

**HOLY FAMILY COMMUNICATIONS**  
**d/b/a THE STATION OF THE CROSS**

Financial Statements  
for the Years Ended  
December 31, 2022 and 2021  
with  
Independent Auditors' Report

**HOLY FAMILY COMMUNICATIONS**  
**d/b/a THE STATION OF THE CROSS**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Holy Family Communications  
d/b/a The Station of the Cross  
Williamsville, New York

### **Opinion**

We have audited the accompanying financial statements of Holy Family Communications d/b/a The Station of the Cross (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, 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 Holy Family Communications d/b/a The Station of the Cross 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. 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 Holy Family Communications d/b/a The Station of the Cross 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 Holy Family Communications d/b/a The Station of the Cross' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 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, including omissions, 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 Holy Family Communications d/b/a The Station of the Cross' 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 Holy Family Communications d/b/a The Station of the Cross' 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.

*Champion Travis Besan & Karl UP*

March 13, 2023

**HOLY FAMILY COMMUNICATIONS  
d/b/a THE STATION OF THE CROSS**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

|  | <b>2022</b>                | <b>2021</b>                |
|--|----------------------------|----------------------------|
| <b>ASSETS</b>                                  |                            |                            |
| CASH   | \$ 582,127                 | \$ 581,402                 |
| PROPERTY AND EQUIPMENT, NET                    | 824,991                    | 1,029,654                  |
| INTANGIBLE ASSETS, NET                         | 2,078                      | 315                        |
| OPERATING LEASE RIGHT-OF-USE ASSETS            | 2,693,857                  | -                          |
| SECURITY DEPOSITS                              | 2,400                      | 3,400                      |
| STATION ACQUISITION COSTS AND LICENSES         | <u>2,380,008</u>           | <u>2,171,131</u>           |
|  | <u><u>\$ 6,485,461</u></u> | <u><u>\$ 3,785,902</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>              |                            |                            |
| <b>CURRENT LIABILITIES:</b>                    |                            |                            |
| Line of credit                                 | \$ -                       | \$ 50,000                  |
| Current portion of operating lease liabilities | 230,537                    | -                          |
| Accounts payable                               | 17,219                     | -                          |
| Accrued expenses                               | <u>12,005</u>              | <u>10,383</u>              |
| Total current liabilities                      | 259,761                    | 60,383                     |
| OPERATING LEASE LIABILITIES                    | 2,524,797                  | -                          |
| <b>NET ASSETS:</b>                             |                            |                            |
| Without donor restriction                      | 3,589,857                  | 3,236,380                  |
| With donor restriction                         | <u>111,046</u>             | <u>489,139</u>             |
| Total net assets                               | <u><u>3,700,903</u></u>    | <u><u>3,725,519</u></u>    |
|  | <u><u>\$ 6,485,461</u></u> | <u><u>\$ 3,785,902</u></u> |

See notes to financial statements.

**HOLY FAMILY COMMUNICATIONS  
d/b/a THE STATION OF THE CROSS**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)**

|  | <b>Without<br/>Donor Restriction</b> | <b>With<br/>Donor Restriction</b> | <b>2022<br/>Total</b> | <b>2021<br/>Total</b> |
|--|--------------------------------------|-----------------------------------|-----------------------|-----------------------|
| <b>REVENUE AND OTHER SUPPORT</b>       |                                      |                                   |                       |                       |
| Contributions of cash                  | \$ 1,452,329                         | \$ -                              | \$ 1,452,329          | \$ 1,566,196          |
| Contributed nonfinancial assets        | 54,154                               | -                                 | 54,154                | 8,278                 |
| Gain on sale of property and equipment | 223,269                              | -                                 | 223,269               | -                     |
| Interest income                        | -                                    | 77                                | 77                    | 125                   |
| Other income                           | 1,763                                | -                                 | 1,763                 | 2,238                 |
| Rental income                          | -                                    | -                                 | -                     | 5,500                 |
| Federal award grant income             | -                                    | -                                 | -                     | 10,076                |
| Net assets released from restriction   | 378,170                              | (378,170)                         | -                     | -                     |
| Total revenue and other support        | 2,109,685                            | (378,093)                         | 1,731,592             | 1,592,413             |
| <b>EXPENSES</b>                        |                                      |                                   |                       |                       |
| Program services                       | 1,367,292                            | -                                 | 1,367,292             | 1,213,229             |
| Management and general                 | 176,354                              | -                                 | 176,354               | 137,246               |
| Fundraising                            | 212,562                              | -                                 | 212,562               | 202,197               |
| Total expenses                         | 1,756,208                            | -                                 | 1,756,208             | 1,552,672             |
| CHANGES IN NET ASSETS                  | 353,477                              | (378,093)                         | (24,616)              | 39,741                |
| NET ASSETS, beginning of year          | 3,236,380                            | 489,139                           | 3,725,519             | 3,685,778             |
| NET ASSETS, end of year                | \$ 3,589,857                         | \$ 111,046                        | \$ 3,700,903          | \$ 3,725,519          |

