



**MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL
AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

**JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mountain Lake Public Telecommunications Council and Affiliate
One Sesame Street
Plattsburgh, New York

Opinion

We have audited the accompanying combined financial statements of Mountain Lake Public Telecommunications Council (a New York Nonprofit Corporation) and Affiliate, which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Mountain Lake Public Telecommunications Council and Affiliate as of June 30, 2023 and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Mountain Lake Public Telecommunications Council and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Canadian Friends of WCFE-TV 57, an affiliate, for the year ended June 30, 2022, which statements reflect total assets constituting 1% of combined total assets at June 30, 2022, and total revenues constituting 9% of combined total revenues for the year then ended. Those statements, which were prepared in accordance with Canadian accounting standards for not-for-profit organizations, were audited by other auditors, whose report was furnished to us. We applied audit procedures on the conversion adjustments to the financial statements of Canadian Friends of WCFE-TV 57, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Canadian Friends of WCFE-TV 57, prior to these conversion adjustments, is based solely on the report of the other auditors as of and for the period ended June 30, 2022.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization has adopted the provisions of Accounting Standards Update No. 2016-02, *Leases*, (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Lake Public Telecommunications Council and Affiliate's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 combined 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 combined 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 combined 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 Mountain Lake Public Telecommunications Council and Affiliate'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 combined financial statements.

Auditor's Responsibilities for the Audit of the Combined Financial Statements (continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Lake Public Telecommunications Council and Affiliate'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.

Jmm & Associates

January 23, 2024

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

A S S E T S

	2023	2022 (As restated)
CURRENT ASSETS		
Cash	\$ 892,432	\$ 739,995
Pledges receivable	-	5,000
Grants receivable	10,000	17,000
Other receivables	18,158	30,526
Prepaid expenses	42,438	51,591
Broadcast contract rights	20,127	14,114
TOTAL CURRENT ASSETS	983,155	858,226
 PROPERTY AND EQUIPMENT, net	 2,241,273	 2,298,787
 OTHER ASSETS		
Beneficial interest in assets held by others	103,692	93,647
Long-term investments	34,493	-
Investment in Centralcast, LLC	477,114	539,267
Right-of-use asset, net	51,780	-
TOTAL OTHER ASSETS	667,079	632,914
 TOTAL ASSETS	 \$ 3,891,507	 \$ 3,789,927

See accompanying notes.

LIABILITIES AND NET ASSETS

	2023	2022 (As restated)
CURRENT LIABILITIES		
Accounts payable	\$ 15,398	\$ 109,711
Accrued payroll and related expenses	11,403	10,716
Accrued compensated absences	66,146	63,585
Refundable advances	153,063	12,600
Deferred revenue	41,918	41,657
Current portion of long-term debt	45,000	33,000
Current portion of lease liability	4,000	-
TOTAL CURRENT LIABILITIES	336,928	271,269
LONG-TERM DEBT, net of current portion	611,187	647,018
OTHER LIABILITY		
Lease liability, net of current portion	47,780	-
TOTAL OTHER LIABILITY	47,780	-
TOTAL LIABILITIES	995,895	918,287
NET ASSETS		
Net assets without donor restrictions:		
Net investment in property and equipment	1,585,086	1,618,769
Other	752,729	670,173
Total net assets without donor restrictions	2,337,815	2,288,942
Net assets with donor restrictions:		
Restricted for future periods	454,105	489,051
Restricted in perpetuity	103,692	93,647
Total net assets with donor restrictions	557,797	582,698
TOTAL NET ASSETS	2,895,612	2,871,640
TOTAL LIABILITIES AND NET ASSETS	\$ 3,891,507	\$ 3,789,927

See accompanying notes.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (As restated)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Government grants	\$ 1,687,424	\$ 1,460,645
Program grants	24,501	67,000
Local community support	487,108	522,013
Underwriting and other support	156,023	113,860
Rental income	145,925	117,788
In-kind revenue	22,954	28,486
Miscellaneous income	31,924	59,606
Gain (loss) on foreign exchange	(1,930)	375
	<u>2,553,929</u>	<u>2,369,773</u>
Net assets released from restrictions	<u>7,756</u>	<u>14,000</u>
TOTAL SUPPORT AND REVENUE	<u>2,561,685</u>	<u>2,383,773</u>
EXPENSES		
Program services:		
Programming	856,034	854,420
Production	322,724	332,260
Educational services	210,640	119,421
Broadcast engineering	253,161	318,082
Public information	50,916	35,582
Total program services	<u>1,693,475</u>	<u>1,659,765</u>
Support services:		
General and administrative	428,841	389,161
Development	391,622	348,445
Total support services	<u>820,463</u>	<u>737,606</u>
TOTAL EXPENSES	<u>2,513,938</u>	<u>2,397,371</u>
OPERATING INCOME (LOSS)	<u>47,747</u>	<u>(13,598)</u>
NON-OPERATING INCOME		
Capital grant	-	67,455
Investment income	1,126	-
TOTAL NON-OPERATING INCOME	<u>1,126</u>	<u>67,455</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (forward)	<u>\$ 48,873</u>	<u>\$ 53,857</u>

