

RADIO CATSKILL
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

INDEX

PAGE

1-2	Independent Auditor's Report
3	Statements of Financial Position
4	Statements of Activities
5	Statement of Functional Expenses - 2022
6	Statement of Functional Expenses - 2021
7	Statements of Cash Flows
8-19	Notes to Financial Statements



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Independent Auditor's Report

To the Board of Trustees of
Radio Catskill
Liberty, New York

Opinion

We have audited the financial statements of Radio Catskill (the Organization) which comprise the statements of financial position as of December 31, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's 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 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 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.

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To the Board of Trustees of
Radio Catskill
Liberty, New York

Auditor's 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 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 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.

McGladrey & Pullen Quinn
+ Associates, P.C.

Scranton, Pennsylvania
May 3, 2023

RADIO CATSKILL

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets		
Cash	\$ 385,148	\$ 412,441
Accounts receivable, net	7,705	2,250
Pledges receivable, net	-	22,429
Grants receivable	3,994	150,000
Investments	-	225,348
Prepaid expenses	11,726	10,231
Operating lease right-of-use assets, current	5,832	-
Beneficial interest in assets held by community foundation	<u>17,893</u>	<u>10,455</u>
Total current assets	432,298	833,154
Cash subject to donor restrictions	-	16,131
Property and equipment, net	1,393,176	608,041
Operating lease right-of-use assets, non-current	<u>127,668</u>	<u>-</u>
Total assets	<u><u>\$ 1,953,142</u></u>	<u><u>\$ 1,457,326</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 10,088	\$ 20,073
Accrued payroll and payroll taxes	2,017	3,969
Operating lease liabilities, current	<u>5,832</u>	<u>-</u>
Total current liabilities	17,937	24,042
Construction loan payable	399,454	70,055
Operating lease liabilities, non-current	<u>127,668</u>	<u>-</u>
Total liabilities	<u>545,059</u>	<u>94,097</u>
Net assets		
Without donor restrictions		
Board designated	112,477	225,348
Undesignated	<u>1,295,606</u>	<u>941,726</u>
	1,408,083	1,167,074
With donor restrictions	<u>-</u>	<u>196,155</u>
Total net assets	<u>1,408,083</u>	<u>1,363,229</u>
Total liabilities and net assets	<u><u>\$ 1,953,142</u></u>	<u><u>\$ 1,457,326</u></u>

The accompanying Notes are an integral part of these Financial Statements.

RADIO CATSKILL

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Contributions	\$ 249,970	\$ 52,757	\$ 302,727	\$ 218,265	\$ 196,155	\$ 414,420
Grants	16,319	-	16,319	159,100	-	159,100
Corporation for Public Broadcasting	148,791	-	148,791	96,035	-	96,035
Corporation for Public Broadcasting - COVID-19	-	-	-	200,631	-	200,631
In-kind contributions	20,886	-	20,886	23,500	-	23,500
Paycheck Protection Program loan funds	-	-	-	32,683	-	32,683
Fundraising income	50,079	-	50,079	24,145	-	24,145
Program revenue	39,981	-	39,981	38,773	-	38,773
Investment income, net	3,106	-	3,106	10,388	-	10,388
Net realized and unrealized gains (losses) on investments	(34,807)	-	(34,807)	8,408	-	8,408
Change in beneficial interest in assets held by community foundation	7,438	-	7,438	455	-	455
Net assets released from restrictions (Note 5)	248,912	(248,912)	-	8,372	(8,372)	-
Total revenue and support	<u>750,675</u>	<u>(196,155)</u>	<u>554,520</u>	<u>820,755</u>	<u>187,783</u>	<u>1,008,538</u>
Expenses						
Program services	314,266	-	314,266	282,800	-	282,800
Supporting services						
Management and general	128,153	-	128,153	130,180	-	130,180
Fundraising	67,247	-	67,247	51,964	-	51,964
Total expenses	<u>509,666</u>	<u>-</u>	<u>509,666</u>	<u>464,944</u>	<u>-</u>	<u>464,944</u>
Increase (decrease) in net assets	<u>241,009</u>	<u>(196,155)</u>	<u>44,854</u>	<u>355,811</u>	<u>187,783</u>	<u>543,594</u>
Net assets at beginning of year	<u>1,167,074</u>	<u>196,155</u>	<u>1,363,229</u>	<u>811,263</u>	<u>8,372</u>	<u>819,635</u>
Net assets at end of year	<u>\$ 1,408,083</u>	<u>\$ -</u>	<u>\$1,408,083</u>	<u>\$ 1,167,074</u>	<u>\$ 196,155</u>	<u>\$1,363,229</u>

The accompanying Notes are an integral part of these Financial Statements.