See notes to financial statements.

**HOLY FAMILY COMMUNICATIONS  
d/b/a THE STATION OF THE CROSS**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                      | <b>Without<br/>Donor Restriction</b> | <b>With<br/>Donor Restriction</b> | <b>2021<br/>Total</b> |
|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------|
| <b>REVENUE AND OTHER SUPPORT</b>     |                                      |                                   |                       |
| Contributions of cash                | \$ 1,566,196                         | \$ -                              | \$ 1,566,196          |
| Contributed nonfinancial assets      | 8,278                                | -                                 | 8,278                 |
| Rental income                        | 5,500                                | -                                 | 5,500                 |
| Interest income                      | -                                    | 125                               | 125                   |
| Federal award grant income           | 10,076                               | -                                 | 10,076                |
| Other income                         | 2,238                                | -                                 | 2,238                 |
| Net assets released from restriction | 10,900                               | (10,900)                          | -                     |
| Total revenue and other support      | 1,603,188                            | (10,775)                          | 1,592,413             |
| <b>EXPENSES</b>                      |                                      |                                   |                       |
| Program services                     | 1,213,229                            | -                                 | 1,213,229             |
| Management and general               | 137,246                              | -                                 | 137,246               |
| Fundraising                          | 202,197                              | -                                 | 202,197               |
| Total expenses                       | 1,552,672                            | -                                 | 1,552,672             |
| CHANGES IN NET ASSETS                | 50,516                               | (10,775)                          | 39,741                |
| NET ASSETS, beginning of year        | 3,185,864                            | 499,914                           | 3,685,778             |
| NET ASSETS, end of year              | \$ 3,236,380                         | \$ 489,139                        | \$ 3,725,519          |

See notes to financial statements.

**HOLY FAMILY COMMUNICATIONS**  
**d/b/a THE STATION OF THE CROSS**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)**

