

**WLVT-TV CHANNEL 39
LEHIGH VALLEY PUBLIC TELECOMMUNICATIONS
CORPORATION AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



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**WLVT-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	24
SCHEDULE OF ACTIVITIES – TV AND RADIO	25



INDEPENDENT AUDITORS' REPORT

Board of Directors
WLVT-TV Channel 39 Lehigh Valley Public
Telecommunications Corporation and Affiliates
Bethlehem, Pennsylvania

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of WLVT-TV Channel 39 Lehigh Valley Public Telecommunications Corporation and Affiliates, collectively known as the Organization, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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 Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audits of Consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 audits.
- 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 including examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Bethlehem, Pennsylvania
December 17, 2024

**WLVTV-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 27,893	\$ 23,201
Accounts Receivable, Net	91,614	255,464
Grants Receivable	88,000	-
Pledges Receivable	285,000	426,871
Due from Related Parties	433,308	274,802
Investments	79,321,196	80,644,157
Prepaid Expenses	169,604	217,025
Total Current Assets	80,416,615	81,841,520
PROPERTY AND EQUIPMENT, NET	8,397,720	9,014,666
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	34,231	49,948
OTHER ASSETS		
Pledges Receivable, Net of Current Portion	642,460	1,077,721
Beneficial Interest in Perpetual Trust	63,810	60,925
Intangible Assets, Net	1,053,301	1,059,665
Spectrum Usage Rights	39,876,085	39,876,085
Total Other Assets	41,635,656	42,074,396
Total Assets	\$ 130,484,222	\$ 132,980,530
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit	\$ 3,760,551	\$ 6,579,711
Operating Lease Liabilities	16,175	15,716
Accounts Payable and Accrued Expenses	771,393	1,141,693
Deferred Operating Expenses	6,667	6,667
Contract Liabilities	98,199	82,557
Total Current Liabilities	4,652,985	7,826,344
OPERATING LEASE LIABILITIES, NET OF CURRENT PORTION	18,056	34,232
Total Liabilities	4,671,041	7,860,576
NET ASSETS		
Without Donor Restrictions	125,619,371	124,855,028
With Donor Restrictions	193,810	264,926
Total Net Assets	125,813,181	125,119,954
Total Liabilities and Net Assets	\$ 130,484,222	\$ 132,980,530

See accompanying Notes to Consolidated Financial Statements.

**WLVY-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
REVENUES AND SUPPORT				
Contributions	\$ 1,966,458	\$ -	\$ 1,966,458	\$ 2,085,185
Grants:				
Corporation for Public Broadcasting	1,243,914	-	1,243,914	1,134,243
Other	455,770	130,000	585,770	925,774
Fundraising Event, Net of Direct Expenses of \$86,072 and \$97,476, Respectively	52,405	-	52,405	154,363
Contributions of Nonfinancial Assets	311,943	-	311,943	348,820
Production Services	175,430	-	175,430	104,975
Underwriting	285,759	-	285,759	220,768
Instructional Television Programming	21,902	-	21,902	21,443
Loss on Disposal of Fixed Assets	(235)	-	(235)	-
Change in Value of Beneficial Interest in Perpetual Trust	-	5,730	5,730	4,204
Digital Advertising	184,783	-	184,783	-
Miscellaneous	96,040	-	96,040	194,862
Total	4,794,169	135,730	4,929,899	5,194,637
Net Assets Released from Restrictions	206,846	(206,846)	-	-
Total Revenues and Support	5,001,015	(71,116)	4,929,899	5,194,637
EXPENSES				
Program Services:				
Programming and Production	6,269,177	-	6,269,177	8,153,747
Broadcasting	2,229,074	-	2,229,074	2,492,343
Total Program Services	8,498,251	-	8,498,251	10,646,090
Supporting Services:				
Fundraising and Development	2,294,804	-	2,294,804	2,163,698
Administrative and General	2,676,727	-	2,676,727	2,192,350
Total Supporting Services	4,971,531	-	4,971,531	4,356,048
Total Expenses	13,469,782	-	13,469,782	15,002,138
DECREASE IN NET ASSETS FROM OPERATING ACTIVITIES	(8,468,767)	(71,116)	(8,539,883)	(9,807,501)
NONOPERATING ACTIVITY				
Interest and Dividend Income, Net	2,481,034	-	2,481,034	2,784,439
Interest Expense	(359,381)	-	(359,381)	(496,667)
Realized Loss on Investments	(840,339)	-	(840,339)	(1,201,602)
Unrealized Gain on Investments	7,951,796	-	7,951,796	6,754,841
Total Nonoperating Income	9,233,110	-	9,233,110	7,841,011
INCREASE (DECREASE) IN NET ASSETS	764,343	(71,116)	693,227	(1,966,490)
Net Assets - Beginning of Year	124,855,028	264,926	125,119,954	127,086,444
NET ASSETS - END OF YEAR	<u>\$ 125,619,371</u>	<u>\$ 193,810</u>	<u>\$ 125,813,181</u>	<u>\$ 125,119,954</u>

