

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

Financial Statements
for the Years Ended
December 31, 2023 and 2022
with
Independent Auditors' Report

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

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Charles W. Chiampou, CPA, JD
Robert J. Travis, CPA
Kelly G. Besaw, CPA, CVA
Eugene G. Kershner, CPA
D. Scott Sutherland, CPA
Stephen R. Brady, CPA, JD
Jon K. Pellish, CPA
Eric D. Colca, CPA, CVA
Michael Schaffstall, CPA
Garret R. Alexin, CPA, MBA
Karen M. Antonelli, CPA, CCIFP

Meagan K. Fitzgerald, CPA
Brian Maze, CPA
Andrew L. Neyman, CPA, MBA
Gina M. McDonough, CPA
Jennifer N. Aceti, CPA
Matthew J. DeVincentis, CPA, MBA
Laura J. Markle, CPA
Adam J. Ferrante, CPA
Thomas R. Schwartz, CVA, CEPA
Katherine L. Sivic, CPA
Zachary J. Wagner, CPA

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, which comprise the statements of financial position as of December 31, 2023 and 2022, 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 accompanying financial statements 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 & Kersh LLP

February 26, 2024

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

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
CASH	\$ 283,450	\$ 582,127
PROPERTY AND EQUIPMENT, NET	858,492	824,991
INTANGIBLE ASSETS, NET	1,793	2,078
OPERATING LEASE RIGHT-OF-USE ASSETS	2,413,095	2,693,857
SECURITY DEPOSITS	2,400	2,400
STATION ACQUISITION COSTS AND LICENSES	<u>1,621,832</u>	<u>2,380,008</u>
	<u><u>\$ 5,181,062</u></u>	<u><u>\$ 6,485,461</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of operating lease liabilities	\$ 251,829	\$ 230,537
Accounts payable	-	17,219
Accrued expenses	<u>16,857</u>	<u>12,005</u>
Total current liabilities	268,686	259,761
OPERATING LEASE LIABILITIES	2,272,968	2,524,797
NET ASSETS:		
Without donor restriction	2,639,408	3,589,857
With donor restriction	-	111,046
Total net assets	<u><u>2,639,408</u></u>	<u><u>3,700,903</u></u>
	<u><u>\$ 5,181,062</u></u>	<u><u>\$ 6,485,461</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, 2023 (WITH COMPARATIVE TOTALS FOR 2022)**

	Without Donor Restriction	With Donor Restriction	2023 Total	2022 Total
REVENUE AND OTHER SUPPORT				
Contributions of cash	\$ 1,902,592	\$ 114,000	\$ 2,016,592	\$ 1,452,329
Contributed nonfinancial assets	6,580	-	6,580	54,154
Gain on sale of property and equipment	-	-	-	223,269
Interest income	-	10	10	77
Other income	3,554	-	3,554	1,763
Net assets released from restriction	225,056	(225,056)	-	-
Total revenue and other support	2,137,782	(111,046)	2,026,736	1,731,592
EXPENSES				
Program services	2,525,633	-	2,525,633	1,318,793
Management and general	298,393	-	298,393	224,853
Fundraising	264,205	-	264,205	212,562
Total expenses	3,088,231	-	3,088,231	1,756,208
CHANGES IN NET ASSETS	(950,449)	(111,046)	(1,061,495)	(24,616)
NET ASSETS, beginning of year	3,589,857	111,046	3,700,903	3,725,519
NET ASSETS, end of year	<u>\$ 2,639,408</u>	<u>\$ -</u>	<u>\$ 2,639,408</u>	<u>\$ 3,700,903</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**