|   | Program<br>Services | Supporting Services       |             | 2022<br>Total | 2021<br>Total |
|---|---------------------|---------------------------|-------------|---------------|---------------|
|   |                     | Management<br>and General | Fundraising |               |               |
| Compensation and related expenses       |                     |                           |             |               |               |
| Salaries and wages                      | \$ 401,557          | \$ 36,037                 | \$ 77,223   | \$ 514,817    | \$ 434,293    |
| Payroll taxes                           | 33,753              | 3,029                     | 6,491       | 43,273        | 35,219        |
| Health insurance                        | 37,561              | 3,371                     | 7,223       | 48,155        | 43,798        |
| Total compensation and related expenses | 472,871             | 42,437                    | 90,937      | 606,245       | 513,310       |
| Bank charges and fees                   | -                   | 3,064                     | -           | 3,064         | 3,479         |
| Cleaning and maintenance                | 37,016              | 13,220                    | 2,644       | 52,880        | 40,134        |
| Contributions                           | 11,900              | -                         | -           | 11,900        | 11,135        |
| Depreciation and amortization           | 66,516              | -                         | -           | 66,516        | 75,519        |
| Donated supplies                        | -                   | -                         | -           | -             | 565           |
| Donation processing                     | 19,101              | 1,124                     | 2,247       | 22,472        | 24,206        |
| Dues and subscriptions                  | -                   | 30                        | -           | 30            | 184           |
| Engineering expense                     | 28,948              | -                         | -           | 28,948        | 45,452        |
| Filing fees                             | 790                 | -                         | -           | 790           | 515           |
| Insurance                               | 18,897              | 4,724                     | -           | 23,621        | 27,514        |
| Interest expense                        | 286                 | -                         | -           | 286           | 1,326         |
| Licenses and permits                    | 5,436               | -                         | -           | 5,436         | 5,013         |
| Local ministry                          | 400                 | -                         | -           | 400           | -             |
| Membership drive                        | -                   | -                         | 36,592      | 36,592        | 45,827        |
| Miscellaneous                           | 2,914               | 2,119                     | 267         | 5,300         | 983           |
| Newsletter                              | 28,030              | 3,298                     | 1,649       | 32,977        | 42,311        |
| Office supplies                         | 9,447               | 18,895                    | 3,149       | 31,491        | 25,145        |
| Payroll service                         | 2,285               | 134                       | 269         | 2,688         | 2,525         |
| Postage                                 | 6,660               | 6,660                     | 13,320      | 26,640        | 25,984        |
| Printing                                | 5                   | 3                         | 3           | 11            | 191           |
| Professional fees                       | 4,630               | 18,519                    | -           | 23,149        | 31,033        |
| Programming expenses                    | 39,548              | -                         | -           | 39,548        | 41,101        |
| Promotion                               | 16,473              | -                         | 13,478      | 29,951        | 7,851         |
| Rent expense                            | 365,822             | 20,323                    | 20,323      | 406,468       | 318,020       |
| Station consulting                      | 14,178              | -                         | -           | 14,178        | 5,906         |
| Studio supplies                         | 2,625               | -                         | -           | 2,625         | 3,546         |
| Taxes                                   | 1,889               | 111                       | 222         | 2,222         | 2,497         |
| Telephone and internet                  | 49,888              | 14,254                    | 7,127       | 71,269        | 72,124        |
| Travel and meals                        | 4,884               | 6,512                     | 4,884       | 16,280        | 9,696         |
| Utilities                               | 99,275              | 5,840                     | 11,679      | 116,794       | 112,839       |
| Web page expense                        | 56,578              | 15,087                    | 3,772       | 75,437        | 56,741        |
| Total expenses                          | \$ 1,367,292        | \$ 176,354                | \$ 212,562  | \$ 1,756,208  | \$ 1,552,672  |

See notes to financial statements.



**HOLY FAMILY COMMUNICATIONS**  
**d/b/a THE STATION OF THE CROSS**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | Program<br>Services | Supporting Services       |             | 2021<br>Total |
|---|---------------------|---------------------------|-------------|---------------|
|   |                     | Management<br>and General | Fundraising |               |
| Compensation and related expenses       |                     |                           |             |               |
| Salaries and wages                      | \$ 369,149          | \$ 21,715                 | \$ 43,429   | \$ 434,293    |
| Payroll taxes                           | 29,936              | 1,761                     | 3,522       | 35,219        |
| Health insurance                        | 37,228              | 2,190                     | 4,380       | 43,798        |
| Total compensation and related expenses | 436,313             | 25,666                    | 51,331      | 513,310       |
| Bank charges and fees                   | -                   | 3,479                     | -           | 3,479         |
| Cleaning and maintenance                | 26,087              | 10,034                    | 4,013       | 40,134        |
| Contributions                           | 11,135              | -                         | -           | 11,135        |
| Depreciation and amortization           | 75,519              | -                         | -           | 75,519        |
| Donated supplies                        | -                   | -                         | 565         | 565           |
| Donation processing                     | 20,575              | 1,210                     | 2,421       | 24,206        |
| Dues and subscriptions                  | -                   | 184                       | -           | 184           |
| Engineering expense                     | 45,452              | -                         | -           | 45,452        |
| Filing fees                             | 515                 | -                         | -           | 515           |
| Insurance                               | 22,011              | 5,503                     | -           | 27,514        |
| Interest expense                        | 1,326               | -                         | -           | 1,326         |
| Licenses and permits                    | 5,013               | -                         | -           | 5,013         |
| Membership drive                        | -                   | -                         | 45,827      | 45,827        |
| Miscellaneous                           | 491                 | 394                       | 98          | 983           |
| Newsletter                              | 35,964              | 4,231                     | 2,116       | 42,311        |
| Office supplies                         | 10,058              | 5,029                     | 10,058      | 25,145        |
| Payroll service                         | 2,146               | 126                       | 253         | 2,525         |
| Postage                                 | 5,197               | 5,197                     | 15,590      | 25,984        |
| Printing                                | 95                  | 48                        | 48          | 191           |
| Professional fees                       | 6,207               | 24,826                    | -           | 31,033        |
| Programming expenses                    | 41,101              | -                         | -           | 41,101        |
| Promotion                               | 4,318               | -                         | 3,533       | 7,851         |
| Rent expense                            | 270,317             | 15,901                    | 31,802      | 318,020       |
| Station consulting                      | 5,906               | -                         | -           | 5,906         |
| Studio supplies                         | 3,546               | -                         | -           | 3,546         |
| Taxes                                   | 2,122               | 125                       | 250         | 2,497         |
| Telephone and internet                  | 43,274              | 14,425                    | 14,425      | 72,124        |
| Travel and meals                        | 2,909               | 3,878                     | 2,909       | 9,696         |
| Utilities                               | 95,913              | 5,642                     | 11,284      | 112,839       |
| Web page expense                        | 39,719              | 11,348                    | 5,674       | 56,741        |
| Total expenses                          | \$ 1,213,229        | \$ 137,246                | \$ 202,197  | \$ 1,552,672  |

