Intentional Life Media

Years Ended June 30, 2024 and 2023

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Intentional Life Media

Years Ended June 30, 2024 and 2023

CONTENTS

Independent auditors' report	1 - 2
Consolidated financial statements:	
Consolidated statements of financial position	3
Consolidated statement of activities - 2024	4
Consolidated statement of activities - 2023	5
Consolidated statement of functional expenses - 2024	6
Consolidated statement of functional expenses - 2023	7
Consolidated statements of cash flows	8
Notes to consolidated financial statements	9 - 20

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Independent Auditors' Report

Board of Directors and Management
Intentional Life Media
Tucson, Arizona

Opinion

We have audited the accompanying consolidated financial statements of Intentional Life Media, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Intentional Life Media as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Intentional Life Media 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

BeachFleischman PLLC • beachfleischman.com
1985 E. River Rd., Suite 201, Tucson, AZ 85718-7176 • 520.321.4600
2201 E. Camelback Rd., Suite 200, Phoenix, AZ 85016-3431 • 602.265.7011
825 N. Grand Ave., Suite 204, Nogales, AZ 85621-2386 • 520.287.4174

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Intentional Life Media's ability to continue as a going concern for a reasonable period of time.

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

BeachFleischman PLLC

Tucson, Arizona
November 22, 2024

Intentional Life Media

Consolidated Statements of Financial Position

June 30, 2024 and 2023

Assets

	2024	2023
Current assets:		
Cash and cash equivalents	$ 5,756,854	$ 6,695,454
Investments	2,714,030	10,864,157
Accounts receivable, net	52,887	50,012
Total current assets	8,523,771	17,609,623
Property and equipment, net	4,371,350	3,524,004
Operating lease assets	2,041,849	961,665
Radio station frequency licenses, net	13,983,994	3,652,709
Other assets	19,714	1,021,464
Total assets	$ 28,940,678	$ 26,769,465

Liabilities and Net Assets

	2024	2023
Current liabilities:		
Current portion of operating lease obligations	$ 453,280	$ 339,014
Current portion of annuity obligations	11,000	15,000
Accounts payable and accrued expenses	833,344	691,492
Total current liabilities	1,297,624	1,045,506
Operating lease obligations, net of current portion	1,600,551	638,020
Annuity obligations, net of current portion	86,352	104,762
Total liabilities	2,984,527	1,788,288
Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Undesignated	7,378,407	17,788,592
Invested in property and equipment	4,371,350	3,524,004
Invested in radio station frequency licenses	13,983,994	3,652,709
Total net assets without donor restrictions	25,733,751	24,965,305
With donor restrictions	222,400	15,872
Total net assets	25,956,151	24,981,177
Total liabilities and net assets	$ 28,940,678	$ 26,769,465

See notes to consolidated financial statements.

Intentional Life Media

Consolidated Statement of Activities

Year Ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
Revenues, support and gains:			
General contributions	$ 10,396,374	$ 1,151,198	$ 11,547,572
Broadcasting revenue	401,612	-	401,612
Bequest contributions	216,535	-	216,535
Resource sales and seminar income	44,170	-	44,170
Investment income, net	672,948	-	672,948
Leasing income	145,189	-	145,189
Gain on sale of assets	230,200	-	230,200
Net assets released from restriction	944,670	(944,670)	-
Total revenues, support and gains	13,051,698	206,528	13,258,226
Expenses:			
Program services	9,797,592	-	9,797,592
General and administrative	1,431,612	-	1,431,612
Fundraising	1,054,048	-	1,054,048
Total expenses	12,283,252	-	12,283,252
Change in net assets	768,446	206,528	974,974
Net assets, beginning	24,965,305	15,872	24,981,177
Net assets, ending	$ 25,733,751	$ 222,400	$ 25,956,151

