

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

**FINANCIAL REPORT**

**June 30, 2022**



**BUCKNOLISICKY.COM**

*A Professional Corporation*

**Certified Public Accountants | Business Consultants**

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

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of Lehigh Valley Community Broadcasters Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lehigh Valley Community Broadcasters Association, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lehigh Valley Community Broadcasters Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lehigh Valley Community Broadcasters Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*Buckno Lisicky + Company*

Allentown, Pennsylvania  
February 6, 2023

**LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.****Statements of Financial Position****June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 143,690	\$ 224,459
Investments	379,362	419,703
Accounts receivable, trade, net of allowance for bad debts of 2022: \$2,910 2021: \$1,700	52,223	41,741
Prepaid expenses	11,253	14,488
TOTAL CURRENT ASSETS	<u>586,528</u>	<u>700,391</u>
 PROPERTY AND EQUIPMENT		
Leasehold improvements	61,438	61,438
Radio/electronic equipment	455,436	453,253
Music library	29,183	29,183
Office equipment	50,924	50,924
Furniture and fixtures	14,710	14,710
	<u>611,691</u>	<u>609,508</u>
Less accumulated depreciation	<u>535,345</u>	<u>523,779</u>
TOTAL PROPERTY AND EQUIPMENT, NET	<u>76,346</u>	<u>85,729</u>
 NONCURRENT ASSETS		
Deposits	2,064	2,064
Investment restricted for long-term purposes	10,411	12,983
TOTAL NONCURRENT ASSETS	<u>12,475</u>	<u>15,047</u>
 <b>TOTAL ASSETS</b>	<u><b>\$ 675,349</b></u>	<u><b>\$ 801,167</b></u>
 <b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accrued expenses and other liabilities	\$ 11,039	\$ 9,604
Deferred revenue	55,799	41,808
TOTAL CURRENT LIABILITIES	<u>66,838</u>	<u>51,412</u>
 TOTAL LIABILITIES	<u>66,838</u>	<u>51,412</u>
 NET ASSETS		
Without donor restrictions	598,100	736,772
With donor restrictions	10,411	12,983
TOTAL NET ASSETS	<u>608,511</u>	<u>749,755</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 675,349</b></u>	<u><b>\$ 801,167</b></u>

**LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.****Statement of Activities****Year Ended June 30, 2022**

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and memberships	\$ 258,050	\$ -	\$ 258,050
Grants:			
Corporation for Public Broadcasting	93,242	-	93,242
Other government grants	11,600	-	11,600
Foundations, corporations and trusts	48,416	-	48,416
Program underwriting:			
Cash	161,376	-	161,376
In kind	278,600	-	278,600
Special event revenue of \$444 net of direct expenses of \$0	444	-	444
Investment return	(39,598)	(1,322)	(40,920)
Miscellaneous	3,439	-	3,439
Net assets released from restrictions	1,250	(1,250)	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>816,819</b>	<b>(2,572)</b>	<b>814,247</b>
<b>EXPENSES</b>			
Program services:			
Programming and production	205,352	-	205,352
Broadcasting and engineering	93,301	-	93,301
Program information and promotion	246,488	-	246,488
Support services:			
Management and general	122,063	-	122,063
Fund raising and membership development	254,543	-	254,543
Underwriting and grant solicitation	33,744	-	33,744
<b>TOTAL EXPENSES</b>	<b>955,491</b>	<b>-</b>	<b>955,491</b>
<b>CHANGE IN NET ASSETS</b>	<b>(138,672)</b>	<b>(2,572)</b>	<b>(141,244)</b>
NET ASSETS, July 1	736,772	12,983	749,755
<b>NET ASSETS, June 30</b>	<b>\$ 598,100</b>	<b>\$ 10,411</b>	<b>\$ 608,511</b>

**LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.****Statement of Activities****Year Ended June 30, 2021**

	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and memberships	\$ 256,877	\$ -	\$ 256,877
Grants:			
Corporation for Public Broadcasting	233,485	-	233,485
Other government grants	90,538	-	90,538
Foundations, corporations and trusts	36,610	-	36,610
Program underwriting:			
Cash	142,385	-	142,385
In kind	129,125	-	129,125
Special event revenue of \$9,727 net of direct expenses of \$9,157	784	-	784
Investment return	62,484	3,569	66,053
Miscellaneous	2,559	-	2,559
Net assets released from restrictions	164	(164)	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>955,011</b>	<b>3,405</b>	<b>958,416</b>
<b>EXPENSES</b>			
Program services:			
Programming and production	205,967	-	205,967
Broadcasting and engineering	92,583	-	92,583
Program information and promotion	151,349	-	151,349
Support services:			
Management and general	140,991	-	140,991
Fund raising and membership development	172,540	-	172,540
Underwriting and grant solicitation	53,990	-	53,990
<b>TOTAL EXPENSES</b>	<b>817,420</b>	<b>-</b>	<b>817,420</b>
<b>CHANGE IN NET ASSETS</b>	<b>137,591</b>	<b>3,405</b>	<b>140,996</b>
NET ASSETS, July 1	599,181	9,578	608,759
<b>NET ASSETS, June 30</b>	<b>\$ 736,772</b>	<b>\$ 12,983</b>	<b>\$ 749,755</b>

# LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.

## Statements of Functional Expenses

Years Ended June 30, 2022 and 2021

	Year Ended June 30, 2022						
	Program Services			Support Services			
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Management and General	Fund Raising and Membership Development	Underwriting and Grant Solicitation	Total
Salaries and benefits	\$ 74,346	\$ 16,127	\$ 97,518	\$ 86,619	\$ 86,878	\$ 20,128	\$ 381,616
Professional fees	380	14,675	341	11,468	341	341	27,546
Occupancy	15,462	5,862	6,342	8,649	10,662	4,902	51,879
Office	9,712	3,843	4,315	6,999	16,653	3,279	44,801
Depreciation	342	9,627	342	570	342	342	11,565
Insurance	1,982	3,078	2,082	4,213	2,049	1,669	15,073
Broadcast	101,581	39,242	-	-	-	-	140,823
Marketing and promotion	-	-	134,701	-	133,960	-	268,661
Bad debt expense	-	-	-	-	-	1,210	1,210
Miscellaneous	1,547	847	847	3,545	3,658	1,873	12,317
	<u>\$ 205,352</u>	<u>\$ 93,301</u>	<u>\$ 246,488</u>	<u>\$ 122,063</u>	<u>\$ 254,543</u>	<u>\$ 33,744</u>	<u>\$ 955,491</u>

	Year Ended June 30, 2021						
	Program Services			Support Services			
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Management and General	Fund Raising and Membership Development	Underwriting and Grant Solicitation	Total
Salaries and benefits	\$ 79,477	\$ 17,085	\$ 78,604	\$ 105,907	\$ 78,877	\$ 42,926	\$ 402,876
Professional fees	2,217	5,717	1,582	12,987	1,582	1,582	25,667
Occupancy	15,449	5,482	5,980	7,974	10,465	4,485	49,835
Office	10,672	4,129	4,645	7,569	19,372	3,583	49,970
Depreciation	503	9,961	503	839	503	503	12,812
Insurance	1,840	2,269	1,962	3,661	1,922	1,455	13,109
Broadcast	95,773	47,904	-	-	-	-	143,677
Marketing and promotion	-	-	58,037	-	56,912	-	114,949
Bad debt expense	-	-	-	-	-	(580)	(580)
Miscellaneous	36	36	36	2,054	2,907	36	5,105
	<u>\$ 205,967</u>	<u>\$ 92,583</u>	<u>\$ 151,349</u>	<u>\$ 140,991</u>	<u>\$ 172,540</u>	<u>\$ 53,990</u>	<u>\$ 817,420</u>



**LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.****Statements of Cash Flows****Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (141,244)	\$ 140,996
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Bad debt expense	1,210	(580)
Depreciation	11,566	12,812
Donated investments	-	(1,714)
Noncash contribution	-	(73,307)
Unrealized (gain) loss on investments	44,655	(59,445)
Realized loss on investments	-	72
Reinvested investment dividends and interest	(4,304)	(2,721)
(Increase) decrease in assets:		
Accounts receivable	(11,692)	(21,711)
Prepaid expenses	3,235	3,803
Increase (decrease) in liabilities:		
Accrued expenses and other liabilities	1,435	(1,544)
Deferred revenue	13,991	14,811
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>(81,148)</u>	<u>11,472</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(10)	-
Proceeds from sale of investments	-	1,805
(Increase) decrease in investment restricted for long-term purposes	2,572	(3,405)
Purchase of property and equipment	<u>(2,183)</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>379</u>	<u>(1,600)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(80,769)</b>	<b>9,872</b>
<b>CASH</b>		
Beginning	224,459	214,587
Ending	<u><u>\$ 143,690</u></u>	<u><u>\$ 224,459</u></u>

**NOTE 1. ORGANIZATION AND PURPOSE**

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

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

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

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

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

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Presentation**

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

**Use of Estimates**

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

**Cash and cash equivalents**

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

### **Accounts Receivable, Program Underwriting**

Accounts receivable is stated at unpaid balances net of an allowance for doubtful accounts. The accounts receivable is related to underwriting contracts for station programming. It is the Association's policy to charge off uncollectible accounts receivable to the allowance when management determines the receivable will not be collected. Management periodically reviews underwriting contract receivables for collectability and estimates the allowance based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay.

### **Unconditional Promises to Give**

Unconditional promises to give are recorded as receivables and revenue when received. Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. As of June 30, 2022 and 2021, there were no unconditional promises to give.