See notes to financial statements.

**HOLY FAMILY COMMUNICATIONS**  
**d/b/a THE STATION OF THE CROSS**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

|  | <b>2022</b>                | <b>2021</b>              |
|--|----------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                            |                          |
| Changes in net assets  | \$ (24,616)                | \$ 39,741                |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: |                            |                          |
| Depreciation and amortization  | 66,516                     | 75,519                   |
| Gain on sale of property and equipment   | (223,269)                  | -                        |
| Amortization of operating lease right-of-use assets  | 366,042                    | -                        |
| Forgiveness of debt  | -                          | (9,832)                  |
| Changes in operating assets and liabilities:   |                            |                          |
| Security deposits  | 1,000                      | (1,000)                  |
| Accounts payable   | 17,219                     | (12,671)                 |
| Accrued expenses   | 1,622                      | 2,958                    |
| Operating lease liabilities  | (304,565)                  | -                        |
| Net cash provided by (used in) operating activities  | <u>(100,051)</u>           | <u>94,715</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                            |                          |
| Purchases of property and equipment  | (206,920)                  | (110,817)                |
| Proceeds on sale of property and equipment   | 568,621                    | -                        |
| Purchases of intangible assets   | (2,048)                    | -                        |
| Station acquisition costs and licenses   | <u>(208,877)</u>           | <u>(101,778)</u>         |
| Net cash provided by (used in) investing activities  | 150,776                    | (212,595)                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                            |                          |
| Borrowings (repayments) on line of credit  | <u>(50,000)</u>            | <u>50,000</u>            |
| <b>NET CHANGE IN CASH</b>  | 725                        | (67,880)                 |
| <b>CASH, BEGINNING OF YEAR</b>   | <u>581,402</u>             | <u>649,282</u>           |
| <b>CASH, END OF YEAR</b>   | <u><u>\$ 582,127</u></u>   | <u><u>\$ 581,402</u></u> |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>   |                            |                          |
| Interest paid  | <u><u>\$ 286</u></u>       | <u><u>\$ 1,326</u></u>   |
| <b>SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES:</b>                                       |                            |                          |
| Operating lease right-of-use assets obtained in exchange for lease obligations                         | <u><u>\$ 3,059,899</u></u> | <u><u>\$ -</u></u>       |

See notes to financial statements.

**HOLY FAMILY COMMUNICATIONS  
d/b/a THE STATION OF THE CROSS**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**1. ORGANIZATION**

Holy Family Communications d/b/a The Station of the Cross (the “Organization”) is a nonprofit Catholic media organization. The Organization operates radio stations broadcasting to all or portions of Western and Central New York, the Boston, Massachusetts area, Northeast Ohio, and Oil City and Erie, Pennsylvania areas. The Organization also operates on the internet as iCatholicRadio.com and as iCatholicRadio mobile applications.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting*** – The financial statements are prepared on the accrual basis of accounting and according to current accounting standards, which require that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows. A separate presentation of expenses by function and classification is also required. Classification of net assets and revenues, expenses, gains, and losses are based on the existence or absence of donor-imposed restrictions.