RADIO CATSKILL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES	SUPPORT SERVICES		
	General Program	Management and General	Fund Raising	Total
Salaries and wages	\$ 113,291	\$ 23,998	\$ 23,998	\$ 161,287
Payroll tax expense	9,327	1,988	1,988	13,303
Employee benefits	17,141	3,654	3,654	24,449
Programming and dues	76,266	-	-	76,266
Professional fees	9,905	8,321	-	18,226
Station promotion	-	10,435	-	10,435
Internet	4,360	3,488	872	8,720
Postage and shipping	729	-	-	729
Rent	14,220	-	-	14,220
Office expense	4,869	3,895	974	9,738
Bank and credit card fees	-	6,155	-	6,155
Accounting/Audit	-	34,953	-	34,953
Insurance	-	6,607	-	6,607
Repairs and maintenance	10,589	10,589	-	21,178
Telephone	2,575	2,060	515	5,150
Utilities	11,891	9,512	2,378	23,781
Fundraising expenses	-	-	27,363	27,363
Depreciation	32,313	-	-	32,313
Interest	2,873	2,298	575	5,746
Miscellaneous	397	-	-	397
Taxes	3,520	-	-	3,520
Professional development	-	200	-	200
In-kind expenses	-	-	4,930	4,930
Total	\$ 314,266	\$ 128,153	\$ 67,247	\$ 509,666

The accompanying Notes are an integral part of these Financial Statements.

RADIO CATSKILL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES	SUPPORT SERVICES		
	General Program	Management and General	Fund Raising	Total
Salaries and wages	\$ 110,530	\$ 24,178	\$ 24,178	\$ 158,886
Payroll tax expense	8,330	1,825	1,825	11,980
Employee benefits	18,307	4,012	4,012	26,331
Programming and dues	66,377	-	-	66,377
Professional fees	12,875	15,966	-	28,841
Station promotion	-	13,985	-	13,985
Internet	4,706	3,765	941	9,412
Postage and shipping	1,302	-	-	1,302
Rent	14,220	-	-	14,220
Office expense	3,618	2,895	724	7,237
Bank and credit card fees	-	6,506	-	6,506
Accounting/Audit	-	31,324	-	31,324
Insurance	-	8,342	-	8,342
Repairs and maintenance	5,949	5,949	-	11,898
Telephone	3,227	2,581	645	6,453
Utilities	11,064	8,852	2,213	22,129
Fundraising expenses	-	-	17,426	17,426
Depreciation	18,165	-	-	18,165
Miscellaneous	1,125	-	-	1,125
Taxes	3,005	-	-	3,005
Total	\$ 282,800	\$ 130,180	\$ 51,964	\$ 464,944

The accompanying Notes are an integral part of these Financial Statements.

RADIO CATSKILL

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Increase in net assets	\$ 44,854	\$ 543,594
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	32,313	18,165
Net realized and unrealized losses (gains) on investments	34,807	(8,408)
Change in beneficial interest in assets held by community foundation	(7,438)	(10,455)
(Increase) decrease in:		
Accounts receivable	(5,455)	(150)
Pledges receivable	22,429	(10,178)
Grants receivable	146,006	(118,959)
Prepaid expenses	(1,495)	(5,133)
Increase (decrease) in:		
Accounts payable	(9,985)	10,974
Accrued payroll and payroll taxes	(1,952)	2,287
Net cash provided by operating activities	<u>254,084</u>	<u>421,737</u>
Investing activities		
Purchase of property and equipment	(817,448)	(321,848)
Purchase of investments	(3,098)	(51,510)
Proceeds from sale of investments	193,639	11,112
Net cash used in investing activities	<u>(626,907)</u>	<u>(362,246)</u>
Financing activities		
Construction loan payable	329,399	70,055
Net cash provided by financing activities	<u>329,399</u>	<u>70,055</u>
(Decrease) increase in cash	(43,424)	129,546
Cash and restricted cash at beginning of year	<u>428,572</u>	<u>299,026</u>
Cash and restricted cash at end of year	<u>\$ 385,148</u>	<u>\$ 428,572</u>