See accompanying Notes to Consolidated Financial Statements.

**WLVY-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 2,015,185	\$ 70,000	\$ 2,085,185
Grants:			
Corporation for Public Broadcasting	1,134,243	-	1,134,243
Other	770,774	155,000	925,774
Fundraising Event, Net of Direct Expenses of \$97,476	154,363	-	154,363
Contributions of Nonfinancial Assets	348,820	-	348,820
Production Services	104,975	-	104,975
Underwriting	220,768	-	220,768
Instructional Television Programming	21,443	-	21,443
Change in Value of Beneficial Interest in Perpetual Trust	-	4,204	4,204
Miscellaneous	194,862	-	194,862
Total	4,965,433	229,204	5,194,637
Net Assets Released from Restrictions	163,186	(163,186)	-
Total Revenues and Support	5,128,619	66,018	5,194,637
EXPENSES			
Program Services:			
Programming and Production	8,153,747	-	8,153,747
Broadcasting	2,492,343	-	2,492,343
Total Program Services	10,646,090	-	10,646,090
Supporting Services:			
Fundraising and Development	2,163,698	-	2,163,698
Administrative and General	2,192,350	-	2,192,350
Total Supporting Services	4,356,048	-	4,356,048
Total Expenses	15,002,138	-	15,002,138
DECREASE IN NET ASSETS FROM OPERATING ACTIVITIES	(9,873,519)	66,018	(9,807,501)
NONOPERATING ACTIVITY			
Interest and Dividend Income, Net	2,784,439	-	2,784,439
Interest Expense	(496,667)	-	(496,667)
Realized Loss on Investments	(1,201,602)	-	(1,201,602)
Unrealized Gain on Investments	6,754,841	-	6,754,841
Total Nonoperating Income	7,841,011	-	7,841,011
DECREASE IN NET ASSETS	(2,032,508)	66,018	(1,966,490)
Net Assets - Beginning of Year	126,887,536	198,908	127,086,444
NET ASSETS - END OF YEAR	\$ 124,855,028	\$ 264,926	\$ 125,119,954

See accompanying Notes to Consolidated Financial Statements.

