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# Michiana Public Broadcasting Corporation

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**Financial Report**  
**September 30, 2024**

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## Independent Auditor's Report

To the Board of Directors  
Michiana Public Broadcasting Corporation

### **Opinion**

We have audited the financial statements of Michiana Public Broadcasting Corporation (the "Corporation"), which comprise the statement of financial position as of September 30, 2024 and 2023 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 the Corporation as of September 30, 2024 and 2023 and the changes in its net assets, functional expenses, and 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 Audits of the Financial Statements* section of our report. We are required to be independent of the Corporation and to meet our 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 Corporation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's 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 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 audits 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.

To the Board of Directors  
Michiana Public Broadcasting Corporation

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Corporation'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 Corporation'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Plante & Moran, PLLC*

November 21, 2024

# Michiana Public Broadcasting Corporation

## Statement of Financial Position

September 30, 2024 and 2023

	2024	2023
<b>Assets</b>		
Cash	\$ 378,973	\$ 30,177
Investments (Note 6)	-	237,623
Underwriting receivable - Less allowance for doubtful receivables of \$11,932 in 2024 and \$28,960 in 2023	52,085	64,981
Grants and other receivables - Less allowance for doubtful receivables of \$6,543 in 2024 and \$5,048 in 2023	295,720	279,639
Contributions receivable	200,000	-
Program contract rights	500,464	481,695
Other assets	124,047	96,185
Property and equipment - Net (Note 7)	4,805,073	5,117,345
Total assets	<b>\$ 6,356,362</b>	<b>\$ 6,307,645</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 48,396	\$ 98,390
Bank line of credit (Note 8)	201,972	117,000
Refundable advances (Note 2)	111,000	111,000
Contract liabilities (Note 4)	87,814	125,781
Accrued compensation	84,449	88,275
Program contract rights payable	644,008	611,769
Deferred gain on sale-leaseback transaction (Note 9)	307,788	341,673
Finance/Capital lease obligation (Note 9)	994,612	1,068,473
Total liabilities	2,480,039	2,562,361
<b>Net Assets</b>		
Without donor restrictions	3,343,823	3,735,284
With donor restrictions (Note 2)	532,500	10,000
Total net assets	3,876,323	3,745,284
Total liabilities and net assets	<b>\$ 6,356,362</b>	<b>\$ 6,307,645</b>

## Michiana Public Broadcasting Corporation

### Statement of Activities and Changes in Net Assets

Years Ended September 30, 2024 and 2023

	2024	2023
<b>Changes in Net Assets without Donor Restrictions</b>		
Revenue and support:		
Contributions and support	\$ 318,613	\$ 373,712
Corporation for Public Broadcasting grants (Note 3)	1,010,488	959,469
State grants	438,601	438,602
Member income	1,257,424	1,090,754
Program underwriting (Note 4)	695,133	886,078
Program underwriting - Contributed nonfinancial assets (Notes 4 and 5)	155,187	182,623
Other income	173,368	175,104
Net assets released from restrictions	10,000	-
Total revenue and support	4,058,814	4,106,342
Expenses:		
Program services:		
Production and broadcasting	1,385,393	1,357,579
Programming and education	958,176	960,496
Promotion	192,612	217,926
Total program services	2,536,181	2,536,001
Support services:		
Management and general	917,202	887,463
Memberships and development	1,030,777	1,005,172
Total support services	1,947,979	1,892,635
Total expenses	4,484,160	4,428,636
<b>Loss from Operating Activities</b>	(425,346)	(322,294)
<b>Other Items</b> - Amortization of deferred gain	33,885	33,885
<b>Decrease in Net Assets without Donor Restrictions</b>	(391,461)	(288,409)
<b>Changes in Net Assets with Donor Restrictions</b>		
Contributions	532,500	10,000
Net assets released from restrictions	(10,000)	-
<b>Increase in Net Assets with Donor Restrictions</b>	522,500	10,000
<b>Increase (Decrease) in Net Assets</b>	131,039	(278,409)
<b>Net Assets</b> - Beginning of year	3,745,284	4,023,693
<b>Net Assets</b> - End of year	<u>\$ 3,876,323</u>	<u>\$ 3,745,284</u>