See accompanying notes.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (As restated)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (forwarded)	\$ 48,873	\$ 53,857
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS		
- As previously reported		2,362,631
Change in underwriting revenue recognition policy		(54,093)
Reclassification of beneficial interest in assets held by others		<u>(73,453)</u>
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS		
- As restated	<u>2,288,942</u>	<u>2,235,085</u>
ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 2,337,815</u>	<u>\$ 2,288,942</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions and grants	\$ 34,963	\$ 5,000
Change in beneficial interest in assets held by others	10,045	(18,585)
Gain (loss) on investment in Centralcast, LLC	<u>(62,153)</u>	<u>49,498</u>
	(17,145)	35,913
Net assets released from restrictions	<u>(7,756)</u>	<u>(14,000)</u>
TOTAL SUPPORT AND REVENUE	<u>(24,901)</u>	<u>21,913</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(24,901)	<u>21,913</u>
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS		
- As previously reported		487,332
Reclassification of beneficial interest in assets held by others		<u>73,453</u>
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS		
- As restated	<u>582,698</u>	<u>560,785</u>
ENDING NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 557,797</u>	<u>\$ 582,698</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ 23,972</u>	<u>\$ 75,770</u>

See accompanying notes.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

STATEMENT OF FUNCTIONAL EXPENSES - 2023

**FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>Programming</u>	<u>Production</u>	<u>Educational Services</u>	<u>Broadcast Engineering</u>	<u>Public Information</u>
Salaries and wages	\$ 134,211	\$ 189,581	\$ 121,422	\$ 57,944	\$ 28,749
Benefits	25,993	31,883	22,275	6,311	2,490
Payroll taxes	10,848	15,323	9,814	4,683	2,324
Subtotal - Personnel	171,052	236,787	153,511	68,938	33,563
Program acquisition	483,718	-	-	-	-
Contracted services	144,232	17,470	17,819	26,045	-
Depreciation and amortization	15,981	30,664	17,213	39,340	2,964
Insurance - general	-	-	-	-	-
Repairs and maintenance	363	501	302	44,011	64
Dues and subscriptions	-	1,026	-	-	4,221
Electric and utilities	3,228	4,622	3,096	19,073	583
Telephone	402	834	301	18,220	301
Interest expense	6,497	8,226	2,735	4,445	1,026
Occupancy	5,561	7,464	4,121	5,581	953
Legal and accounting	-	-	-	-	-
Postage and shipping	-	-	20	185	-
Equipment rental	-	2,008	-	25,228	-
Infrastructure fees	25,000	-	-	-	-
In-kind donations	-	8,045	-	-	4,350
Premium expense	-	-	-	-	-
Travel and conferences	-	3,950	1,744	1,941	-
Bank fees	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Supplies	-	668	7,953	154	124
Miscellaneous	-	-	1,250	-	-
Underwriting expense	-	-	-	-	-
Printing	-	48	205	-	1,465
Advertising	-	411	370	-	1,302
TOTAL EXPENSES	<u><u>\$ 856,034</u></u>	<u><u>\$ 322,724</u></u>	<u><u>\$ 210,640</u></u>	<u><u>\$ 253,161</u></u>	<u><u>\$ 50,916</u></u>

See accompanying notes.

	Total Program Services	General & Administrative	Development	2023 Total	2022 Total
Salaries and wages	\$ 531,907	\$ 162,041	\$ 157,290	\$ 851,238	\$ 748,703
Benefits	88,952	13,804	18,618	121,374	111,653
Payroll taxes and benefits	42,992	12,780	12,713	68,485	63,292
Subtotal - Personnel	663,851	188,625	188,621	1,041,097	923,648
Program acquisition	483,718	-	-	483,718	484,380
Contracted services	205,566	53,834	40,080	299,480	257,710
Depreciation and amortization	106,162	14,025	20,692	140,879	134,328
Insurance - general	-	66,561	176	66,737	70,565
Repairs and maintenance	45,241	2,127	5,802	53,170	56,381
Dues and subscriptions	5,247	32,720	337	38,304	35,966
Electric and utilities	30,602	2,411	4,039	37,052	16,251
Telephone	20,058	402	15,387	35,847	44,380
Interest expense	22,929	4,787	6,839	34,555	37,027
Occupancy	23,680	4,553	6,075	34,308	52,694
Legal and accounting	-	32,890	-	32,890	28,323
Postage and shipping	205	25	30,757	30,987	56,304
Equipment rental	27,236	1,018	100	28,354	24,256
Infrastructure fees	25,000	-	-	25,000	25,000
In-kind donations	12,395	9,059	1,500	22,954	28,486
Premium expense	-	-	22,762	22,762	31,955
Travel and conferences	7,635	6,018	3,727	17,380	9,460
Bank fees	-	534	16,444	16,978	21,892
Bad debt expense	-	1,187	15,166	16,353	-
Supplies	8,899	1,607	2,605	13,111	7,085
Miscellaneous	1,250	6,458	1,565	9,273	43,094
Underwriting expense	-	-	7,570	7,570	5,956
Printing	1,718	-	1,158	2,876	2,029
Advertising	2,083	-	220	2,303	201
TOTAL EXPENSES	\$ 1,693,475	\$ 428,841	\$ 391,622	\$ 2,513,938	\$ 2,397,371