**WLVT-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	Program Expenses				Supporting Expenses			Total Expenses	
	Programming and Production - TV	Programming and Production - Radio	Broadcasting	Total Program Expenses	Fundraising and Development	Administrative and General	Total Supporting Expenses	2024	2023
Advertising and Promotion	\$ 177,428	\$ -	\$ -	\$ 177,428	\$ 1,297	\$ -	\$ 1,297	\$ 178,725	\$ 643,719
Amortization	-	-	-	-	-	6,364	6,364	6,364	6,364
Credit Losses	-	-	-	-	-	536,211	536,211	536,211	-
Conferences and Meetings	6,555	250	-	6,805	2,213	6,601	8,814	15,619	14,379
Contracted Services	746,699	109,884	162,140	1,018,723	412,531	88,096	500,627	1,519,350	2,685,650
Depreciation	466,244	22,374	98,779	587,397	58,173	109,296	167,469	754,866	833,044
Development	18,095	-	-	18,095	231,880	-	231,880	249,975	222,404
Employee Benefits	503,489	307	91,263	595,059	249,726	156,585	406,311	1,001,370	1,002,143
Equipment and Facility Rental	5,503	-	1,690	7,193	1,318	-	1,318	8,511	35,140
General Insurance	-	-	-	-	-	120,453	120,453	120,453	120,910
Licenses, Dues and Subscriptions	78,045	39,685	56,355	174,085	24,332	47,369	71,701	245,786	243,091
Miscellaneous	-	-	-	-	560	1,025	1,585	1,585	14,357
Office Supplies and Bank Fees	17,825	259	9,402	27,486	48,503	55,641	104,144	131,630	110,516
Payroll Taxes	185,321	-	39,215	224,536	82,194	71,326	153,520	378,056	391,596
Postage and Printing	20,790	247	29	21,066	70,321	26,482	96,803	117,869	129,396
Professional Fees	4,453	-	-	4,453	825	110,387	111,212	115,665	146,706
Programming	1,055,627	94,877	2,025	1,152,529	46	(958)	(912)	1,151,617	1,108,226
Repairs and Maintenance	8,806	9,407	191,703	209,916	3,680	45	3,725	213,641	313,898
Salaries and Wages	2,612,579	-	518,591	3,131,170	1,078,907	1,310,228	2,389,135	5,520,305	5,665,742
Spectrum Rental	-	-	400,000	400,000	-	-	-	400,000	400,000
Supplies and Equipment	15,608	3,570	4,799	23,977	205	54	259	24,236	59,994
Telephone and Utilities	18,691	-	652,050	670,741	-	598	598	671,339	723,326
Travel and Entertainment	46,358	201	1,033	47,592	28,093	30,924	59,017	106,609	131,537
Total	\$ 5,988,116	\$ 281,061	\$ 2,229,074	\$ 8,498,251	\$ 2,294,804	\$ 2,676,727	\$ 4,971,531	\$ 13,469,782	\$ 15,002,138

See accompanying Notes to Consolidated Financial Statements.

**WLVT-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Expenses				Supporting Expenses			
	Programming and Production - TV	Programming and Production - Radio	Broadcasting	Total Program Expenses	Fundraising and Development	Administrative and General	Total Supporting Expenses	Total Expenses
Advertising and Promotion	\$ 618,105	\$ 23,114	\$ -	\$ 641,219	\$ 2,500	\$ -	\$ 2,500	\$ 643,719
Amortization	-	-	-	-	-	6,364	6,364	6,364
Conferences and Meetings	2,578	175	350	3,103	7,888	3,388	11,276	14,379
Contracted Services	1,964,010	107,459	173,625	2,245,094	363,908	76,648	440,556	2,685,650
Depreciation	512,153	26,283	93,172	631,608	99,876	101,560	201,436	833,044
Development	7,500	-	-	7,500	214,904	-	214,904	222,404
Employee Benefits	516,804	1,865	92,709	611,378	181,175	209,590	390,765	1,002,143
Equipment and Facility Rental	23,996	-	1,628	25,624	8,916	600	9,516	35,140
General Insurance	-	-	-	-	-	120,910	120,910	120,910
Licenses, Dues and Subscriptions	81,581	39,587	53,294	174,462	26,670	41,959	68,629	243,091
Miscellaneous	-	-	-	-	15,000	(643)	14,357	14,357
Office Supplies and Bank Fees	29,949	615	5,171	35,735	46,253	28,528	74,781	110,516
Payroll Taxes	199,243	-	43,313	242,556	72,859	76,181	149,040	391,596
Postage and Printing	29,504	2,256	221	31,981	73,758	23,657	97,415	129,396
Professional Fees	36,647	2,288	-	38,935	-	107,771	107,771	146,706
Programming	885,062	106,530	11,734	1,003,326	-	104,900	104,900	1,108,226
Repairs and Maintenance	44,583	9,407	256,228	310,218	3,680	-	3,680	313,898
Salaries and Wages	2,787,738	-	622,254	3,409,992	1,026,254	1,229,496	2,255,750	5,665,742
Spectrum Rental	-	-	400,000	400,000	-	-	-	400,000
Supplies and Equipment	19,658	20,964	18,144	58,766	200	1,028	1,228	59,994
Telephone and Utilities	7,015	-	715,208	722,223	378	725	1,103	723,326
Travel and Entertainment	46,881	197	5,292	52,370	19,479	59,688	79,167	131,537
Total	\$ 7,813,007	\$ 340,740	\$ 2,492,343	\$ 10,646,090	\$ 2,163,698	\$ 2,192,350	\$ 4,356,048	\$ 15,002,138