# Michiana Public Broadcasting Corporation

## Statement of Functional Expenses

Year Ended September 30, 2024

	Program Services				Support Services			Total
	Production and Broadcasting	Programming and Education	Promotion	Total Program Services	Management and General	Memberships and Development	Total Support Services	
Salaries	\$ 672,569	\$ 84,816	\$ 85,146	\$ 842,531	\$ 244,084	\$ 518,292	\$ 762,376	\$ 1,604,907
Employee benefits	40,990	5,661	168	46,819	5,821	16,987	22,808	69,627
Retirement	15,066	1,733	2,604	19,403	298	10,083	10,381	29,784
Payroll taxes	50,079	6,269	6,577	62,925	18,923	37,233	56,156	119,081
<b>Total salaries and related expenses</b>	<b>778,704</b>	<b>98,479</b>	<b>94,495</b>	<b>971,678</b>	<b>269,126</b>	<b>582,595</b>	<b>851,721</b>	<b>1,823,399</b>
PBS programming	-	608,815	-	608,815	-	-	-	608,815
Other programming	-	35,320	-	35,320	-	22,742	22,742	58,062
Dues and subscriptions	5,351	47,850	-	53,201	81,602	100	81,702	134,903
Telephone and utilities	39,798	344	-	40,142	163,648	3,542	167,190	207,332
Materials and supplies	3,797	21,990	2,226	28,013	2,789	5,542	8,331	36,344
Printing and publications	-	2,399	48,445	50,844	3,396	28,746	32,142	82,986
Advertising, marketing, and development	-	41,926	-	41,926	-	156,204	156,204	198,130
Postage and shipping	2,480	528	11,320	14,328	8,787	18,868	27,655	41,983
Travel and conferences	11,040	653	126	11,819	10,391	13,673	24,064	35,883
Repairs and maintenance	154,031	-	-	154,031	-	-	-	154,031
Insurance	-	-	-	-	45,611	-	45,611	45,611
Interest and bank charges	51,760	-	-	51,760	20,571	30,257	50,828	102,588
Depreciation and amortization	161,504	57,609	-	219,113	116,149	2,188	118,337	337,450
Contract services	172,755	42,263	36,000	251,018	186,094	66,863	252,957	503,975
Bad debt	-	-	-	-	-	65,822	65,822	65,822
Miscellaneous	3,773	-	-	3,773	9,038	33,635	42,673	46,446
Lease expense	400	-	-	400	-	-	-	400
<b>Total functional expenses</b>	<b>\$ 1,385,393</b>	<b>\$ 958,176</b>	<b>\$ 192,612</b>	<b>\$ 2,536,181</b>	<b>\$ 917,202</b>	<b>\$ 1,030,777</b>	<b>\$ 1,947,979</b>	<b>\$ 4,484,160</b>