The accompanying Notes are an integral part of these Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Radio Catskill (the Organization) is a New York State non-profit organization established to acquire and maintain a Federal Communication Commission (FCC) license to operate an educational, non-commercial radio station located in Liberty, New York. The Organization rents a second location in Honesdale, Pennsylvania which provides programming and is transmitted through to the Liberty station. Radio Catskill uses the call letters WJFF and has a geographical listening area that covers Sullivan and portions of Ulster, Delaware and Orange counties in New York and Pike and Wayne counties in Pennsylvania.

The Organization is supported by fundraising events, government grants, public and private foundations, local business and individual contributions. They have licensing agreements with third party providers for music and informational content which are paid quarterly.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes short-term deposits with original maturities of three months or less.

Accounts Receivable

Accounts receivable are carried at the original invoice amount, less an estimate for doubtful accounts. Outstanding balances are reviewed individually for collectability. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses. Bad debt expense is included in Management & General Expenses. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Management determines when receivables are past due or delinquent based on how recently payments have been received. The Organization does not assess interest on overdue account balances. No allowance was recorded at December 31, 2022 and 2021.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

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 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.

Beneficial Interest

The Organization has adopted the accounting statement that establishes standards for transactions in which a community foundation accepts assets from a donor and agrees to transfer those assets, the return on investment of those assets or both to another Organization that is specified by the donor. It also states that a community foundation shall recognize its liability to the specified beneficiary concurrent with its recognition of cash or other financial assets received from the donor.

In December 2021, the Organization entered into an agreement with the Wayne County Community Foundation, (the Foundation) to establish a fund, to serve as a receptacle for gifts of cash and other property that the Organization receives. Under the terms of the agreement, it is the intent of the Organization to make distributions from the fund.

The agreement also provides that the fund shall be a component part of the Foundation and not a separate trust. The agreement is subject to the provisions of Federal tax laws and regulations. The Foundation is authorized to amend the agreement to conform to the provisions of any applicable law or government regulation to carry out its intention. In the event that it becomes unnecessary, undesirable, impractical, or impossible for the Organization to utilize the fund, the Foundation will replace the Organization's variance of power.

Included on the accompanying Statements of Financial Position of the Organization is a "Beneficial interest in assets held by a community foundation" in the amount of \$17,893 and \$10,455 at December 31, 2022 and 2021, respectively.

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.

Long-Lived Assets

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

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Net Assets with Donor Restrictions

Net assets with donor restrictions are those whose use by the Organization have been limited by donors to a specific time period or purpose. Net assets with donor restrictions also include net assets that have been restricted by donors to be maintained by the Organization in perpetuity.

Public Support and Promises to Give

The Organization engages in fundraising campaigns manifested by offering some special radio 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 frequently evidenced by pledges received from responding listeners.

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

Community Service Grants (CSGs) awarded for operating purposes (primarily through the Corporation for Public Broadcasting (CPB)) are recognized as support when grants are awarded since no direct value or specific performance is required in exchange. Pursuant to the Communications Act, CSG funds distributed by the CPB are to be used at the discretion of the recipient for purposes related primarily to the production or acquisition of programing. CSGs awarded for specific performance and/or use such as the grants received from the CPB for national public broadcasting expenditures are recognized when the expenditures have been incurred for a specific 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, equipment, advertising, materials and supplies. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Recognition of Donor-Restricted Contributions

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.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Program Underwriting and Production Services

The Organization recognizes revenue and expenses on projects as work progresses.

Grants and Contracts

Grants and contracts normally provide for the recovery of direct and indirect costs. Individual grant arrangements have been evaluated and most have been determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution, i.e., when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. Grants that have been determined to be reciprocal fall under the scope of ASC Topic 606 and are recognized as the performance obligations are satisfied.

Advertising

Advertising costs are expensed as incurred. Total advertising expenses for the years ended December 31, 2022, and 2021, were \$10,435 and \$13,985, respectively.