Generally accepted accounting principles require that resources be classified for reporting purposes into two categories based upon the presence or absence of donor restrictions – with donor restrictions or without donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Organization’s activities and may be designated by the Organization’s Board of Directors for specific purposes. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization. As restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

The Organization accounts for contributions in accordance with current accounting standards, which require an organization to recognize contributions, including unconditional promises to give, as revenue when received. These standards also require not-for-profit organizations to distinguish between contributions received that increase net assets without donor restrictions and net assets with donor restrictions, and require recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire.

***Cash*** – Cash represents demand deposit accounts with financial institutions, which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash.

***Property and Equipment*** – Property and equipment are stated at cost at the date of acquisition or, if donated, at the approximate fair value at the date of donation. Depreciation and amortization are computed using straight-line and accelerated methods at annual rates, which are sufficient to amortize the gross carrying amounts over the estimated useful lives (3 – 39 years). Maintenance and repairs are charged to operations as incurred; significant betterments are capitalized.

***Intangible Assets*** – Intangible assets are comprised of a trademark, web page, and software that are carried at cost, amortized using the straight-line method over ten, three, and five years, respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Station Acquisition Costs and Licenses** – The Organization has incurred costs to acquire stations and licenses that management has determined to have indefinite useful lives and therefore are not amortized. Instead, these assets are reviewed annually for impairment, or more frequently, when conditions indicate that impairment may have occurred. Management has determined that there is no impairment of value at December 31, 2022 and 2021. FCC license renewals are expensed as incurred.

**Contributed Nonfinancial Assets** – On January 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* requiring not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets and provide additional disclosures about contributions of nonfinancial assets.

The Organization recognizes contributed nonfinancial assets 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. The Organization recognizes contributed nonfinancial asset revenue from donated marketable securities and vehicles in an amount approximating the estimated fair value at the time of the donation. The Organization recognizes contributed nonfinancial asset revenue from donated supplies and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. The Organization received contributed nonfinancial assets totaling \$54,154 and \$8,278 during the years ended December 31, 2022 and 2021, respectively.

**Leases** – On January 1, 2022, the Organization adopted ASU 2016-02, *Leases* (Topic 842), which requires the recognition of leases on the balance sheet as right-of-use (“ROU”) assets and lease liabilities. The Organization elected to adopt Topic 842 using the effective date transition method, which permits the Organization to apply the new standard prospectively and present comparative years under legacy GAAP.

In adoption of the standard, the Organization also elected the following:

- to apply the package of practical expedients during transition, under which they were not required to reassess as of the date of adoption (i) whether any of their contracts are or contain leases, (ii) the classification of their leases, and (iii) any initial direct costs related to those leases.
- to exclude leases with an initial term of 12 months or less from recognition requirements under Topic 842.
- to utilize the portfolio approach for certain equipment leases, grouping leases by asset type which have similar lease terms and payment schedules.
- to not separate lease components and non-lease components.

**Promotion** – The Organization expenses all promotion costs when incurred. Promotion expense amounted to approximately \$30,000 and \$8,000 for the years ended December 31, 2022 and 2021, respectively.

**Income Taxes** – The Organization is a 501(c)(3) organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code and from New York State income taxes under Article 7-A of the Executive Law. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Functional Expenses** – The Organization allocates depreciation, amortization, and interest generally on the basis of department for which the assets were purchased or constructed; the allocation of compensation and related expenses are based on head count of employees and direct cost to specified departments; the allocation of membership drive and donation processing are based on direct costs associated with fundraising expenses; and the allocation of all other expenses between program services, management and general, and fundraising are based on management’s reasonable percentage estimate of job function.

**Accounting Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

**Subsequent Events** – Management of the Organization has evaluated the effects of all subsequent events through March 13, 2023, the date the financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustments or disclosure in the financial statements.