# Michiana Public Broadcasting Corporation

## Statement of Functional Expenses

Year Ended September 30, 2023

	Program Services				Support Services			Total
	Production and Broadcasting	Programming and Education	Promotion	Total Program Services	Management and General	Memberships and Development	Total Support Services	
Salaries	\$ 655,301	\$ 86,105	\$ 88,450	\$ 829,856	\$ 239,009	\$ 454,418	\$ 693,427	\$ 1,523,283
Employee benefits	51,153	6,537	122	57,812	5,338	18,885	24,223	82,035
Retirement	13,410	857	2,591	16,858	90	11,155	11,245	28,103
Payroll taxes	47,221	6,228	6,560	60,009	17,640	33,562	51,202	111,211
<b>Total salaries and related expenses</b>	<b>767,085</b>	<b>99,727</b>	<b>97,723</b>	<b>964,535</b>	<b>262,077</b>	<b>518,020</b>	<b>780,097</b>	<b>1,744,632</b>
PBS programming	-	621,892	-	621,892	-	-	-	621,892
Other programming	-	33,398	-	33,398	-	39,168	39,168	72,566
Dues and subscriptions	1,290	-	196	1,486	77,326	239	77,565	79,051
Telephone and utilities	44,295	618	-	44,913	165,198	5,195	170,393	215,306
Materials and supplies	9,761	19,407	6,819	35,987	5,374	3,536	8,910	44,897
Printing and publications	733	38,099	66,699	105,531	349	23,221	23,570	129,101
Advertising, marketing, and development	-	72,902	36,198	109,100	-	182,623	182,623	291,723
Postage and shipping	5,075	11	-	5,086	7,305	17,197	24,502	29,588
Travel and conferences	10,750	598	10,291	21,639	19,816	13,441	33,257	54,896
Repairs and maintenance	106,419	-	-	106,419	-	-	-	106,419
Insurance	-	-	-	-	50,114	-	50,114	50,114
Interest and bank charges	54,921	-	-	54,921	12,094	28,922	41,016	95,937
Depreciation and amortization	151,714	57,609	-	209,323	115,720	-	115,720	325,043
Contract services	196,467	15,500	-	211,967	168,550	66,942	235,492	447,459
Bad debt	-	-	-	-	-	82,176	82,176	82,176
Miscellaneous	1,194	735	-	1,929	3,540	24,492	28,032	29,961
Lease expense	7,875	-	-	7,875	-	-	-	7,875
<b>Total functional expenses</b>	<b>\$ 1,357,579</b>	<b>\$ 960,496</b>	<b>\$ 217,926</b>	<b>\$ 2,536,001</b>	<b>\$ 887,463</b>	<b>\$ 1,005,172</b>	<b>\$ 1,892,635</b>	<b>\$ 4,428,636</b>



# Michiana Public Broadcasting Corporation

## Statement of Cash Flows

Years Ended September 30, 2024 and 2023

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ 131,039	\$ (278,409)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation and amortization	337,450	325,043
Bad debt expense	65,822	82,176
Unrealized gain on investments	(4,912)	(1,824)
Amortization of program contract rights	642,166	654,035
Amortization of deferred gain	(33,885)	(33,885)
Finance/Capital lease interest expense	51,759	54,922
Restricted contributions	(332,500)	-
Changes in operating assets and liabilities that provided (used) cash:		
Underwriting receivables	12,896	9,888
Grants, contributions, and other receivables	(281,903)	(64,634)
Program contract rights	(628,696)	(651,428)
Other assets	(27,862)	(7,655)
Accounts payable	(17,146)	(22,843)
Contract liabilities	(37,967)	(4,974)
Accrued compensation	(3,826)	16,390
	(127,565)	76,802
Net cash (used in) provided by operating activities		
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(58,026)	(633,987)
Purchases of investments	-	(5,514)
Proceeds from sales of investments	242,535	-
	184,509	(639,501)
Net cash provided by (used in) investing activities		
<b>Cash Flows from Financing Activities</b>		
Proceeds from line of credit	714,000	367,000
Payments on line of credit	(629,028)	(250,000)
Proceeds from restricted contributions	332,500	-
Payments on finance/capital lease	(125,620)	(110,440)
	291,852	6,560
Net cash provided by financing activities		
<b>Net Increase (Decrease) in Cash</b>	348,796	(556,139)
<b>Cash - Beginning of year</b>	30,177	586,316
<b>Cash - End of year</b>	\$ 378,973	\$ 30,177
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	\$ 20,571	\$ 9,069
Property and equipment purchases included in accounts payable	-	32,848
Property and equipment payments made from prior year accounts payable	(32,848)	(581,385)

September 30, 2024 and 2023

### Note 1 - Nature of Business

Michiana Public Broadcasting Corporation (MPBC or the "Corporation") owns and operates the WNIT Center for Public Media (broadcasting on channels 34.1, 34.2, 34.3, 34.4, 34.5, and WNIT.org), which provides educational and cultural television programs and related services to communities in northern Indiana and southwestern Michigan. The leadership of MPBC is provided by community volunteers, and support is provided by the communities served through memberships, corporate donations, underwriting, and donated services. Additional support is also received from grants from the Corporation for Public Broadcasting (CPB) and the State of Indiana. Programming is received from the Public Broadcasting Service (PBS) and other sources.