See accompanying notes.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

STATEMENT OF FUNCTIONAL EXPENSES - 2022

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Programming</u>	<u>Production</u>	<u>Educational Services</u>	<u>Broadcast Engineering</u>	<u>Public Information</u>
Salaries and wages	\$ 131,302	\$ 195,782	\$ 64,428	\$ 58,171	\$ 27,662
Benefits	24,275	34,451	7,990	5,416	2,362
Payroll taxes	<u>11,100</u>	<u>16,551</u>	<u>5,446</u>	<u>4,918</u>	<u>2,338</u>
Subtotal - Personnel	166,677	246,784	77,864	68,505	32,362
Program acquisition	484,380	-	-	-	-
Contracted services	146,963	23,261	28,350	46	-
Depreciation and amortization	3,389	18,199	1,427	105,168	-
Insurance - general	-	-	-	-	-
Repairs and maintenance	-	-	-	44,864	-
Postage and shipping	-	(154)	-	41	-
Occupancy	10,024	12,135	4,221	6,860	1,583
Telephone	870	1,635	475	23,083	332
Miscellaneous	956	6,252	402	28,284	-
Interest expense	6,993	8,354	2,944	4,784	1,104
Dues and subscriptions	1,739	837	-	115	-
Premium expense	-	-	-	-	-
In-kind donations	5,400	5,850	-	-	-
Legal and accounting	-	-	-	-	-
Infrastructure fees	25,000	-	-	-	-
Equipment rental	-	4,400	-	17,939	-
Bank fees	-	-	-	15	-
Electric and utilities	-	-	-	16,251	-
Travel and conferences	-	3,474	500	1,238	-
Supplies	-	1,233	3,238	889	-
Underwriting expense	-	-	-	-	-
Printing	2,029	-	-	-	-
Advertising	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201</u>
TOTAL EXPENSES	<u><u>\$ 854,420</u></u>	<u><u>\$ 332,260</u></u>	<u><u>\$ 119,421</u></u>	<u><u>\$ 318,082</u></u>	<u><u>\$ 35,582</u></u>

See accompanying notes.

	Total Program Services	General & Administrative	Development	2022 Total
Salaries and wages	\$ 477,345	\$ 147,373	\$ 123,985	\$ 748,703
Benefits	74,494	14,873	22,286	111,653
Payroll taxes and benefits	40,353	12,458	10,481	63,292
Subtotal - Personnel	592,192	174,704	156,752	923,648
Program acquisition	484,380	-	-	484,380
Contracted services	198,620	48,550	10,540	257,710
Depreciation and amortization	128,183	2,577	3,568	134,328
Insurance - general	-	70,565	-	70,565
Repairs and maintenance	44,864	6,153	5,364	56,381
Postage and shipping	(113)	1,771	54,646	56,304
Occupancy	34,823	7,319	10,552	52,694
Telephone	26,395	728	17,257	44,380
Miscellaneous	35,894	2,629	4,571	43,094
Interest expense	24,179	5,487	7,361	37,027
Dues and subscriptions	2,691	33,011	264	35,966
Premium expense	-	-	31,955	31,955
In-kind donations	11,250	810	16,426	28,486
Legal and accounting	-	28,323	-	28,323
Infrastructure fees	25,000	-	-	25,000
Equipment rental	22,339	577	1,340	24,256
Bank fees	15	2,273	19,604	21,892
Electric and utilities	16,251	-	-	16,251
Travel and conferences	5,212	3,024	1,224	9,460
Supplies	5,360	660	1,065	7,085
Underwriting expense	-	-	5,956	5,956
Printing	2,029	-	-	2,029
Advertising	201	-	-	201
TOTAL EXPENSES	\$ 1,659,765	\$ 389,161	\$ 348,445	\$ 2,397,371