**Reclassifications** – Certain items from the 2021 financial statements have been reclassified to conform with the current year presentation.

## 3. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise of the following as of December 31:

|      | 2022       | 2021       |
|------|------------|------------|
| Cash | \$ 582,127 | \$ 581,402 |

The Organization had \$111,046 and \$489,139 of cash that was subject to donor or other contractual restrictions that made the restricted cash unavailable for general expenditure within one year of the statement of financial position date of December 31, 2022 and 2021, respectively.

As more fully described in Note 6, the Organization has a committed line of credit through a financial institution for borrowings up to \$250,000, which could be drawn upon in the event of an unanticipated liquidity need. There was \$250,000 and \$200,000 available to be drawn on the line of credit as of December 31, 2022 and 2021, respectively.

#### 4. **PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31:

|   | 2022              | 2021                |
|---|-------------------|---------------------|
| Land  | \$ 285,539        | \$ 285,539          |
| Buildings and improvements                      | 57,014            | 432,014             |
| Leasehold improvements                          | 275,880           | 275,880             |
| Office furniture and fixtures                   | 43,614            | 43,614              |
| Machinery and equipment                         | 2,046,221         | 2,011,294           |
| Machinery and equipment not in service (Note 8) | <u>183,038</u>    | <u>11,050</u>       |
|   | 2,891,306         | 3,059,391           |
| Less accumulated depreciation                   | <u>2,066,315</u>  | <u>2,029,737</u>    |
|   | <u>\$ 824,991</u> | <u>\$ 1,029,654</u> |

Depreciation expense was \$66,231 and \$75,439 for the years ended December 31, 2022 and 2021, respectively.

In January 2022, the Organization sold a building for approximately \$569,000 which resulted in a gain on sale of approximately \$223,000.

#### 5. **FCC LICENSES**

The Organization operates sixteen (16) radio stations under licenses granted by the Federal Communications Commission. WLOF 101.7 FM operates in the Buffalo, New York listening area, WHICH 1460 AM and 92.9 FM operate in the Rochester, New York area, WQOM 1060 AM operates in the Boston, Massachusetts area, WMTQ 88.1 FM operates in the Corning/Elmira, New York area, WTMI 88.7 FM operates in the Syracuse, New York area, WQHE 88.3 FM operates in the Oil City, Pennsylvania area, WMIH 92.1 FM and WMIH 89.5 FM operates in the Erie, Pennsylvania and Northeast Ohio area, WLGU 90.7 FM operates in Lancaster, New York, W275ER 99.3 operates in Greece, New York, W203AW 88.5 operates in Fredonia, New York, WESO 970 AM and WNEB 1230 AM operate in the Worcester, MA area, and WGGO 1590 AM and W263CZ 100.5 FM operate in the Salamanca, NY area.

#### 6. **LINE OF CREDIT**

The Organization has a \$250,000 line of credit with a bank, with interest at the bank's prime rate. Bank advances on the line of credit are payable on demand. The line is secured by the assets of the Organization and is personally guaranteed by the President of the Organization. There were no borrowings outstanding on the line of credit as of December 31, 2022. There was \$50,000 of borrowings outstanding on the line of credit as of December 31, 2021.

**7. PAYCHECK PROTECTION PROGRAM LOAN**

In April 2020, the Organization received a loan in the amount of \$76,622, pursuant to the Paycheck Protection Program (“PPP”) under division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), enacted on March 27, 2020. The proceeds from the loan were used for eligible payroll costs, utilities, and rent during the covered period. In 2020, the proceeds of the PPP loan were partially forgiven. In March 2021, the remaining outstanding loan balance was forgiven and payments on the loan were refunded, including principal and interest, totaling \$10,076 and was included in federal award grant income in the statements of activities and changes in net assets for the year ended December 31, 2021.