Cash Flows

For purposes of the Statements of Cash Flows, cash includes cash and highly liquid money market funds.

The Organization did not pay any income taxes and paid interest in the amount of \$20,086, of which \$14,340 was capitalized, during the year ended December 31, 2022. The Organization did not pay any income taxes and paid interest in the amount of \$761, which was capitalized, during the year ended December 31, 2021.

Income Taxes

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code.

In accordance with the Financial Accounting Standards Board 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 the U.S. federal, state or local tax authorities for years before 2019.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Leases

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or year beginning January 1, 2022, for existing leases upon the adoption of ASC Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election to utilize the current borrowing rate on other Organization debt, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Leases - (Continued)

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization's operating leases of approximately \$133,500 at January 1, 2022. The adoption of the new lease standard did not materially impact net income or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

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, payroll tax expense, employee benefits, and other expenses are allocated to a functional region based on estimated time and effort.

Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of December 31, 2022, the following financial assets are available to meet annual operating needs for the year ended December 31, 2023:

Financial assets at year end:	
Cash	\$ 385,148
Accounts receivable, net	7,705
Grants receivable	3,994
Financial assets available to meet general expenditures within one year	<u>\$ 396,847</u>

The Organization has various sources of liquidity at its disposal including cash and net receivables.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021, and for interim periods within annual periods beginning after June 15, 2022. The adoption of ASU 2020-07 is reflected in the Organization's financial statements.

Subsequent Events

The Organization has evaluated subsequent events through May 3, 2023, the date the financial statements were available to be issued. See Note 14 for a discussion of subsequent events noted.

Note 2 - Investments

Investments consisted of the following at December 31, 2022 and 2021:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Common stocks	\$ -	\$ -	\$ 30,476	\$ 29,631
Mutual funds	-	-	160,374	195,717
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,850</u>	<u>\$ 225,348</u>

The following schedule summarizes the investment return in the Statements of Activities:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest, net	\$ 3,106	\$ -	\$ 3,106
Net realized losses	(309)	-	(309)
Net unrealized losses	(34,498)	-	(34,498)
Total investment return	<u>\$ (31,701)</u>	<u>\$ -</u>	<u>\$ (31,701)</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest, net	\$ 10,388	\$ -	\$ 10,388
Net unrealized gains	8,408	-	8,408
Total investment return	<u>\$ 18,796</u>	<u>\$ -</u>	<u>\$ 18,796</u>

Note 3 - Property and Equipment

Property and equipment consisted of the following at December 31, 2022 and 2021:

	2022	2021	Depreciable Lives
Buildings and improvements	\$ 1,219,687	\$ 329,988	10-50 Years
Equipment	782,240	550,556	5-10 Years
Construction in progress	-	303,936	
	<u>2,001,927</u>	<u>1,184,480</u>	
Less: Accumulated depreciation	<u>608,751</u>	<u>576,439</u>	
Property and equipment, net	<u>\$ 1,393,176</u>	<u>\$ 608,041</u>	

Depreciation expense amounted to \$32,313 and \$18,165 for the years ended December 31, 2022 and 2021 respectively. At December 31, 2021, construction in progress consisted of expenditures for a building project, which was completed in November, 2022.

Note 4 - Construction Loan Payable

In March 2021, the Organization obtained a \$225,000 construction mortgage loan for capital improvements from Jeff Bank. The loan is secured by real property. The loan has a term of thirty-six months with all principal due at maturity. Payments of interest only are due at prime plus 1.50% with a floor of 4.75%. In March 2022, the loan amount was restated to \$400,000. The balance outstanding at December 31, 2022 and 2021, was \$399,454 and \$70,055, respectively.

Note 5 - Net Assets with Donor Restrictions

At December 31, 2022 and 2021, donor restricted net assets are available as follows:

	2022	2021
Subject to expenditure for specified purpose:		
Capital campaign	\$ -	\$ 196,155
Total donor restricted net assets	<u>\$ -</u>	<u>\$ 196,155</u>

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, in the amount of \$248,912 and \$8,372 for the years ended December 31, 2022 and 2021, respectively.