See accompanying Notes to Consolidated Financial Statements.

**WLVY-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 693,227	\$ (1,966,490)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	754,866	833,044
Amortization Expense	6,365	6,365
Credit Loss Expense	536,211	-
Loss on Disposal of Fixed Assets	235	-
Realized Loss on Investments	840,339	1,201,602
Unrealized Gain on Investments	(7,951,796)	(6,754,841)
Change in Value of Beneficial Interest in Perpetual Trust	(5,730)	(4,204)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	160,160	25,933
Grants Receivable	(88,000)	379,864
Pledges Receivable	44,611	282,946
Due from Related Parties	(158,506)	14,114
Prepaid Expenses	47,423	(66,907)
Beneficial Interest in Perpetual Trust	2,846	3,276
Accounts Payable and Accrued Expenses	(370,301)	629,944
Deferred Operating Expenses	-	517
Contract Liabilities	15,642	17,799
Net Cash Used by Operating Activities	(5,472,408)	(5,397,038)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	19,803,966	13,128,592
Purchases of Investments	(11,369,551)	(4,104,465)
Purchases of Property and Equipment	(138,155)	(444,033)
Net Cash Provided by Investing Activities	8,296,260	8,580,094
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from Line of Credit	871,775	6,804,915
Payments on Line of Credit	(3,690,935)	(10,049,711)
Net Cash Used by Financing Activities	(2,819,160)	(3,244,796)
NET INCREASE (DECREASE) IN CASH	4,692	(61,740)
Cash - Beginning of Year	23,201	84,941
CASH - END OF YEAR	\$ 27,893	\$ 23,201

See accompanying Notes to Consolidated Financial Statements.

**WLVT-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
NON CASH OPERATING ACTIVITIES		
In-Kind Contribution of Services	<u>\$ 311,943</u>	<u>\$ 348,820</u>
ADDITIONAL CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 359,381</u>	<u>\$ 496,667</u>

See accompanying Notes to Consolidated Financial Statements.

**WLVT-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature and Purpose of the Organization

WLVT-TV Channel 39 is a community television station licensed to the Lehigh Valley Public Telecommunications Corporation, (WLVT) a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC). The station provides public broadcasting services to Pennsylvania's Lehigh Valley and surrounding communities. WLVT RE, a nonprofit corporation under Section 501 (c)(2) of the IRC, was formed in December 2010 to hold title to all real property of the Organization and provide developmental support to WLVT. Collectively, the entities operate as Lehigh Valley Public Media.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of WLVT-TV and WLVT RE, Inc., collectively known as the Organization. WLVT RE, Inc. (WLVT RE) is consolidated since WLVT-TV Channel 39 has a controlling interest in the entity. All material intercompany transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting, in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or law and include funds designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor 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 those resources be maintained in perpetuity.

Cash

Cash consists of non-interest bearing checking accounts which are maintained at two financial institutions.

**WLVY-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses

Accounts receivables are stated at their estimated collectible amounts and comprise amounts billed and currently due from customers. The Organization extends credit to customers in the normal course of business. The Organization establishes an allowance for credit losses to present the net amount of accounts receivable expected to be collected. The allowance represents the estimate of expected credit losses based on historical experience, current economic conditions, and certain forward-looking information. Management believes the allowance for credit losses of \$21,700 and \$51,566 at June 30, 2024 and 2023, respectively, is reasonable.