Intentional Life Media

Consolidated Statement of Activities

Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenues, support and gains:			
General contributions	$ 9,851,156	$ 754,109	$ 10,605,265
Broadcasting revenue	405,277	-	405,277
Bequest contributions	107,129	-	107,129
Resource sales and seminar income	30,484	-	30,484
Investment income, net	479,879	-	479,879
Leasing income	116,234	-	116,234
Gain on sale of assets	2,212,359	-	2,212,359
Net assets released from restriction	741,638	(741,638)	-
Total revenues, support and gains	13,944,156	12,471	13,956,627
Expenses:			
Program services	8,746,914	-	8,746,914
General and administrative	1,106,909	-	1,106,909
Fundraising	965,522	-	965,522
Total expenses	10,819,345	-	10,819,345
Change in net assets before impairment loss	3,124,811	12,471	3,137,282
Impairment loss	(19,779)	-	(19,779)
Change in net assets	3,105,032	12,471	3,117,503
Net assets, beginning	21,860,273	3,401	21,863,674
Net assets, ending	$ 24,965,305	$ 15,872	$ 24,981,177

Intentional Life Media

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program services	General and administrative	Fundraising	Total expenses
Payroll	$ 3,894,897	$ 888,093	$ 224,739	$ 5,007,729
Payroll related taxes and benefits	957,805	213,838	66,173	1,237,816
	4,852,702	1,101,931	290,912	6,245,545
Administration, not elsewhere classified	32,349	18,837	8,837	60,023
Bank and processing fees	318,665	21,997	121	340,783
Computer software and support	304,980	84,144	83,503	472,627
Depreciation and amortization	539,360	16,237	13,138	568,735
Insurance	178,338	35,607	2,588	216,533
Interest		-	8,607	8,607
Internet and transmission charges	222,335	3,075	2,822	228,232
Lease costs	747,761	1,343	3,020	752,124
Outside and contract services	437,446	8,556	79,800	525,802
Postage	52,817	586	63,699	117,102
Printing	51,848	677	80,698	133,223
Professional fees	118,651	80,178	178,503	377,332
Programming	228,508	-	-	228,508
Promotions	714,140	4,046	137,494	855,680
Repairs and maintenance	132,578	4,564	4,282	141,424
Taxes, licenses and fees	46,881	18,847	164	65,892
Telephone	62,508	7,144	5,851	75,503
Travel	281,637	14,829	78,452	374,918
Utilities	474,088	9,014	11,557	494,659
	$ 9,797,592	$ 1,431,612	$ 1,054,048	$ 12,283,252

Intentional Life Media

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program services	General and administrative	Fundraising	Total expenses
Payroll	$ 3,818,600	$ 764,004	$ 244,615	$ 4,827,219
Payroll related taxes and benefits	908,184	183,255	58,674	1,150,113
	4,726,784	947,259	303,289	5,977,332
Administration, not elsewhere classified	37,084	6,645	2,466	46,195
Bank and processing fees	223,752	-	-	223,752
Computer software and support	290,195	26,718	2,169	319,082
Depreciation and amortization	511,715	6,140	-	517,855
Insurance	197,932	10,827	-	208,759
Interest	6,593	-	-	6,593
Internet and transmission charges	113,720	13,937	-	127,657
Lease costs	605,006	10,093	9,058	624,157
Outside and contract services	393,630	8,703	147,664	549,997
Postage	60,889	297	53,888	115,074
Printing	45,650	-	178,300	223,950
Professional fees	98,492	34,591	141,450	274,533
Programming	141,229	-	-	141,229
Promotions	252,243	-	73,949	326,192
Repairs and maintenance	198,355	-	-	198,355
Taxes, licenses and fees	70,922	3,058	2,744	76,724
Telephone	60,243	7,819	7,130	75,192
Travel	307,900	17,955	31,867	357,722
Utilities	404,580	12,867	11,548	428,995
	$ 8,746,914	$ 1,106,909	$ 965,522	$ 10,819,345