	Without Donor Restriction	With Donor Restriction	2022 Total
REVENUE AND OTHER SUPPORT			
Contributions of cash	\$ 1,452,329	\$ -	\$ 1,452,329
Contributed nonfinancial assets	54,154	-	54,154
Gain on sale of property and equipment	223,269	-	223,269
Interest income	-	77	77
Other income	1,763	-	1,763
Net assets released from restriction	378,170	(378,170)	-
	<hr/>	<hr/>	<hr/>
Total revenue and other support	2,109,685	(378,093)	1,731,592
EXPENSES			
Program services	1,318,793	-	1,318,793
Management and general	224,853	-	224,853
Fundraising	212,562	-	212,562
	<hr/>	<hr/>	<hr/>
Total expenses	1,756,208	-	1,756,208
CHANGES IN NET ASSETS	353,477	(378,093)	(24,616)
NET ASSETS, beginning of year	<hr/>	<hr/>	<hr/>
NET ASSETS, beginning of year	3,236,380	489,139	3,725,519
NET ASSETS, end of year	<hr/>	<hr/>	<hr/>
NET ASSETS, end of year	\$ 3,589,857	\$ 111,046	\$ 3,700,903

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, 2023 (WITH COMPARATIVE TOTALS FOR 2022)**

	Program Services	Supporting Services		2023 Total	2022 Total
		Management and General	Fundraising		
Compensation and related expenses					
Salaries and wages	\$ 508,905	\$ 116,321	\$ 101,781	\$ 727,007	\$ 514,817
Payroll taxes	42,186	9,642	8,437	60,265	43,273
Health insurance	43,975	10,052	8,795	62,822	48,155
Total compensation and related expenses	595,066	136,015	119,013	850,094	606,245
Bank charges and fees	-	3,135	-	3,135	3,064
Cleaning and maintenance	48,143	17,194	3,439	68,776	52,880
Contributions	16,650	-	-	16,650	11,900
Depreciation and amortization	74,347	-	-	74,347	66,516
Donation processing	29,072	1,710	3,420	34,202	22,472
Dues and subscriptions	-	4,620	-	4,620	30
Engineering expense	37,202	-	-	37,202	28,948
Filing fees	775	-	-	775	790
Insurance	18,410	4,603	-	23,013	23,621
Interest expense	-	-	-	-	286
Licenses and permits	6,642	-	-	6,642	5,436
Local ministry	498	-	-	498	400
Loss on impairment (Note 2)	837,501	-	-	837,501	-
Membership drive	-	-	14,954	14,954	36,592
Miscellaneous	1,478	1,074	134	2,686	5,300
Newsletter	33,104	3,895	1,947	38,946	32,977
Office supplies	14,579	29,158	4,860	48,597	31,491
Payroll service	2,758	162	325	3,245	2,688
Postage	6,381	6,381	12,761	25,523	26,640
Printing	1,120	560	560	2,240	11
Professional fees	5,637	22,547	-	28,184	23,149
Programming expenses	69,497	-	-	69,497	39,548
Promotion	55,492	-	45,403	100,895	29,951
Rent expense	431,618	23,979	23,979	479,576	406,468
Station consulting	9,000	-	-	9,000	14,178
Studio supplies	2,996	-	-	2,996	2,625
Taxes	465	27	55	547	2,222
Telephone and internet	58,978	16,851	8,425	84,254	71,269
Travel and meals	7,705	10,273	7,705	25,683	16,280
Utilities	127,963	7,527	15,055	150,545	116,794
Web page expense	32,556	8,682	2,170	43,408	75,437
Total expenses	<u>\$ 2,525,633</u>	<u>\$ 298,393</u>	<u>\$ 264,205</u>	<u>\$ 3,088,231</u>	<u>\$ 1,756,208</u>