Pledges Receivable

Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Unconditional promises to give 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. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises. The allowance is based on prior year experience and management's analysis of specific promises made.

Valuation of Investments in Securities at Fair Value

The Organization complies with the provisions of FASB ASC 820, *Fair Value Measurement and Disclosures*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

**WLVTV-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Investments in Securities at Fair Value (Continued)

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Property and Equipment

Donations of property and equipment are recorded at their estimated fair value at the date of donation. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Purchased property and equipment are recorded at cost. Maintenance and repairs which neither materially add to the value of property nor appreciably prolong its life are charged to expense. The cost of assets retired or otherwise disposed of, and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Related gains or losses from such transactions are credited or charged to income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

Intangible Assets

The spectrum usage rights (refer to Note 11) and broadcast license (refer to Note 7) are considered indefinite-lived intangibles and are not subject to amortization but are tested for impairment annually and whenever events or circumstances change, such as a significant adverse change in the economic climate that would make it more likely than not that impairment may have occurred. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Management has reviewed the Organization's intangible assets and believes that there has been no impairment as of June 30, 2024.

Revenue Recognition

The Organization's membership base generally consists of viewers and other patrons located in the Lehigh Valley and surrounding regions of Pennsylvania. Operating revenue is mainly generated through membership contributions and support, grants from the Center for Public Broadcasting and other organizations and underwriting and production activities. Local economic factors and government regulations can have an impact on the amount and timing of the Organization's revenue and cash flow.

At June 30, 2024 and 2023, the Organization held no contract assets. Accounts receivable, net was \$281,397 at July 1, 2022.

Contract liabilities at June 30, 2024 and 2023 consisted solely of deferred revenue which totaled \$98,199 and \$82,557, respectively. Contract liabilities at June 30, 2022 totaled \$64,758.

**WLVT-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

In accordance with ASC 958, contributions are comprised primarily of membership and other donations which are recorded as revenue when the unconditional promise to give has been made. Donor restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restriction support that increases that net asset class. When a temporary restriction expires, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the consolidated statements of activities as Net Assets Released from Restrictions.

Grants

The Organization receives grant revenue from the Corporation for Public Broadcasting as well as other supporting organizations. Grant revenue deemed to be a contribution and whose restrictions are met within the same year as received are reported as grants without donor restrictions in the accompanying consolidated financial statements. Revenue derived from cost-reimbursable grants are conditioned upon certain performance requirements or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization incurred expenditures in compliance with specific grant provisions. The Organization received grants of \$360,000 that have not been recognized at June 30, 2024 because certain grant conditions have not yet been met.

Underwriting and Production Services

In accordance with ASC 606, *Revenue from Contracts with Customers*, revenues for underwriting and production services are recorded as a contract liability and recognized over the period during which the related expenses are incurred, which coincides with the period during which the underwritten programming is broadcast and production assignment are complete.

Contributions of Nonfinancial Assets

Contributed nonfinancial assets comprise of the net activity derived from trade agreements with various businesses and are used in broadcast operations and promotion of the Organization's mission. The Organization estimated the fair value of the contributions based on values assigned in trade agreements. Contributed nonfinancial assets were charged to the following expenses:

	2024	2023
Broadcasting	\$ 172,004	\$ 302,000
Programming and Production	28,469	-
Radio	86,355	-
Fundraising and Development	21,850	40,129
Administrative and General	3,266	6,691
Total	\$ 311,944	\$ 348,820

**WLVT-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Promotions

The Organization expenses advertising costs as they are incurred. Total advertising and promotion costs for the years ended June 30, 2024 and 2023 were \$178,725 and \$643,719, respectively, including \$14,000 and \$38,350, respectively, of in-kind advertising.

Functional Expenses

The consolidated statement of functional expenses reports certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are tracked and recorded based on usage by the various internal departments of the Organization. Each of the internal departments is assigned to either a program or supporting function and the expenses incurred by the department are allocated to the respective functional category on the consolidated statement of functional expenses. Depreciation expense is allocated based on the average employee headcount within each functional category.