### Note 2 - Significant Accounting Policies

#### ***Basis of Presentation***

The financial statements of the Corporation have been prepared on the basis of generally accepted accounting principles in the United States of America (GAAP).

#### ***Classification of Net Assets***

Net assets of the Corporation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Corporation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. As of September 30, 2024 and 2023, \$532,500 and \$10,000, respectively, of net assets are donor restricted for capital purchases and costs associated with the change to the PBS Kids logo.

#### ***Grants and Other Receivables***

Grants and other receivables consist of amounts awarded from the CPB during the year and pledges from members. Based on management's review of the grants receivable balance and historical collection information, management has not recorded an allowance for doubtful receivables, as it is the opinion of management that the receivable will be collected in full. An allowance for membership pledges is provided based upon management's judgment and analysis regarding such factors as prior collection history, nature of the pledge, and payment method. As of September 30, 2024 and 2023, the Corporation has recorded an allowance for doubtful receivables of \$6,543 and \$5,048, respectively.

#### ***Contributions***

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Contributions include operating grants, member income, and contributions and support.

Revenue, gains, and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Donor-restricted contributions whose restrictions are met within the year in which the contributions are received are reported as contributions without donor restrictions in the financial statements.

**September 30, 2024 and 2023**

**Note 2 - Significant Accounting Policies (Continued)**

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. As of September 30, 2024, contributions receivable are expected to be collected within one year except for \$100,000, which is expected to be collected during the year ending September 30, 2026.

***Grant Revenue***

Revenue received for certain government and foundation grants is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying financial statements. As of September 30, 2024, the Corporation is eligible to receive and recognize approximately \$125,000 of these conditional contributions upon meeting certain specified requirements. Grant funding payments received in advance of conditions being met are recorded as refundable advances, which amount to \$111,000 as of September 30, 2024 and 2023.

***Revenue Recognition***

The Corporation derives its revenue primarily from contributions, member income, program underwriting, and federal and state grants. The following program underwriting revenue streams are governed by Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*:

***Underwriting - National Programming***

The Corporation generates revenue from written agreements with various organizations where the Corporation delivers acknowledgement of underwriting within TV spots for a distinct program and contract period. Revenue is recognized over the agreed-upon contract period as underwriting acknowledgement is delivered.

In some situations, the Corporation collects cash prior to the satisfaction of the performance obligation, which results in the Corporation recognizing a contract liability. Total contract liabilities were \$78,121 as of October 1, 2022.

***Underwriting - Local Programming***

The Corporation generates revenue from written agreements with various organizations where the Corporation provides locally produced shows. Revenue is recognized upon the premier broadcasting of those shows.

In some situations, the Corporation collects cash prior to the satisfaction of the performance obligation, which results in the Corporation recognizing a contract liability. Total contract liabilities were \$52,634 as of October 1, 2022.

**Note 2 - Significant Accounting Policies (Continued)**

Customers are billed in accordance with agreed-upon payment terms, which is typically monthly and due upon receipt. All payments are nonrefundable and nontransferable. Accounts receivable consist of underwriting receivables that are carried at original invoice amount. The Corporation calculates the allowance using an expected loss model that considers the Corporation's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Corporation considers fluctuations in past-due amounts as well as industry trends when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. There were no recoveries of amounts previously written off for the years ended September 30, 2024 and 2023. There was no credit loss expense for the year ended September 30, 2024. Credit loss expense totaled \$23,350 for the year ended September 30, 2023. Allowance for credit losses on accounts receivable balances as of September 30, 2024 and 2023 totaled \$11,932 and \$28,960, respectively. At October 1, 2022, accounts receivable amounted to \$98,219.