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**

	Program Services	Supporting Services		2022 Total
		Management and General	Fundraising	
Compensation and related expenses				
Salaries and wages	\$ 360,372	\$ 77,222	\$ 77,223	\$ 514,817
Payroll taxes	30,291	6,491	6,491	43,273
Health insurance	33,709	7,223	7,223	48,155
Total compensation and related expenses	424,372	90,936	90,937	606,245
Bank charges and fees	-	3,064	-	3,064
Cleaning and maintenance	37,016	13,220	2,644	52,880
Contributions	11,900	-	-	11,900
Depreciation and amortization	66,516	-	-	66,516
Donation processing	19,101	1,124	2,247	22,472
Dues and subscriptions	-	30	-	30
Engineering expense	28,948	-	-	28,948
Filing fees	790	-	-	790
Insurance	18,897	4,724	-	23,621
Interest expense	286	-	-	286
Licenses and permits	5,436	-	-	5,436
Local ministry	400	-	-	400
Membership drive	-	-	36,592	36,592
Miscellaneous	2,914	2,119	267	5,300
Newsletter	28,030	3,298	1,649	32,977
Office supplies	9,447	18,895	3,149	31,491
Payroll service	2,285	134	269	2,688
Postage	6,660	6,660	13,320	26,640
Printing	5	3	3	11
Professional fees	4,630	18,519	-	23,149
Programming expenses	39,548	-	-	39,548
Promotion	16,473	-	13,478	29,951
Rent expense	365,822	20,323	20,323	406,468
Station consulting	14,178	-	-	14,178
Studio supplies	2,625	-	-	2,625
Taxes	1,889	111	222	2,222
Telephone and internet	49,888	14,254	7,127	71,269
Travel and meals	4,884	6,512	4,884	16,280
Utilities	99,275	5,840	11,679	116,794
Web page expense	56,578	15,087	3,772	75,437
Total expenses	\$ 1,318,793	\$ 224,853	\$ 212,562	\$ 1,756,208

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, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (1,061,495)	\$ (24,616)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	74,347	66,516
Gain on sale of property and equipment	-	(223,269)
Amortization of operating lease right-of-use assets	366,042	366,042
Loss on impairment (Note 2)	837,501	-
Changes in operating assets and liabilities:		
Security deposits	-	1,000
Accounts payable	(17,219)	17,219
Accrued expenses	4,852	1,622
Operating lease liabilities	(315,817)	(304,565)
Net cash used in operating activities	<u>(111,789)</u>	<u>(100,051)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(107,563)	(206,920)
Station acquisition costs and licenses	(79,325)	(208,877)
Proceeds on sale of property and equipment	-	568,621
Purchases of intangible assets	-	(2,048)
Net cash (used in) provided by investing activities	<u>(186,888)</u>	<u>150,776</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on line of credit	-	(50,000)
NET CHANGE IN CASH	(298,677)	725
CASH, BEGINNING OF YEAR	<u>582,127</u>	<u>581,402</u>
CASH, END OF YEAR	<u>\$ 283,450</u>	<u>\$ 582,127</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ 286</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES:		
Operating lease right-of-use assets obtained in exchange for lease obligations	<u>\$ -</u>	<u>\$ 3,059,899</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, 2023 AND 2022**

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 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. FCC license renewals are expensed as incurred.

Management has determined that the carrying value of costs to acquire two (2) stations and licenses were impaired based on deteriorating industry considerations and trend of declining purchase prices of recent station acquisitions as of December 31, 2023. The fair market values of WQOM 1060 AM (Boston, MA) and WLOF 101.7 FM (Buffalo, NY) were determined by receiving an independent third-party valuation, based on recent sales prices of stations of similar sizes and frequencies. Loss on impairment totaled \$837,501 and is recorded in program services expenses within the statement of activities and changes in net assets for the year ended December 31, 2023.

Contributed Nonfinancial Assets – The Organization records contributions of nonfinancial assets in accordance with Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires 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 received contributed nonfinancial assets totaling \$6,580 and \$54,154 during the years ended December 31, 2023 and 2022, respectively.

Leases – The Organization recognizes leases in accordance with ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 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.

The Organization follows the standard:

- 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 \$101,000 and \$30,000 for the years ended December 31, 2023 and 2022, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 February 26, 2024, 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 2022 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:

	2023	2022
Cash	\$ 283,450	\$ 582,127

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 available to be drawn on the line of credit as of December 31, 2023 and 2022.

The Organization had \$111,046 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 as of December 31, 2022. There were no such restrictions as of December 31, 2023.