Note 6 - Operating Leases

The Organization leases real estate and equipment under operating lease agreements that have initial terms of 5 years. Some leases include an option to renew, generally at the Organization's sole discretion, with renewal terms that can extend the lease term up to 30 years. The options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Organization will exercise that option. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease costs are recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended December 31, 2022:

Operating lease cost – real estate	\$ 4,620
Operating lease cost – equipment	9,600
Total rent expense	<u>\$ 14,220</u>

During the year ended December 31, 2021, the Organization made rental payments totaling \$14,220.

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2022:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash outflows—payments on operating leases	\$ 14,220

Supplemental Statement of Financial Position information related to leases is as follows as of December 31 2022:

Weighted-average remaining lease term:	
Operating leases	12 years
Weighted-average discount rate:	
Operating leases	5.00%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the Statements of Financial Position are as follows as of December 31, 2022:

	<u>Operating Leases</u>
Years ending December 31:	
2023	\$ 12,295
2024	9,600
2025	9,600
2026	9,600
2027	9,600
Thereafter	<u>170,400</u>
Total lease payments	221,095
Less imputed interest	<u>87,595</u>
Total present value of lease liabilities	<u>\$ 133,500</u>

Note 7 - Paycheck Protection Program

At December 31, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$26,600 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). At December 31, 2021, the Organization received a second PPP loan of \$32,683. PPP loans are considered conditional contributions, with a right-of-return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. The Organization recognized the amounts received as grant revenue as qualified expenses occurred. The Organization met the criteria and the full amount of both loans was forgiven.

Note 8 - Pension and Employee Benefits

The Organization sponsors a defined contribution Simple IRA plan for all eligible employees. Employees may defer salary up to the limits in the law. Employees over the age of fifty may make additional contributions. The Organization makes nonelective contributions of 2% of eligible employee compensation. During the years ending December 31, 2022 and 2021, the Organization contributed \$2,071 and \$2,497, respectively to the pension plan.

Note 9 - Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the 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 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.

Note 9 - Fair Value Measurements - (Continued)

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

Common stocks and Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

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 table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2022 and 2021.

Assets Measured at Fair Value on a Recurring Basis:	December 31, 2022			Total
	Level 1	Level 2	Level 3	
	\$ -	\$ -	\$ -	\$ -

Assets Measured at Fair Value on a Recurring Basis:	December 31, 2021			Total
	Level 1	Level 2	Level 3	
Common stocks				
Financial	\$ 29,631	\$ -	\$ -	\$ 29,631
Total Common stocks	29,631	-	-	29,631
Mutual funds				
Equity/growth	87,397	-	-	87,397
Bond	108,320	-	-	108,320
Total Mutual funds	195,717	-	-	195,717
	\$ 225,348	\$ -	\$ -	\$ 225,348

Note 10 - Concentration of Credit Risk

The Organization maintains its cash accounts in one commercial bank located in Jeffersonville, New York. Accounts at this bank are insured, in aggregate, by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Note 11 - Related Party Transactions

The land which the Organization leased in Jeffersonville, NY is owned by a former Board member. Additionally, the Organization received its electricity from a company that is owned by the same former Board member. For the years ended December 31, 2022 and 2021, the expense for this electricity was \$1,606 and \$2,756, respectively. Another former Board member owns property on which the station building encroaches and was used for parking by the station. No remuneration was paid to this former Board member for this usage. The Organization vacated the property in July 2022.

Note 12- In-Kind Contributions

During 2022, the Organization received discounts on equipment purchases amounting to \$15,956 that were capitalized. The Organization also received sponsorships amounting to \$4,930 that were recorded as fundraising expenses.

During 2021, the Organization received \$23,500 of contributed services from the Sullivan County Career & Technical Education Center for renovation work at the new Liberty building. The costs of these services were valued at prevailing wage rates for laborers and journeymen in Sullivan County as defined by New York State. The work was capitalized as part of construction in progress and the services received were included as contributions in the Statements of Activities. All services were utilized during the years ended December 31, 2022 and 2021, respectively.

Note 13 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States. It is uncertain how long these conditions will last and what the complete financial effect will be to the Organization. It is reasonably possible that estimates made in the financial statements have been or will be materially and adversely impacted in the near term as a result of these conditions.

Note 14 - Subsequent Events

In February 2023, the Organization entered into an asset purchase agreement to sell a licensed FM translator for \$50,000. The Organization is awaiting approval of the sale from the Federal Communications Commission.