See accompanying notes.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	\$ 1,894,612	\$ 1,584,089
Cash received from contributions	614,764	660,307
Other operating receipts	192,147	218,410
Cash paid for salaries and benefits	(1,037,848)	(920,363)
Cash paid to suppliers for goods and services	(1,365,625)	(1,217,654)
Cash paid for interest	<u>(34,555)</u>	<u>(37,027)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>263,495</u>	<u>287,762</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(87,156)	(108,831)
Sale of investments	10	-
Purchase of investments	<u>(81)</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(87,227)</u>	<u>(108,831)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment gifts received	-	1,000
Principal borrowings on long-term debt	16,358	-
Principal payments on long-term debt	<u>(40,189)</u>	<u>(35,801)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(23,831)</u>	<u>(34,801)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	152,437	144,130
BEGINNING CASH AND CASH EQUIVALENTS	<u>739,995</u>	<u>595,865</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 892,432</u></u>	<u><u>\$ 739,995</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY		
Stock donation	<u><u>\$ 33,367</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Summary of operations

Mountain Lake Public Telecommunications Council and Affiliate (the Council or the Organization), formerly known as Northeast New York Public Telecommunications Council, Inc., is a nonprofit corporation organized under the Education Law of the State of New York in 1968 for the purpose of providing educational services. The Council obtains its revenue principally from federal and state grants, public contributions and underwriting contracts with area businesses.

Principles of combination

The combined financial statements include the accounts of Mountain Lake Public Telecommunications Council and its affiliated friends organization, Canadian Friends of WCFE-TV 57. All significant intercompany accounts and transactions have been eliminated in the combination. As described in Note 18, the Council's affiliate, Canadian Friends of WCFE-TV 57, was notified on July 26, 2022 that the Canadian Revenue Agency (CRA) confirmed the proposal to revoke its registration. On December 3, 2022, a formal Notice of Revocation was issued by the CRA and, as a result, Canadian Friends of WCFE-TV 57 concluded its charitable operations as of that date.

Leases and adoption of new accounting standard

Effective July 1, 2022, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which replaces the prior guidance for leases found in FASB ASC 840. ASU 2016-02 requires lessees with operating leases to recognize a right-of-use asset (ROU asset) and related lease liability for leases with terms of 12 months or more. Under the available transition guidance, the effects of the new standard have been applied as of the beginning of the current reporting period presented.

If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases and adoption of new accounting standard (continued)

ROU assets for finance leases are amortized on a straight-line basis over the lease term. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

The Organization has elected to use the practical expedient to not separate lease and non-lease components for all leases.

The Organization has elected to use the risk-free rate to determine the discount rate for all leases and has elected a lease capitalization threshold of \$20,000.

The Organization has elected to present right-of-use assets resulting from financing leases, and the related liabilities, separately from those resulting from operating leases in the Statements of Financial Position.

The Council is a lessee in a noncancelable operating lease as well as the lessor in several noncancelable operating leases.

Cash and cash equivalents

For purposes of reporting the Statements of Cash Flows, the Council considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

The Council maintains its cash and investments in banks and investment firms. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per bank. There were approximately \$659,000 and \$474,000 on deposit in excess of the FDIC limit as of June 30, 2023 and 2022, respectively.

Basis of presentation

The Council reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Revenue recognition

Rental income is recognized as services are delivered. The Council recognizes production services as the performance obligations outlined in the contracts are met. The Council had no material contract revenue during the fiscal years ending June 30, 2023 or 2022, and no assets or liabilities associated with contracts as of the beginning or end of the fiscal years 2023 or 2022.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Underwriting - change in accounting policy

As described in Note 19, in fiscal year 2023, the Council adopted a new recognition policy for underwriting revenues. Prior to fiscal year 2023, the Council recognized the entire balance of an underwriting agreement upon execution of the signed agreement. Under the new policy, the balance of the agreement is recognized monthly over the term of the agreement. Amounts received in excess of amounts recognized under the new policy are reported as deferred revenue in the Statements of Financial Position. The Organization deems this new principle of recognition preferable because it is the standard practice in the industry and better reflects how underwriting conditions are met over the term of the agreement. The effects of the new policy have been applied retrospectively to each prior reporting period presented.

Support

The Council recognizes contributions when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend are met.

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. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the Statements of Activities as net assets released from donor restrictions.

A portion of the Council's revenue is derived from cost-reimbursable contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statements of Financial Position.

The Council recognizes sustaining membership revenue on a cash basis.

Foreign currency translation

Translation of Canadian currency amounts for the Canadian affiliate that operates in a local currency environment is performed as follows: assets and liabilities are translated to U.S. dollars at year-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the year. Translation gain or loss is included in the Statements of Activities.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment is stated at cost. Donations of property and equipment received without stipulations about how long the donated asset must be used are recorded as revenue without donor restrictions at their estimated fair value. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are initially recorded as donor restricted support, and will be released from restrictions by reclassifying net assets with donor restrictions to net assets without donor restrictions when the asset is placed in service, unless the donor also placed a time restriction on the use of the long-lived asset, in which case the release occurs over the life of the time restriction.