Income Taxes

No provision for income taxes has been made in the consolidated financial statements since WLVT is exempt from federal and state income taxes under Section 501(c)(3) of the IRC and similar state provisions. WLVT RE is exempt under Section 501(c)(2) of the IRC and similar state provisions. However, income from activities not directly related to the Organization's tax-exempt purpose, if any, would be subject to taxation as unrelated business income.

The Organization complies with guidance for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more likely than not the position will be sustained upon examination by tax authorities. As of June 30, 2024 and 2023, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

Estimates

The preparation of consolidated financial statements, in accordance with generally accepted accounting principles, requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**WLVT-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

The Organization adopted FASB 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended (CECL), which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of CECL resulted in considerations of changes to the Organization’s accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses, and how the allowance for credit losses is determined. The adoption of CECL did not have a material impact on the Organization’s consolidated financial statements but did change how the allowance for credit losses is determined.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and lease liabilities on the consolidated statement of financial position.

ROU 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. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

**WLVTV-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization maintains financial assets, such as cash and investment securities, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. The Organization's cash flows and liquidity are primarily driven by returns earned and distributions taken on the Organization's investment holdings. Supporting cash flows are also provided by donor contributions and grants, which are typically available for operations unless the donor or grantor has identified a specific restriction for the gift. As of June 30, 2024, the Organization also has approximately \$9,200,000 in lines of credit available in the event of an unexpected liquidity need.

Financial assets available for general expenditure within one year of the consolidated statement of financial position date comprise the following:

	<u>2024</u>	<u>2023</u>
Cash	\$ 27,893	\$ 23,201
Accounts Receivable, Net	91,614	255,464
Grants Receivable	88,000	-
Pledges Receivable	285,000	426,871
Investments, at Fair Value	<u>78,962,844</u>	<u>80,222,926</u>
Total	<u>\$ 79,455,351</u>	<u>\$ 80,928,462</u>

NOTE 3 CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash accounts at two financial institutions. The amounts held at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000. The risk is managed by maintaining all deposits at high quality financial institutions. At times during the year the Organization's accounts may be in excess of federally insured limits. The Organization had at-risk balances of approximately \$26,000 and \$106,000 at June 30, 2024 and 2023, respectively.

NOTE 4 INVESTMENTS

The Organization's investments in securities are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with FASB ASC 820 (see Note 1). Investments holdings at fair value are summarized as follows:

Level 1:	<u>2024</u>	<u>2023</u>
Equity Mutual Funds	\$ 55,904,591	\$ 57,114,691
Fixed Income Mutual Funds	23,003,867	23,103,981
Money Markets	54,386	4,254
Total	<u>\$ 78,962,844</u>	<u>\$ 80,222,926</u>

**WLVY-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 INVESTMENTS (CONTINUED)

Total investment return and its classification in the consolidated statements of activities are summarized as follows:

	<u>2024</u>	<u>2023</u>
Interest and Dividend Income	\$ 2,553,709	\$ 2,845,440
Investment Fees	(72,675)	(61,001)
Realized Loss on Investments	(840,339)	(1,201,602)
Unrealized Gain on Investments	7,951,796	6,754,841
Total Return on Investments	<u>\$ 9,592,491</u>	<u>\$ 8,337,678</u>

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 the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

The Organization has a 33.3% equity interest in LBF Spectrum Partners, LLC, (LBF) a partnership formed under a channel share agreement (CSA), with two other stations to hold, operate, and maintain certain transmission equipment to continue broadcasting after the sale of the Organization's spectrum usage rights in April 2017. The Organization accounts for its interest in LBF using the equity method. Under the equity method, the investment is initially recorded at cost and is subsequently increased by the Organization's contributions and proportional share of net income, and decreased by the Organization's distributions and proportional share of net loss. The Organization's investment in LBF was \$358,350 and \$421,231 at June 30, 2024 and 2023, respectively. At June 30, 2024, the Organization had a receivable balance with LBF of \$143,204 that is included in due from related parties on the consolidated statement of financial position. At June 30, 2023, the Organization had a payable balance with LBF of \$221,900 that is included in accounts payable and accrued expenses on the consolidated statement of financial position.