Intentional Life Media

Consolidated Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 974,974	$ 3,117,503
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	568,735	517,855
Gain on sale of assets	(230,200)	(2,212,359)
Unrealized gain on investments	(266,422)	(143,949)
Realized gain on sale of investments	(57,904)	(79,477)
Impairment of indefinite-lived assets	-	19,779
Change in value of annuities	(14,510)	(23,796)
Change in operating leases	(3,387)	15,369
Changes in operating assets and liabilities:		
Accounts receivable	(2,875)	15,000
Other assets	-	22,936
Accounts payable and accrued expenses	141,852	31,331
Total adjustments	135,289	(1,837,311)
Net cash provided by operating activities	1,110,263	1,280,192
Cash flows from investing activities:		
Purchases of property and equipment	(1,423,658)	(783,813)
Proceeds from sale of assets	237,777	2,993,841
Purchase of frequency license	(9,329,535)	(1,001,750)
Collections on note receivable	-	292,500
Proceeds from sale of investments	9,040,256	6,630,907
Purchases of investments	(565,803)	(15,337,305)
Net cash used in investing activities	(2,040,963)	(7,205,620)
Cash flows from financing activities:		
Payments on annuity obligations	(7,900)	(13,475)
Net cash used in financing activities	(7,900)	(13,475)
Net decrease in cash and cash equivalents	(938,600)	(5,938,903)
Cash and cash equivalents, beginning	6,695,454	12,634,357
Cash and cash equivalents, ending	$ 5,756,854	$ 6,695,454

See notes to consolidated financial statements.

1. Description of organization and summary of significant accounting policies:

Organization:

Family Life Communications Incorporated (the Company) is a nonprofit company which is the sole member of nonprofit corporations consisting of (i) Family Life Broadcasting System (a Michigan corporation), (ii) Family Life Broadcasting System (a New Mexico Corporation), (iii) Family Life Broadcasting, Inc., and (iv) Parent Talk, Inc., which is the sole shareholder of a wholly-owned inactive for-profit corporation. In June 2023, Family Life Broadcasting System (New Mexico corporation), Family Life Broadcasting, Inc. and Parent Talk, Inc. were merged into Family Life Broadcasting System (Michigan Corporation). In August 2023, Family Life Communications Incorporated changed its name to Intentional Life Events, Inc. and Family Life Broadcasting System changed its name to Intentional Life Media.

The Company provides Christian broadcasting by way of its owned radio stations in eleven states, conferences, resources material, and syndicated broadcast programs. The Company's viability is dependent upon the strength of the national and local economies, and its resource providers.

Principles of consolidation:

The consolidated financial statements include the accounts of Intentional Life Events, Inc. and Intentional Life Media (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated in consolidation.

Adoption of new accounting standard:

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments* (Topic 326), which significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in Topic 326 are trade accounts receivable.

The Organization adopted Topic 326 effective July 1, 2022. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Net assets:

Net assets, support, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

1. Description of organization and summary of significant accounting policies (continued):

Net assets (continued):

- Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 consolidated financial statements and the reported amounts of revenues, support and gains and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and assumptions, including those related to inputs used to recognize revenue. Actual results could differ materially from such estimates and assumptions.

Recognition of contributions:

The Organization records contributions as support when donations are unconditionally given by a donor. Support is recorded in two classes of net assets: without donor restrictions and with donor restrictions. Contributions are recorded as support without donor restrictions if no donor stipulations are placed on the use of the donated asset. Contributions are recorded as support with donor restrictions if they are received with donor stipulations that limit the use on the donated assets, such as a designation to be used as support in specified years or towards specified projects. When a donor restriction expires or is met, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions are also recorded as support with donor restriction if the donor stipulates that the donated asset must be held in perpetuity.

The Organization conducts annual drives, primarily in the spring, fall, and end of year, to raise funds in the support of its ministries. The Organization asks donors to indicate their intention to give on an on-going monthly basis and not as a promise. Intentions to give are not recorded as support until the amount is collected from the donor.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts received in advance of the conditions being substantially met are recorded as deferred support.

1. Description of organization and summary of significant accounting policies (continued):

Broadcast revenue:

Broadcast revenue is recognized at a point in time, when the services have been provided.

Resource sales and seminar income:

Resource sales and seminar income are recognized at a point in time, when the goods or services have been provided.

Lease income:

The Organization accounts for their leases to third-parties as operating leases. Lease income is recognized on a straight-line basis over the term of the lease. The lease terms are generally 5 years, but can be shorter or longer terms as negotiated.