The cost of maintenance and repairs is charged to expense as incurred; renewals and betterments costing greater than \$1,000 are capitalized. Donated capital assets with a fair value greater than \$1,000 at the date of the gift are similarly capitalized. Depreciation is computed by the straight-line method over the estimated useful lives of the underlying asset.

Fair value measurements

Generally accepted accounting principles for fair value measurements emphasize a market-based approach to fair value, and require disclosures about valuation techniques used in the preparation of financial statements. The framework establishes a hierarchy that prioritizes the inputs used in measuring fair value (with Level 1 given the highest priority and Level 3 the lowest):

- Level 1 inputs are quoted prices available in active markets.
- Level 2 inputs are other than quoted prices in active markets which are "observable" as of the reporting date (such as published life expectancy tables used for valuing an annuity).
- Level 3 measurements use "significant unobservable inputs" and include net present value calculations of estimated future cash flows.

The investment in Centralcast LLC, as shown in Note 7, is valued using member's equity share which approximates fair value in accordance with the definition of Level 3 inputs as described above.

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

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Council's tax-exempt purpose is subject to taxation as unrelated business income, as defined by Section 509(a)(1) of the Code. The Council generates unrelated business tax from the net income of certain production services and tower rental activities. The Council has available a net operating loss carryforward of \$12,538 as of June 30, 2023 to offset future unrelated business taxable income.

The Council does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any tax liability for unrecognized tax benefits.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated among the various functional areas. Indirect salaries have been allocated to the various programs based on estimated time spent by each person. Other indirect costs are allocated based on percentages of persons working in each functional area.

Accounts receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Council provides for losses on accounts receivable using the allowance method. The allowance method is based on experience, third-party contracts and other circumstances which may affect the ability of third parties to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with contractual terms. It is the Council's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Reclassifications

Certain amounts in the financial statements for fiscal year 2022 have been restated to provide an improved comparison to fiscal year 2023. A portion of deferred revenues reported in fiscal year 2022 on the Statements of Financial Position has been reclassified to refundable advances.

Contributed nonfinancial assets and adoption of new accounting standard

Effective July 1, 2022, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which improves transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The effects of the new standard have been applied retroactively to each prior reporting period presented. The restatement had no effect on net assets as of July 1, 2021.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated services and materials

The Council receives various types of in-kind support including professional services and unskilled labor. Contributed professional services are recognized at fair value if the services rendered (a) create or enhance long-lived assets or (b) require specialized skills, and would typically need to be purchased if not provided by donation. The Council estimates the fair value of the goods and services based on retail values of the goods and services donated. The Council recognized \$22,954 and \$28,486 in donated advertising services and memberships in fiscal year 2023 and 2022, respectively. In-kind donations are recorded as revenue and expense in the accompanying Statements of Activities or as additions to assets in the Statements of Financial Position.

Advertising

The Council expenses advertising costs as they are incurred.

Broadcast contract rights

Broadcast contract rights relate to programs that will be aired principally in the next fiscal year. Broadcast contract rights purchased by the Council are recorded at cost and amortized on a straight-line method over the periods of their expected usage.

2) LIQUIDITY

The Council regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, current receivables and a line of credit (Note 12).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Council considers all expenditures related to its ongoing activities of community investment and community impact and volunteer mobilization, as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Council operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following tables show the total financial assets held by the Organization, and the amounts of those financial assets that could readily be made available within one year of the Statements of Financial Position dates to meet general expenditures.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

2) LIQUIDITY (continued)

The Council's financial assets at June 30 were as follows:

	2023	2022 (As restated)
Financial assets at year-end:		
Cash	\$ 892,432	\$ 739,995
Pledges receivable	-	5,000
Grants receivable	10,000	17,000
Other receivables	18,158	30,526
Beneficial interest in assets held by others	103,692	93,647
Investment in Centralcast, LLC	477,114	539,267
Long-term investments	34,493	-
Total financial assets at year-end	<u>1,535,889</u>	<u>1,425,435</u>
Less amounts not available to meet general expenditures:		
Beneficial interest in assets held by others	(103,692)	(93,647)
Investment in Centralcast, LLC	(477,114)	(539,267)
Long-term investments	(34,493)	-
	<u>(615,299)</u>	<u>(632,914)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 920,590</u>	<u>\$ 792,521</u>

In addition to these financial assets available for general expenditures, a significant portion of the Council's annual expenditures will be funded by regular Federal and State grant payments which are deposited in the Council's accounts at multiple points during the course of the year, along with member support, underwriting fees and other revenues. In the event of an unanticipated liquidity need, the Council could draw upon an available \$300,000 line of credit (Note 12), and its long-term investments. Although the Council does not intend to use such funds outside of their designation, a portion of its beneficial interest with the Adirondack Foundation could be made available if necessary.