Total investments recorded under fair value and under the equity method for the years ended June 30, 2024 and 2023 were \$79,321,196 and \$80,644,157, respectively.

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Less than One Year	\$ 285,000	\$ 426,871
One to Five Years	642,460	1,077,721
Total	<u>\$ 927,460</u>	<u>\$ 1,504,592</u>

**WLVY-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 5 PLEDGES RECEIVABLE (CONTINUED)

Included in the pledges receivable balance at June 30, 2024 and 2023 is \$96,960 and \$48,365, respectively, from various unconditional promises to give from board members and other related parties to support the Organization's initiatives.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2024	2023
Land	\$ 949,471	\$ 949,471
Building and Improvements	9,954,969	9,903,905
Site Improvements	905,625	905,625
Equipment	3,818,209	8,136,691
Computers and Software	545,440	1,134,591
Furniture and Fixtures	601,559	646,884
Vehicles	48,778	75,864
Construction in Progress	3,460	18,045
Total	<u>16,827,511</u>	<u>21,771,076</u>
Less: Accumulated Depreciation	<u>8,429,791</u>	<u>12,756,410</u>
Property and Equipment, Net	<u>\$ 8,397,720</u>	<u>\$ 9,014,666</u>

Depreciation expense was \$754,866 and \$833,044 for the years ended June 30, 2024 and 2023, respectively.

NOTE 7 BROADCAST LICENSE

In 2018, the Organization acquired the broadcasting rights portion of the FCC license of station WYBE in Philadelphia for \$1. The license was recorded at its estimated fair market value of \$1,000,000 at the date of acquisition. The Organization incurred and capitalized \$95,463 in costs directly related to the acquisition of the license. These costs are being amortized based on a 15-year useful life. Amortization expense for each the years ended June 30, 2024 and 2023, was \$6,364.

NOTE 8 BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization has been named an income beneficiary in the will of an individual donor. The amount is held by a trust company in perpetuity and 17.25% of the net income is to be distributed to the Organization annually. The Organization uses the fair value basis for recognizing the asset. The method used to recognize the fair value is the fair market value of the assets contributed to the trust. The change in fair value is reflected as a gain or loss in net assets with donor restrictions. For the years ended June 30, 2024 and 2023, the Organization recognized gains of \$5,730 and \$4,204, respectively.

**WLVY-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 9 LINES OF CREDIT

The Organization has a \$1,500,000 unsecured line of credit available for operational purposes. The line of credit does not have a formal expiration date, and interest on outstanding borrowings was payable at 2.25% plus LIBOR 30-day EOM. In 2023, the line of credit agreement was amended to have interest on outstanding borrowing at 2.37% plus the 1-Month CME Term SOFR Loan Rate (7.70% at June 30, 2024). The outstanding balance was \$-0- at both June 30, 2024 and 2023.

The Organization also had a \$16,000,000 line of credit available for operational purposes. In March 2024, the line of credit agreement was modified to lower the available credit amount to \$10,000,000. Interest on outstanding borrowings is payable at 1.50% plus the 1-Month CME Term SOFR Loan Rate (7.06% at June 30, 2024). The expiration for the line of credit is December 31, 2025. The line of credit is secured by a portion of the Organization's property. The outstanding balance was \$3,760,551 and \$6,579,711 at June 30, 2024 and 2023, respectively. Subsequent to June 30, 2024, the line of credit balance was repaid in full.

The Organization has a \$1,500,000 line of credit available for operational purposes. The line of credit expires on September 23, 2025, and interest on outstanding borrowings is payable at 2.00% plus the Daily Simple SOFR Loan Rate (7.34% at June 30, 2024). The outstanding balance was \$-0- at both June 30, 2024 and 2023.