***Program Contract Rights***

Program contracts generally give the Corporation the right to broadcast programs on its television station. The full contract price is capitalized at the inception of the contract and amortized using the straight-line method over the term of the contract, usually one year. The full contract price is also recorded as program contract rights payable until the invoice is paid.

***Investments***

Investments are recorded at fair value. Investments received as donations are recorded at their fair value on the date of receipt. Unrealized gains and losses are included in the changes in net assets in the accompanying statement of activities and changes in net assets. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

***Property and Equipment***

Property and equipment are recorded at the lower of cost or market value. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Estimated lives are 5 to 10 years for office, studio, and technical equipment. Estimated lives are 10 to 20 years for the transmitter plant, digital television (DTV) conversion equipment, and leased equipment. The estimated life of the building is 40 years.

Costs of maintenance and repairs are charged to expense when incurred.

***Donated Services and Assets***

Certain donated services are recognized as support in the statement of activities and changes in net assets. The value of these services is determined based on estimated fair value.

Volunteer services are not reflected in the financial statements because the services are not recordable under GAAP.

Donated assets are reflected in the financial statements at their estimated fair values at the time of donation.

**Note 2 - Significant Accounting Policies (Continued)**

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Expenses incurred directly for program services are charged to such service. Certain costs have been allocated between the various program and support services. Salaries and related expenses are allocated on the basis of time and effort. Depreciation, occupancy, and utilities are allocated on an estimate of square feet.

Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

***Income Taxes***

The Corporation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code (IRC) Section 501(c)(3).

***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.

***Adoption of New Accounting Pronouncement***

As of October 1, 2023, the Corporation adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses*, which changed how entities account for credit losses for financial assets, including the Corporation's underwriting receivables. This guidance requires entities to consider reasonable and supportable forecasts of future economic conditions in the estimate of expected credit losses. The Corporation adopted the standard using the modified retrospective adoption method beginning on October 1, 2023. There was no impact to net assets upon adoption of the new standard.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including November 21, 2024, which is the date the financial statements were available to be issued. There were no events required to be disclosed.

**Note 3 - Corporation for Public Broadcasting Grants**

The Corporation was awarded community service grants from CPB of \$925,359 and \$879,749 during the years ended September 30, 2024 and 2023, respectively, to finance normal programming and promotion expenses. The grant amounts were fully expended in each year; therefore, there are no uncommitted balances as of September 30, 2024 and 2023. The grant amounts were based upon a formula using the nonfederal financial support of \$2,333,473 and \$2,461,692 recorded by the Corporation for the years ended September 30, 2022 and 2021, respectively.

In fiscal year 2025, the community service grant will be \$969,450 based on nonfederal financial support of \$2,441,687 recorded during fiscal year 2023. Nonfederal financial support for the year ended September 30, 2024 will be the basis for the fiscal year 2026 community service grant; however, such grants are dependent on continued funding of CPB by the U.S. government.

The Corporation also received other grants from CPB totaling \$85,129 and \$79,720 for the years ended September 30, 2024 and 2023, respectively.

**Note 4 - Revenue Recognition**

During 2024 and 2023, the Corporation's revenue from contracts with customers consisted of the following:

	<u>2024</u>	<u>2023</u>
Underwriting - National programming (revenue recognized over time)	\$ 259,105	\$ 265,718
Underwriting - Local programming (revenue recognized at a point in time)	<u>436,028</u>	<u>620,360</u>
Subtotal program underwriting	695,133	886,078
Underwriting - Contributed nonfinancial assets (Note 5)	<u>155,187</u>	<u>182,623</u>
Total revenue from contracts with customers	<u>\$ 850,320</u>	<u>\$ 1,068,701</u>

**Contract Liabilities**

The following table provides information about contract liabilities resulting from contracts with customers:

	<u>2024</u>	<u>2023</u>
Underwriting - National programming	\$ 49,213	\$ 62,147
Underwriting - Local programming	<u>38,601</u>	<u>63,634</u>
Total	<u>\$ 87,814</u>	<u>\$ 125,781</u>

**Note 5 - Contributed Nonfinancial Assets**

The Corporation received the following contributions of nonfinancial assets as in-kind trades for program underwriting services provided for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Premiums/memberships	\$ 75,333	\$ 53,493
Advertising services	64,696	102,518
Catering services	-	14,167
Other services	<u>15,158</u>	<u>12,445</u>
Total in-kind donations	<u>\$ 155,187</u>	<u>\$ 182,623</u>

Contributed services and premiums/memberships are recognized as in-kind revenue at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Corporation receives various contributed services that are reported using current rates for similar services. The Corporation receives various contributed premiums/memberships that are reported using current rates for similar premiums/memberships.

All donated services and premiums/memberships were utilized by the Corporation's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and premiums/memberships.

The Corporation receives volunteer services that are not recordable under generally accepted accounting principles. The value of the volunteer services is not disclosed since no objective basis is available to measure the value of such services.

**Note 6 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Corporation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments in bond index funds of \$237,623 for the year ended September 30, 2023 are valued with Level 1 inputs. There were no investments as of September 30, 2024.

**Note 7 - Property and Equipment**

Property and equipment are summarized as follows:

	2024	2023
Land	\$ 211,493	\$ 211,493
Buildings	4,959,403	4,959,403
Office equipment	411,352	388,364
Studio and technical equipment	7,635,106	7,632,914
Transmitter plant	297,162	297,162
DTV	571,873	571,873
Equipment under finance/capital lease	1,449,568	1,449,568
Total cost	15,535,957	15,510,777
Less accumulated depreciation	10,730,884	10,393,432
Net carrying amount	<u>\$ 4,805,073</u>	<u>\$ 5,117,345</u>

Depreciation and amortization expense for 2024 and 2023 was \$337,450 and \$325,043, respectively.

During November 2013, the Corporation sold one of its towers and the land on which the tower is located. In addition to the sale, the Corporation signed a lease agreement with the purchaser to lease the tower (see Note 9). Amortization expense on the leased equipment was \$72,478 for 2024 and 2023.

**Note 8 - Bank Line of Credit**

The Corporation has a line of credit allowing the Corporation to borrow up to \$375,000. The line of credit is collateralized by substantially all assets of the Corporation and matures on January 15, 2025. Interest is payable monthly at 0.25 percent below the prime rate, with a minimum interest rate of 4.00 percent (an effective rate of 7.75 percent and 9 percent at September 30, 2024 and 2023, respectively). There was an outstanding balance of \$201,972 and \$117,000 as of September 30, 2024 and 2023, respectively.



**Note 8 - Bank Line of Credit (Continued)**

There was interest expense of \$20,571 and \$9,069 for 2024 and 2023, respectively.

**Note 9 - Lease**

In November 2013, the Corporation entered into a sale-leaseback transaction. Under the arrangement, the Corporation sold a tower and leased it back for a period of 20 years. The leaseback was initially recorded as a capital lease under ASC 840, but, upon adoption of ASU 842, it is accounted for as a finance lease. The gain on the sale-leaseback of the tower and related assets amounted to \$677,697 and has been deferred over the 20-year life of the lease. The deferred gain for the years ended September 30, 2024 and 2023 is \$307,788 and \$341,673, respectively. The Corporation recognized gains of approximately \$34,000 during both 2024 and 2023, which are reported within the statement of activities and changes in net assets.

Equipment purchased under the leaseback arrangement has been capitalized and is included in property and equipment (see Note 7).

The interest rate on this finance lease is 5 percent.