4. PROPERTY AND EQUIPMENT

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

	2023	2022
Land	\$ 285,539	\$ 285,539
Buildings and improvements	57,014	57,014
Leasehold improvements	275,880	275,880
Office furniture and fixtures	43,614	43,614
Machinery and equipment	2,336,822	2,046,221
Machinery and equipment not in service	<u>-</u>	<u>183,038</u>
	2,998,869	2,891,306
Less accumulated depreciation	<u>2,140,377</u>	<u>2,066,315</u>
	<u>\$ 858,492</u>	<u>\$ 824,991</u>

Depreciation expense was \$74,062 and \$66,231 for the years ended December 31, 2023 and 2022, 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 twenty-one (21) 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, W221DI 92.1 FM operates in Erie, PA, WMIH 89.5 FM operates in Geneva, OH, WLGU 90.7 FM operates in Lancaster, New York, W275ER 99.3 FM operates in Greece, New York, W203AW 88.5 FM operates in Fredonia, New York, WESO 970 AM, W266DK 101.1 FM and WNEB 1230 AM operate in the Worcester, MA area, WGGO 1590 AM and W263CZ 100.5 FM operate in the Salamanca, NY area, WACE 730 AM operates in Springfield, MA, WPMW 88.5 FM operates in Middleborough Center, MA, WRRS 88.5 FM operates in Fall River, MA, and WHVM 91.9 FM operates in Owego, NY.

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, 2023 and 2022.

7. NET ASSETS WITH DONOR RESTRICTION

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

	2023	2022
Net assets with donor restriction, beginning of year	\$ 111,046	\$ 489,139
Donation for station acquisitions	114,000	-
Interest income	10	77
Net assets released from restriction	<u>(225,056)</u>	<u>(378,170)</u>
Net assets with donor restriction, end of year	<u>\$ -</u>	<u>\$ 111,046</u>

In October 2020, the Organization received a contribution of \$500,000. The funds were 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 \$8,000. Costs incurred related to the capitalization of equipment totaled approximately \$36,000 and \$172,000 for the years ended December 31, 2023 and 2022, respectively. The station and related equipment were placed in service effective February 2023 and the remaining net assets with donor restriction were released.

In March 2023, the Organization received a contribution of \$114,000. The funds were restricted for the establishment of three new radio stations in Fall River and Middleborough Center, Massachusetts, and Owego, New York. The radio stations were acquired in July 2023 for approximately \$76,000. Costs incurred related to the capitalization of equipment totaled approximately \$53,000 for the year ended December 31, 2023. The stations and related equipment were placed in service effective December 2023 and the remaining net assets with donor restriction were released.

8. CONTRIBUTED NONFINANCIAL ASSETS

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

	2023	2022
Marketable securities	\$ 3,972	\$ 43,950
Vehicles	<u>2,608</u>	<u>10,204</u>
	<u>\$ 6,580</u>	<u>\$ 54,154</u>

The Organization recognized contributed nonfinancial assets within revenue, including contributed marketable securities and vehicles. 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.

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.

8. CONTRIBUTED NONFINANCIAL ASSETS (continued)

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.

9. 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.

10. 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.

Operating lease expense, inclusive of common area maintenance expenses, totaled \$479,576 and \$406,468 for the years ended December 31, 2023 and 2022, respectively.

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

Weighted-average remaining lease term (in years)	9.79
Weight-average discount rate:	3.25%

Future minimum lease payments under the Organization's operating leases as of December 31, 2023 were as follows:

2024	\$ 329,272
2025	338,562
2026	331,748
2027	322,445
2028	338,563
Thereafter	<u>1,329,017</u>
Total minimum lease payments	2,989,607
Less:	
Imputed interest	<u>(464,810)</u>
Total operating lease liabilities	<u>\$ 2,524,797</u>

11. RELATED PARTY TRANSACTIONS

Effective January 1, 2023, the Organization leases office space at the place of residence of the President of the Organization on a year-to-year basis, with base rent at \$200 per month. Total payments under this lease was approximately \$2,400 for the year ended December 31, 2023.

12. INTENTIONS TO GIVE (UNAUDITED)

The amount of pledges with intentions to give totaled approximately \$189,000 and \$296,000 as of December 31, 2023 and 2022, respectively, which have not been audited and are merely disclosed for informational purposes.

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