Cash and cash equivalents:

All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

All cash and cash equivalents are placed with various credit institutions. At times, such amounts may be in excess of the FDIC insurance limits; however, management does not believe they are exposed to any significant credit risk on cash and cash equivalents.

Investments:

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Donated investments are recorded at their fair value at the date of gift. Investment gains and losses are included in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations or legal requirements.

Fair value measurements:

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date. Fair value measurements assume the asset or liability is exchanged in an orderly manner; the exchange is in the principal market for that asset or liability (or in the most advantageous market when no principal market exists); and that the market participants are independent, knowledgeable, able and willing to transact an exchange. The provisions also clarify that the reporting entity's nonperformance risk (credit risk) should be considered in valuing liabilities.

1. Description of organization and summary of significant accounting policies (continued):

Fair value measurements (continued):

Accounting standards establish a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the consolidated financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

Accounts receivable:

The Organization records accounts receivable for its unconditional rights to consideration arising from performance under contracts with customers. The Organization grants credit to its customers, generally without collateral or interest. The carrying value of such receivables, net of allowance for credit losses, represents their estimated net realizable value. At July 1, 2022, the balance of accounts receivable, net was $65,012.

Allowance for credit losses:

At each statement of financial position date, the Organization recognizes an expected allowance for credit losses, and at each reporting date, this estimate is updated to reflect any changes in credit risk since the financial asset was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The Organization uses the aging method to estimate its allowance for credit losses. The allowance estimate is derived from a review of the Organization’s historical losses based on the aging of financial assets. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization’s customer base has remained consistent since the Organization’s inception. This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. Based on management's assessment, there is no material allowance for credit losses for the years ending June 30, 2024 and 2023.

The Organization writes off financial assets when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. The total amount of write-offs was immaterial to the financial statements as a whole for the years ended June 30, 2024 and 2023.

1. Description of organization and summary of significant accounting policies (continued):

Property, equipment, depreciation and amortization:

Property and equipment are stated at cost or, if acquired by gift, at estimated fair market value at the date of donation. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the related assets, which range from 3 to 25 years. Maintenance, repairs and minor renewals are expensed as incurred while expenditures for additions and improvements with a useful life greater than a year and over $1,000 are capitalized.

Leases:

The Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Organization determines if an arrangement is a lease at inception and when the terms of an existing contract are changed.

Lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. As most of the Organization's leases do not provide an implicit rate, management uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Finance lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Operating lease assets also include any lease payments made and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Certain of the Organization's lease agreements include provisions for variable rent payments, which are based on the consumer price index (CPI). Lease liabilities are not remeasured as a result of changes in the CPI; instead, changes in CPI are treated as variable lease payments and are excluded from the measurement of lease assets and lease liabilities. These payments are recognized in the period in which the related obligation was incurred.

The Organization has elected to apply the short-term lease exemption to one of its classes of underlying assets, radio towers. In 2024, the Organization has only a small number of leases within this class of underlying asset that qualify for the exemption.

1. Description of organization and summary of significant accounting policies (continued):

Impairment of long-lived assets:

The Organization reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of the long-lived assets is less than the carrying amount, the asset is considered impaired. Impairment losses would be measured as the amount by which the carrying amount exceeds the fair value of the asset. There was no impairment of long-lived assets recognized for 2024 and 2023.

Radio frequency licenses:

The Organization's indefinite-lived intangible assets consist of radio frequency licenses granted by the Federal Communications Commission. In accordance with GAAP, the frequency licenses are evaluated annually by management to determine if their residual cost exceeds their fair value. The Organization performed its annual impairment tests on its indefinite-lived assets as of June 30, 2024 and 2023, which resulted in a noncash impairment loss of $0 and $19,779. The impairment charge reduced the carrying value of one station.

During 2024, the Organization purchased a radio frequency license for $10,334,224.

Annuity obligations:

Annuities payable consist of charitable gift annuities and a liability under an unqualified deferred compensation plan which is payable in the form of an annuity. Charitable gift annuities are stated at the actuarially computed present value of future payments to payees, calculated using the current rate established by the American Council on Gift Annuities. Funds received are recorded as general assets of the Organization. Funds received in excess of the present values payable on annuity contracts are recorded as contributions in the year received.