**8. NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restriction consisted of the following as of December 31:

|  | <b>2022</b>       | <b>2021</b>       |
|--|-------------------|-------------------|
| Net assets with donor restriction, beginning of year | \$ 489,139        | \$ 499,914        |
| Interest income                                      | 77                | 125               |
| Net assets released from restriction                 | <u>(378,170)</u>  | <u>(10,900)</u>   |
| Net assets with donor restriction, end of year       | <u>\$ 111,046</u> | <u>\$ 489,139</u> |

In October 2020, the Organization received a contribution of \$500,000. The funds are restricted for the establishment of a new radio station in Springfield, Massachusetts. The radio station was acquired in October 2022 for approximately \$202,000, plus additional acquisition related costs of \$4,000. Costs incurred related to the capitalization of equipment totaled approximately \$172,000 and \$11,000 for the years ended December 31, 2022 and 2021, respectively. The station and related equipment are not yet in service and the remaining net assets with donor restriction are expected to be released in 2023 (Note 4).

**9. CONTRIBUTED NONFINANCIAL ASSETS**

Contributed nonfinancial assets recognized within the statement of activities and changes in net assets consisted of the following for the years ended December 31:

|                       | <b>2022</b>      | <b>2021</b>     |
|-----------------------|------------------|-----------------|
| Marketable securities | \$ 43,950        | \$ -            |
| Vehicles              | 10,204           | 7,713           |
| Supplies              | <u>-</u>         | <u>565</u>      |
|                       | <u>\$ 54,154</u> | <u>\$ 8,278</u> |

The Organization recognized contributed nonfinancial assets within revenue, including contributed marketable securities, vehicles, and supplies. Contributed nonfinancial assets did not have donor-imposed restrictions.

It is the Organization’s policy to sell contributed marketable securities immediately upon receipt. All marketable securities were sold and valued at the readily observable fair market value at the date of disposition.

**9. CONTRIBUTED NONFINANCIAL ASSETS (continued)**

Contributed vehicles are provided by donors to a third-party service and are sold immediately upon receipt at auction or for salvage. All vehicles were sold and valued according to the actual cash proceeds on their disposition, less applicable fees.

Contributed supplies are valued based on initial cost by the donor, which approximates fair value at the time of donation. Contributed supplies were used for fundraising activities.

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, fundraising efforts and committee assignment. No accounting recognition is made for the fair market value of services provided by volunteer personnel as no objective basis is available to measure the value of such services.

**10. OFFICER'S LIFE INSURANCE**

The Organization is the owner and beneficiary of a term life insurance policy with a \$300,000 face value on the life of the President of the Organization.

**11. LEASES**

The Organization has operating leases for space on transmission towers, studio and office space, land, and office equipment from various lessors. The Organization's operating leases have remaining terms through May 2041, some of which include options to extend or terminate the lease.

The ROU assets and lease liabilities are recognized based on the present value of the lease payments over the lease term, including options to extend if reasonably foreseeable, discounted utilizing the incremental borrowing rate at the earlier of the date of the commencement of the lease or the date of adoption of ASU 2016-02 (January 1, 2022). The Organization recognizes operating lease expense on a straight-line basis over the lease term.

As of December 31, 2022, the Organization has entered into an operating lease that has not yet commenced, related to a lease for space on a transmission tower. The lease will commence in 2023 with an initial lease term maturing through December 2027. The lease term will automatically renew for one additional five (5) year term and five (5) additional one (1) year terms, thereafter.

Operating lease expense, inclusive of common area maintenance expenses, totaled \$406,469 and \$318,020 for the years ended December 31, 2022 and 2021, respectively.

Other information related to the Organization's operating leases were as follows:

|  |       |
|--|-------|
| Weighted-average remaining lease term (in years) | 10.53 |
| Weight-average discount rate:                    | 3.25% |



**11. LEASES (continued)**

Future minimum lease payments under the Organization's operating leases as of December 31, 2022 were as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| 2023                              | \$ 315,816          |
| 2024                              | 329,272             |
| 2025                              | 338,562             |
| 2026                              | 331,748             |
| 2027                              | 322,445             |
| Thereafter                        | <u>1,667,580</u>    |
| Total minimum lease payments      | 3,305,423           |
| Less:                             |                     |
| Imputed interest                  | <u>(550,089)</u>    |
| Total operating lease liabilities | <u>\$ 2,755,334</u> |

**12. INTENTIONS TO GIVE (unaudited)**

The amount of pledges with intentions to give totaled approximately \$296,000 and \$244,000 as of December 31, 2022 and 2021, respectively, which have not been audited and are merely disclosed for informational purposes.

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