### **Investments**

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

### **Property and Equipment**

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

### **Revenue Recognition**

#### Contributions

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

**LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.****Notes to the Financial Statements****June 30, 2022 and 2021**

contributions for which the donor restrictions are completely met in the same fiscal period are reported as contributions without donor restrictions.

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

### Grants

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

### Program Underwriting

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

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

The Association recognized revenues from contracts with customers transferred over time of \$439,976 and \$271,510 for the years ended June 30, 2022 and 2021, respectively.

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

	Year Ended June 30,		
	2022	2021	2020
Accounts receivable, trade	\$ 52,223	\$ 41,741	\$ 19,450
Deferred revenue	55,799	41,808	26,997

Special Events

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

**Income Taxes**

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

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

The Association files a Return of Organization Exempt From Income Tax annually. The Association's returns for 2018, 2019, 2020 and 2021 are subject to examination by the IRS, generally for three years after they were filed.

**Date of Management's Review**

The Association has evaluated subsequent events through February 6, 2023, the date which the financial statements were available to be issued.

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

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

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

As of June 30, 2022 and 2021, the Association has the following financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures:

	<u>2022</u>	<u>2021</u>
Cash	\$ 143,690	\$ 224,459
Investments	379,362	419,703
Accounts receivable	<u>52,223</u>	<u>41,741</u>
	<u>\$ 575,275</u>	<u>\$ 685,903</u>

**LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.****Notes to the Financial Statements****June 30, 2022 and 2021**

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

**NOTE 4. INVESTMENTS**

The Association investments as of June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Without donor restrictions:		
Money market funds	\$ 129,170	\$ 132,463
Mutual funds:		
Stock mutual funds	11,380	14,062
Exchange traded equity	105,255	125,493
Exchange traded fixed income	<u>133,557</u>	<u>147,685</u>
	379,362	419,703
With donor restrictions:		
Money market funds	<u>10,411</u>	<u>12,983</u>
	<u>\$ 389,773</u>	<u>\$ 432,686</u>

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

- Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2—Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or by other means.
- Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

**LEHIGH VALLEY COMMUNITY BROADCASTERS ASSOCIATION, INC.****Notes to the Financial Statements****June 30, 2022 and 2021**

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

All of the Association's investments as of June 30, 2022 and 2021 are valued using Level 1 measurements.

The components of investment return as of June 30, 2022 and 2021 are as follows:

<u>June 30, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 6,813	\$ -	\$ 6,813
Net unrealized gains	(44,658)	(1,322)	(45,980)
Investment expenses	(1,753)	-	(1,753)
	<u>\$ (39,598)</u>	<u>\$ (1,322)</u>	<u>\$ (40,920)</u>
 <u>June 30, 2021</u>	 <u>Without Donor Restrictions</u>	 <u>With Donor Restrictions</u>	 <u>Total</u>
Interest and dividends	\$ 4,540	\$ -	\$ 4,540
Net realized gains	(72)	-	(72)
Net unrealized losses	59,445	3,569	63,014
Investment expenses	(1,429)	-	(1,429)
	<u>\$ 62,484</u>	<u>\$ 3,569</u>	<u>\$ 66,053</u>

**NOTE 5. LINE OF CREDIT**

The Association has available a line of credit in the amount of \$100,000 for operational uses. The note is secured by the Association's accounts receivable and equipment. Interest is at a variable rate at the Bank's prime rate plus 1.0% with a minimum rate of 5%. There was no outstanding balance on the line of credit as of June 30, 2022 and June 30, 2021.

**NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30, 2022 and 2021 are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Building-to-endowment	<u>\$ 10,411</u>	<u>\$ 12,983</u>

**NOTE 7 CONTRIBUTED SERVICES AND MATERIALS**

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

The Association received the following in-kind contributions of services and materials for the years ended June 30, 2022 and 2021 that have been reflected in the financial statements:

	<u>2022</u>	<u>2021</u>
Advertising and promotion	\$ 263,269	\$ 113,794
Printing services	9,100	9,100
Copier maintenance agreement	2,800	2,800
Antenna rental	3,431	3,431
	<u>\$ 278,600</u>	<u>\$ 129,125</u>

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

**NOTE 8. OPERATING LEASES**

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

Rent expense, including the cleaning fees and utility reimbursements, under the operating lease agreements is \$67,929 and \$72,508 for the years ended June 30, 2022 and 2021, respectively. The minimum future lease payments under the operating leases are as follows:

Years Ending	
<u>June 30,</u>	
2023	\$ 66,897
2024	68,657
2025	70,466
2026	46,540
	<u>\$ 252,560</u>



**NOTE 9. FUNCTIONAL EXPENSE ALLOCATIONS**

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

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

**NOTE 10. CONCENTRATIONS**

Cash in Bank:

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

Accounts receivable:

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

Revenue:

Approximately 11% and 24% of the Association's revenue and other support for the years ended June 30, 2022 and 2021, respectively, came from the Corporation for Public Broadcasting. The current level of the Association's operations and program services may be impacted if the above funding would be reduced.