The future minimum lease payments under this finance lease are as follows:

Years Ending September 30	Amount
2025	\$ 127,000
2026	127,000
2027	127,000
2028	127,000
2029	144,462
Thereafter	<u>596,371</u>
Total	1,248,833
Less amount representing interest	<u>254,221</u>
Present value of net minimum lease payments	<u>\$ 994,612</u>

Expenses recognized under this lease for the years ended September 30, 2024 and 2023 consist of the following:

	2024	2023
Lease cost - Finance lease cost:		
Amortization of right-of-use assets	\$ 72,478	\$ 72,478
Interest on lease liabilities	<u>51,761</u>	<u>54,922</u>
Total lease cost	<u>\$ 124,239</u>	<u>\$ 127,400</u>
Other information:		
Gains on sale and leaseback transactions - Net	\$ 33,885	\$ 33,885
Cash paid for amounts included in the measurement of lease liabilities - Cash flows from finance leases	125,620	110,440
Weighted-average remaining lease term (years) - Finance lease	10	11
Weighted-average discount rate - Finance lease	5.0 %	5.0 %



**Note 10 - Employee Benefit Plan**

The Corporation has a tax-deferred annuity plan under Section 403(b) of the IRC, which covers all of its employees. The plan is a defined contribution plan that allows an employee to make voluntary contributions, not to exceed the limits imposed by Sections 415 and 403(b) of the IRC. Under the plan, the Corporation is obligated to match up to 3 percent of the participant's annual compensation. The Corporation's expense under the plan aggregated \$29,784 and \$28,103 for the years ended September 30, 2024 and 2023, respectively.

**Note 11 - Community Foundations**

Certain funds donated by outside donors for the benefit of the Corporation are held and managed by the Community Foundation of St. Joseph County (CFSJC). CFSJC maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Corporation. The fair market value of these funds is approximately \$489,000 and \$424,000 at September 30, 2024 and 2023, respectively. These funds are not reflected in the financial statements. Earnings are available for distribution to the Corporation at the discretion of CFSJC and, therefore, are not reflected as revenue in the financial statements until received by the Corporation.

The Corporation established a fund at Community Foundation of Elkhart County (CFEC). This fund consists mainly of donations directed to CFEC by the Corporation. CFEC maintains legal ownership of the fund and, as such, continues to report the fund as an asset and liability. The Corporation made an initial contribution of \$5,000, which is recorded as other assets on the statement of financial position. The fair value of funds held at CFEC is approximately \$15,900 and \$13,700 at September 30, 2024 and 2023, respectively. In addition, certain funds donated by outside donors for the benefit of the Corporation are held and managed by CFEC. CFEC maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Corporation. The fair market value of these funds is approximately \$152,000 and \$130,000 at September 30, 2024 and 2023, respectively. These funds, with the exception of the Corporation's initial contribution, are not reflected in the financial statements.

The Corporation established a fund at the Marshall County Community Foundation (MCCF) with an initial contribution of \$1,000 by the Corporation. MCCF maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Corporation, with the exception of the Corporation's initial contribution, which is recorded as other assets on the statement of financial position. The fair value of funds held at MCCF is approximately \$5,000 and \$4,800 at September 30, 2024 and 2023, respectively.

**Notes to Financial Statements**

**September 30, 2024 and 2023**

**Note 12 - Liquidity and Availability of Resources**

The following reflects the Corporation's financial assets as of September 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2024	2023
Cash	\$ 378,973	\$ 30,177
Underwriting receivable - Net	52,085	64,981
Grants and other receivables - Net	295,720	279,639
Contributions receivable	200,000	-
Investments	-	237,623
Financial assets	926,778	612,420
Less those unavailable for general expenditures within one year - Restricted by donor with time or purpose restrictions	532,500	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 394,278	\$ 612,420

The grants and other net receivables are subject to implied time restrictions but are expected to be collected within one year. The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Corporation also realizes there could be unanticipated liquidity needs.

The Corporation has an available balance on a committed line of credit in the amount of \$173,028 and \$258,000 at September 30, 2024 and 2023, respectively, which it could draw upon if needed, as further described in Note 8.