Advertising:

Advertising costs are expensed as incurred and totaled $521,370 and $129,911 for the years ended June 30, 2024 and 2023.

Functional allocation of expenses:

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Organization. Those expenses include salaries, payroll taxes and benefits, building repairs and maintenance, telephone, and utilities. Salaries, payroll taxes and benefits are allocated based on employee time and effort. Building repairs and maintenance, telephone and utilities are allocated based on square footage.

1. Description of organization and summary of significant accounting policies (continued):

Tax exempt status:

Intentional Life Events, Incorporated and Intentional Life Media are exempt from income taxes under both federal (Internal Revenue Code Section 501(c)(3)) and Arizona income tax laws, and are classified as other than a private foundation under Internal Revenue Code Section 509(a)(1). Income from certain activities not directly related to their tax-exempt purpose, however, may be subject to taxation as unrelated business taxable income.

From time to time, the Organization may be subject to penalties assessed by various taxing authorities, which are classified as general and administrative expenses, if they occur.

Subsequent events:

The Organization's management has evaluated the events that have occurred subsequent to June 30, 2024 through November 22, 2024, the date that the consolidated financial statements were available to be issued. Management has no responsibility to update these consolidated financial statements for events and circumstances occurring after this date.

2. Liquidity and availability of financial assets:

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2024	2023
Cash and cash equivalents	$ 5,756,854	$ 6,695,454
Investments	2,714,030	10,864,157
Accounts receivable, net	52,887	50,012
Total financial assets	8,523,771	17,609,623
Donor restricted for specific purpose	(222,400)	(15,872)
Management designations:		
Special projects	(1,182,767)	(1,018,952)
Financial assets available to meet cash needs for general expenditures within one year	$ 7,118,604	$ 16,574,799

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

3. Investments:

Investments at June 30, 2024 and 2023 are carried at fair value. The fair value of assets has been measured on a recurring basis based on the quoted market price of net asset value, or the trade price on a national securities exchange at close of business on the measurement date (Level 1).

	2024	2023
Certificates of deposit	$ 249,400	$ 5,231,190
Equity securities	1,208,038	1,006,754
Exchange traded funds	259,449	-
Mutual funds	997,143	1,112,037
U.S. Treasury notes	-	3,514,176
	$ 2,714,030	$ 10,864,157

Net investment income for the years ended June 30, 2024 and 2023 consists of the following:

	2024	2023
Interest and dividend income	$ 372,164	$ 279,056
Net realized and unrealized gains on investments	324,326	223,426
Investment fees	(23,542)	(22,603)
	$ 672,948	$ 479,879

4. Property and equipment:

	2024	2023
Broadcasting equipment	$ 8,623,351	$ 8,220,069
Building and improvements	3,625,127	2,708,977
Furniture, equipment, and software	1,594,652	1,478,199
Land and improvement	1,057,315	1,063,315
Leasehold improvements	9,455	9,455
Construction in progress	107,173	135,800
	15,017,073	13,615,815
Less accumulated depreciation and amortization	10,645,723	10,091,811
	$ 4,371,350	$ 3,524,004

5. Leases:

The Organization has operating leases for radio tower space, land, and equipment with initial noncancelable terms in excess of one year that expire through June 2032. Additionally, these leases contain renewal options for periods ranging from 5 to 10 years. Renewal options the Organization is reasonably certain to exercise are included in determining the lease term, and associated payments under these renewal options are included with lease payments.