3) GRANTS RECEIVABLE

Grants receivable consisted of amounts due from program-related grants. Due to the current nature of the receivables, no allowance for uncollectible accounts is considered necessary.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

4) OTHER RECEIVABLES

Other receivables consisted of amounts due for underwriting, rent and other items as of June 30:

	2023	2022 (As restated)
Other receivables	\$ 18,158	\$ 30,526

Due to the current nature of the receivables, no allowance for uncollectible accounts is considered necessary.

5) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2023	2022
Land	\$ 53,511	\$ 53,511
Land improvements	109,373	109,373
Studio building	1,491,029	1,489,766
Antenna, tower and power lines	2,049,219	2,039,956
Transmitter building	57,375	57,375
Transmitter and equipment	832,650	832,650
Studio and technical equipment	2,641,240	2,667,171
Vehicles	126,119	103,202
Information systems	54,169	54,169
Translator	105,106	105,106
Furniture and fixtures	146,013	152,817
Construction in progress	25,115	-
	7,690,919	7,665,096
Less accumulated depreciation	(5,449,646)	(5,366,309)
	<u>\$ 2,241,273</u>	<u>\$ 2,298,787</u>

6) BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Council has placed its endowment and other financial assets with the Adirondack Foundation (formerly Adirondack Community Trust) and has granted variance power to the Adirondack Foundation. The Board of Trustees of the Adirondack Foundation (the Board) has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served. As the beneficiary, the Council will receive distributions of income from the funds, subject to the Adirondack Foundation's investment spending policy.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6) BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (continued)

As described in Note 19, the Council restated the fiscal year 2022 financial statements to correctly classify the beneficial interest with Adirondack Foundation as net assets with donor restrictions in accordance with generally accepted accounting principles.

7) LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

All of the Council's long-term investments have readily determinable fair values and are carried at fair value as determined by reference to quoted market prices and other relevant information generated by market transactions (Level 1 inputs). The fair value of Mountain Lake Public Telecommunications Council's marketable securities consisted of the following at June 30:

	2023	2022
Mutual funds:		
Fixed income - U.S. government and corporate debt obligations	\$ 7,160	\$ -
Equity funds:		
Securities of small and mid-capital companies	6,106	-
Securities of non-U.S. companies	6,250	-
Securities of U.S. companies	6,466	-
Sub-total equity funds	18,822	-
Total mutual funds	25,982	-
Exchange-traded and closed-end funds:		
Index investment approach - mid- and large-capital companies	8,313	-
Sub-total exchange-traded and closed-end funds	8,313	-
Money market funds priced at \$1 per share	198	-
	<u>\$ 34,493</u>	<u>\$ -</u>

Additional analysis of the Council's investments was as follows as of:

	Fair Value	Cost	Unrealized Appreciation
June 30, 2023:			
Cash and money market funds	\$ 198	\$ 198	\$ -
Mutual funds	25,982	25,573	409
Exchange-traded and closed-end funds	8,313	7,791	522
	<u>\$ 34,493</u>	<u>\$ 33,562</u>	<u>\$ 931</u>

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7) LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Investment income consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 195	\$ -
Unrealized gain	931	-
	<u>\$ 1,126</u>	<u>\$ -</u>

The Council did not have any long-term investments in securities as of June 30, 2022.

8) INVESTMENT IN CENTRALCAST, LLC

In 2012, the Council made capital contributions of \$65,102 to Centralcast, LLC, a New York limited liability company established to provide joint master control services to eight New York public television stations. The Council's investment in Centralcast, LLC is recorded using the equity method and, as such, the Council records its share of the net income or loss of Centralcast, LLC according to its member's equity share (9.7% as of June 30, 2023 and 2022). For the years ended June 30, 2023 and 2022, the Council's shares of Centralcast, LLC's net gain (loss) were \$(62,153) and \$49,498 respectively, which have been recorded as increases in net assets with donor restrictions.

In November 2022, Centralcast, LLC entered into an affiliation agreement with one of its competitors Digital Convergence Alliance, Inc. (DCA) which will ultimately result in the acquisition of many of the competitor's customers. As a result of this agreement, Centralcast, LLC had obtained ten new customers as of June 30, 2023. Centralcast, LLC expects to realize annual revenues of approximately \$1,200,000 from these new customers once they are fully onboarded, plus additional one time fees related to the onboarding process. Onboarding began in August 2023 and will continue into early 2024. In addition, the agreement called for Centralcast, LLC to make a one time payment to DCA of \$150,000 to assist with cash flow of winding down that entity, which Centralcast, LLC paid during the year ending June 30, 2023.

