,000 and will be funded by operating cash, board designated endowment drawdowns, pledges receivable collected and line of credit proceeds. The estimated completion date of the construction contract is March 31, 2025.

Northeastern Pennsylvania Educational Television Association

Schedule of Activities - TV and FM
Year Ended June 30, 2024

	TV	FM	Total
Revenues and Other Additions			
Contributions and memberships	$ 2,772,185	$ 721,228	$ 3,493,413
In-kind contributions	290,110	155,883	445,993
Endowment contributions	11,000	-	11,000
Grants	609,765	74,434	684,199
Corporation for Public Broadcasting	1,116,376	106,343	1,222,719
Program underwriting	257,883	174,007	431,890
Production underwriting	282,600	-	282,600
Website underwriting	25,038	-	25,038
Production services	104,269	-	104,269
Education	188,710	-	188,710
Net investment income	3,571,620	-	3,571,620
Rental income	85,541	-	85,541
Loss on disposal of assets	(129,451)	-	(129,451)
Miscellaneous	15,882	11,424	27,306
Total revenues and other additions	9,201,528	1,243,319	10,444,847
Expenses			
Program:			
Television programming and production	2,219,775	-	2,219,775
Broadcast operations	908,696	-	908,696
Radio programming	-	1,689,931	1,689,931
Promotions and marketing	657,418	-	657,418
Education	220,779	-	220,779
Supporting services:			
Fundraising	1,734,686	-	1,734,686
Management and general	1,156,969	-	1,156,969
Total expenses	6,898,323	1,689,931	8,588,254
Change in net assets	$ 2,303,205	$ (446,612)	$ 1,856,593