The components of lease cost are as follows:

	2024	2023
Operating lease cost, included in operating expenses	$ 563,232	$ 504,067
Short-term lease cost, included in operating expenses	142,341	100,891
Variable lease payments, included in operating expenses	46,551	19,199
Total lease cost	$ 752,124	$ 624,157

Cash flow information related to leases is as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	$ 609,783	$ 523,266
Lease assets obtained in exchange for lease liabilities:		
Operating leases	1,574,852	-

Other information related to leases is as follows:

	2024	2023
Lease term (in years) and discount rate:		
Weighted-average remaining lease term, operating leases	5.3	4.3
Weighted-average discount rate, operating leases	3.8 %	2.9 %

5. Leases (continued):

The maturities of lease liabilities as of June 30, 2024 were as follows:

Year ending June 30,	
2025	$ 520,530
2026	442,143
2027	414,682
2028	324,968
2029	230,799
Thereafter	330,581
Total lease payments	2,263,703
Less interest	209,872
Present value of lease liabilities	$ 2,053,831

The present value of lease liabilities are reported in the statements of financial position as follows:

	2024	2023
Current portion of operating leases obligations	$ 453,280	$ 339,014
Operating lease obligations, net of current portion	1,600,551	638,020
	$ 2,053,831	$ 977,034

6. Annuity obligations:

During 2004, the Organization purchased the assets of a station in Roswell, New Mexico. The consideration paid for the station's assets consisted solely of the assumption of a deferred compensation plan liability. Monthly payments required under the agreement are $2,585 over the joint remaining life expectancy of the payee and spouse. The fair value of this liability was estimated to be $385,000 using an average discount rate of 4.65% over a life expectancy of 18 years. The discount rate was estimated based on current rates for debt instruments with similar risks and maturities. At June 30, 2024 and 2023 there was no liability based on the initial life expectancy of 18 years. However, monthly payments will continue to be paid to annuitant or annuitants' beneficiary until their death.

Amounts payable under other charitable gift annuity agreements were approximately $98,000 and $120,000 at June 30, 2024 and 2023.

7. Management designated reserves:

Net assets with donor restrictions are primarily available for project specific capital expenditures. Additionally, as of June 30, 2024, management has designated approximately $1,183,000 and $1,019,000 of net assets without donor restriction for various projects, which are primarily facilities and program related.

8. Net assets with donor restrictions:

Net assets with donor restrictions are restricted for specified purposes as follows:

	2024	2023
Detroit area expansion	$ 200,000	$ -
Concerts	22,400	-
Other	-	15,872
	$ 222,400	$ 15,872

9. Retirement plan:

The Organization has a defined contribution plan. All employees who meet minimum age and service requirements are eligible to participate in the plan. Eligible employees may contribute to the plan not to exceed statutory limits. The Organization matches 100% of employee contributions up to 4% of their compensation. The Organization's contributions to the plan were approximately $204,000 and $159,000 for the years ending June 30, 2024 and 2023.

10. Joint costs:

The Organization incurred expenses that were identifiable with a particular function but served joint purposes. Expenses related to certain donor communications jointly supported program services and fundraising. These expenses were allocated by their functional classification as follows:

	2024	2023
Program services	$ 173,657	$ 109,885
Fundraising	260,486	199,693
	$ 434,143	$ 309,578

11. Leasing transactions:

The Organization rents tower and office space to businesses under noncancelable leases with varying terms and expiration dates.

	2024	2023
Operating lease income pertaining to lease payments	$ 145,189	116,234

The following is a summary of minimum future rental receipts under noncancelable operating leases:

Year ending June 30,	
2025	$ 93,920
2026	62,010
2027	56,466
2028	53,353
2029	37,765
	$ 303,514

At June 30, 2024 and 2023, assets held for lease totaled $1,258,500 and accumulated depreciation was $1,081,490 and $1,056,282. Depreciation and amortization expense was $25,208 for years ended June 30, 2024 and 2023.

12. Contingencies

Paycheck Protection Program (PPP) loan:

The Organization obtained a $860,905 loan under the PPP that was forgiven in May 2021. The SBA may undertake a review of a loan of any size during the ten-year period following forgiveness. The review will include the loan forgiveness application, as well as whether the Organization met the eligibility requirements of the program and received the proper loan amount. The timing and outcome of any SBA review is not known.

13. Reclassifications:

Certain amounts in the 2023 consolidated financial statements have been reclassified to conform with the 2024 consolidated financial statement presentation. These reclassifications had no effect on total net assets at June 30, 2023 or the change in net assets for the year then ended.