9) DEFINED CONTRIBUTION RETIREMENT PLAN

Many of the Council's employees participate in a defined contribution retirement plan administered by the Teachers Insurance Annuity Association (TIAA) and College Retirement Equities Fund (CREF). Eligible employees may begin participation on a voluntary basis after completing two years of service, with executive staff eligible after one year and some staff eligible immediately. The Council contributes, on a matching basis, an amount equal to 7% of each participant's gross wages. The Council's contributions totaled \$37,839 and \$40,253 for the years ended June 30, 2023 and 2022, respectively.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

10) REFUNDABLE ADVANCES

Refundable advances consisted of the following as of June 30, 2023:

	<u>2023</u>	<u>2022</u>
Government grants	\$ 147,063	\$ -
Event sponsorships and program	6,000	12,600
	<u>\$ 153,063</u>	<u>\$ 12,600</u>

11) DEFERRED REVENUE

Deferred revenue consisted of prepaid rent amounts and underwriting prepayments.

12) LINE OF CREDIT

The Council has a line of credit agreement with Champlain National Bank. The amount available to the Council was \$300,000 as of June 30, 2023 and 2022 and due on demand. The line of credit bears interest at the Wall Street Journal Prime Rate plus 2% (10.25% and 6.75% as of June 30, 2023 and 2022, respectively). Under the terms of the agreement, the Council's assets are pledged as collateral and the line of credit is cross-collateralized with the Council's long-term debt. There were no amounts outstanding on the line of credit as of June 30, 2023 or 2022.

13) LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Champlain National Bank:		
Mortgage note payable in monthly installments of \$6,041, including interest at 5.09%, collateralized by the Council's assets, balloon payment due August 2026	\$ 641,716	\$ 680,018
 Vehicle loan payable in monthly installments of \$375, including interest at 4.65%, collateralized by vehicle	 14,471	 -
	<u>656,187</u>	<u>680,018</u>
Less current portion	<u>(45,000)</u>	<u>(33,000)</u>
	<u>\$ 611,187</u>	<u>\$ 647,018</u>

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

13) LONG-TERM DEBT (continued)

Future maturities of long-term debt for the years ending June 30 are as follows:

2024	\$ 45,000
2025	47,000
2026	49,000
2027	515,187
	<u>\$ 656,187</u>

Monthly installments on the Champlain National Bank mortgage are subject to change every 60 months due to variable interest rates based on the five-year Federal Home Loan Bank of New York Rate index. The interest rate changed in August 2021 from 5.95% to 5.09% and may change every 60 months thereafter.

14) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	2023	2022 (As restated)
Restricted to time or purpose:		
Investment in Centralcast, LLC (grant-funded)	\$ 421,898	\$ 484,243
Restricted to purpose	32,207	-
Restricted to time	-	5,000
	<u>454,105</u>	<u>489,051</u>
Subtotal - restricted to time or purpose	454,105	489,051
Restricted in perpetuity:		
Beneficial interest with Adirondack Foundation	103,692	93,647
	<u>\$ 557,797</u>	<u>\$ 582,698</u>

15) OPERATING LEASES, RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Council leases tower space under an operating lease. The lease has an original term from 55 months, with four successive five-year term options to extend. Management is reasonably certain they will exercise one of the four extension options and has included this term in the calculation of the right-of-use asset and related lease liability. The lease requires monthly payments of \$500, increasing by 3% each January 1st. The Council used a risk-free discount rate of 2.88%.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

15) OPERATING LEASES, RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

Right-of-use asset consisted of the following at June 30:

	2023	2022
Right-of-use asset, cost	\$ 57,117	\$ -
Less accumulated amortization	(5,337)	-
	<u>\$ 51,780</u>	<u>\$ -</u>

Future minimum lease payments under the lease for the years ending June 30 are as follows:

2024	\$ 6,000
2025	6,000
2026	7,000
2027	7,000
2028	7,000
Thereafter	26,000
	<u>59,000</u>
Less discount to net present value	(7,220)
	<u>51,780</u>
Less current portion	(4,000)
	<u>\$ 47,780</u>

In addition to the right-of-use asset above, the Council leases tower space in Vermont with monthly payments of \$450 and tower space in New York under a month-to-month agreement with monthly payments of \$1,045, respectively.

The Council has noncancelable operating leases for office equipment and a vehicle that expire at various dates through March 2026. Lease payments under these agreements were immaterial for the years ended June 30, 2023 and 2022.

Total rent and lease expense was \$28,354 and \$24,256 for the years ended June 30, 2023 and 2022, respectively.

The Council leases tower space to third parties under non-cancelable operating leases expiring at various times through June 30, 2028. The primary purpose of these towers is for the broadcasting of the television station operated by the Council. The Council also leases a portion of its studio building to third parties. A portion of the Council's third-party rental income is considered unrelated to the Council's primary exempt purpose and, as such, is subject to unrelated business tax on the net income. Rental income was \$145,925 and \$117,788 for the years ended June 30, 2023 and 2022, respectively.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

15) OPERATING LEASES, RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

Future lease payments to be received under operating lease agreements for the years ending June 30 are as follows:

2024	\$ 45,000
2025	27,000
2026	30,000
2027	33,000
2028	12,000
	<hr/>
	\$ 147,000
	<hr/>

16) COMMITMENTS AND CONTINGENCIES

Grants and contracts require the fulfillment of certain conditions as set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, management deems the contingency remote since by accepting the awards and their terms, it has accommodated the objectives of the Organization to the provisions of the grant.

17) RELATED PARTY TRANSACTIONS

The Council has a member equity share in Centralcast, LLC (the Company) of 9.7%. As part of the Council's investment in the Company, the Council is required to make ongoing infrastructure payments in accordance with the Company's annual budget. The Council paid Centralcast, LLC infrastructure fees of \$25,000 and services fees of \$86,295 in the years ended June 30, 2023 and 2022.

The combined financial statements include the activity and balances of the Council's affiliated friends organization, Canadian Friends of WCFE-TV 57.

18) CANADIAN FRIENDS OF WCFE-TV 57

Mountain Lake Public Telecommunications Council's Affiliate, Canadian Friends of WCFE-TV 57 (Affiliate), was audited by the Canada Revenue Agency (CRA). The audit examined the Affiliate's operations during the 2011 fiscal year. In the opinion of the CRA, the audit raised concerns about the purposes and activities of the Affiliate which, if proven, would not satisfy the registration requirements under the Income Tax Act and lead to the issuance of a Notice of Annulment of Registration. The Affiliate, with the assistance of its legal counsel, responded to the issues raised by the CRA and was of the opinion that their conclusions were unfounded. On August 20, 2015, the CRA reached a conclusion and issued a "Notice of Annulment of Registration", thereby annulling the Affiliate's charitable status. Accordingly, as of August 20, 2015, the Affiliate did not qualify as a charity under the Income Tax Act and was not permitted to issue donation receipts. During 2017, subsequent to the Affiliate's contestation, the CRA reversed its prior decision and reinstated the Organization's charitable status retroactive to August 20, 2015. In August of 2017, the Affiliate was notified that the CRA was attempting to revoke its exempt status. The Affiliate filed a response in September of 2017.

MOUNTAIN LAKE PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

18) CANADIAN FRIENDS OF WCFE-TV 57 (continued)

On November 8, 2017, the CRA issued a "Notice of Intention to Revoke" the charitable registration of the Affiliate. In response, the Affiliate filed a "Notice of Objection" and disputed the conclusions arrived at by the CRA. On July 26, 2022, the Affiliate was notified that the CRA confirmed the proposal to revoke its registration. On December 3, 2022, a formal Notice of Revocation was issued by the CRA and, as a result, Canadian Friends of WCFE-TV 57 concluded its charitable operations as of that date. The activity of the Affiliate has been included in the combined financial statements for the years ended June 30, 2023 and 2022.

19) PRIOR PERIOD RESTATEMENT

Effective July 1, 2022, the Council adopted a new recognition policy for underwriting revenues. Prior to fiscal year 2023, the Council recognized the entire balance of an underwriting agreement upon execution of the signed agreement. Under the new policy, the balance of the agreement is recognized monthly over the term of the agreement. Amounts received in excess of amounts recognized under the new policy are reported as deferred revenue in the Statements of Financial Position. The effects of the new policy have been applied retrospectively to each prior reporting period presented. As a result, net assets without donor restrictions decreased by \$54,093 as of July 1, 2021. Other receivables decreased by \$47,356 and deferred revenue increased by \$31,171 as of June 30, 2022, and underwriting revenue and the change in net assets without donor restrictions decreased by \$24,434 for the year ended June 30, 2022. The effect of the change in policy on underwriting revenue recognized for the year ended June 30, 2023 was an increase of approximately \$18,000.

During fiscal year 2023, the Council determined the balance of the beneficial interest in Adirondack Foundation should be classified as net assets with donor restrictions held in perpetuity. Previously, it was reported in both net assets without donor restrictions and net assets with donor restrictions. The Council restated beginning net assets as of July 1, 2021 to reflect this change. As a result net assets with donor restrictions increased by \$73,453 as of July 1, 2021 with a corresponding decrease in net assets without donor restrictions. Donor-restricted revenue increased by \$12,705 with a corresponding decrease in revenue without donor restrictions for the year ended June 30, 2022. The restatement had no effect on the change in net assets for the year ended June 30, 2023.

20) SUBSEQUENT EVENTS

The Council has evaluated events and transactions for potential recognition or disclosure through January 23, 2024, the date the financial statements were available to be issued.