NOTE 10 COLLABORATIVE ARRANGEMENTS

The Organization entered into an agreement with France Medias Monde (France 24) to broadcast France 24 programming over their secondary channel broadcast license. In exchange, France 24 provided \$168,000 per year to offset the operating costs of broadcasting the programs. The agreement has been subsequently renewed and amended with the most recent being in June 2022 to extend the term to August 2024 and to update the fee to \$40,000 per year. The Organization has accrued deferred operating expenses related to the agreement of \$6,667 at both June 30, 2024 and 2023.

The Organization entered into an agreement to outsource certain marketing and technology services to a third-party vendor. The agreement is for a four year term with automatic three-year renewals. The agreement requires monthly payments of \$14,100 per month, plus certain incentive and additional fees. Total expenses under this agreement were \$311,677 and \$336,089 for the years ended June 30, 2024 and 2023, respectively.

The Organization entered into an agreement to authorize VIA Media to act as an agent for underwriting activities for the station. Under the agreement, the Organization collects 60% of the gross underwriting revenue collected by the agent. The agreement is for a three-year term with additional one year renewals thereafter. Total revenue earned under the agreement was \$56,627 and \$57,233 for the years ended June 30, 2024 and 2023, respectively.

**WLVY-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 COLLABORATIVE ARRANGEMENTS (CONTINUED)

The Organization entered into an agreement with Todd Donnelly Enterprises, LLC (TDE) to also act as an agent for underwriting activities for the station. Under the agreement, the Organization collected between 60% and 100% of gross underwriting revenue collected by the agent, as determined by the terms of the contract. Total revenue earned under the agreements was \$36,142 and \$46,264 for the years ended June 30, 2024 and 2023, respectively.

The Organization had a receivable balance of \$122,216 from the revenue guarantee from the prior agreements. The Organization reached an agreement with TDE to convert \$50,000 of the balance into a five-year pledge with the remaining balance being forgiven. In addition, the agreement was amended for the Organization to collect 60% of the gross underwriting revenue collected by the agent. The owner of TDE is a board member of the Organization.

The Organization executed a capacity reallocation agreement for additional broadcast capacity from one of their channel share partners in August 2017. The agreement requires the Organization to pay an annual re-allocation fee of \$400,000 to the channel share partner. The agreement has automatic one year renewal terms and can be terminated at the request of either party. Total expenses under this agreement were \$400,000 for each of the years ended June 30, 2024 and 2023.

The Organization entered into an agreement with Lehigh University (the University) for the management and programming of the University's radio station. Under the agreement, the Organization will be responsible for providing all programming for the station and for the costs incurred in the operation and management of the station. In return, the Organization will provide the University with educational opportunities for their students as well as other incentives. The agreement has a ten-year term with one ten-year renewal.

In October 2021, the Organization entered into an agreement with the Information Equity Initiative (IEI) to provide an advance of working capital. The advance will be repaid once unrestricted funds are available to IEI. The outstanding advance balance to the Organization is \$290,104 and \$274,802 at June 30, 2024 and 2023, respectively. The Organization has terminated the agreement with IEI as of June 30, 2024. IEI is a related party to the Organization.

NOTE 11 SPECTRUM USAGE RIGHTS

In April 2017, the Organization participated in a broadcast television spectrum incentive auction facilitated by the Federal Communications Commission (FCC). The Organization received a winning bid in the auction and sold its spectrum usage rights for \$121,752,169.

The Organization received the proceeds from the auction in July 2017 and relinquished its usage rights to the winning bidder.

**WLVY-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 11 SPECTRUM USAGE RIGHTS (CONTINUED)

In order to continue broadcasting, the Organization entered into a channel sharing agreement (CSA) with another station that received a winning bid in the spectrum auction (Sharee) and a station that retained their spectrum usage rights (Sharer). Under the CSA, the Organization purchased a 33.3% interest in the spectrum usage rights of the Sharer station for \$39,876,085, with payment occurring upon receipt of the spectrum auction proceeds. In addition, the partners in the CSA formed a joint venture to hold, operate, and maintain certain transmission equipment to operate the partner's respective broadcast stations under the CSA. The Organization's ownership in the venture is presented using the equity method for purposes of the consolidated financial statements; refer to Note 4.

NOTE 12 LEASES

The Organization leases a copier under a lease agreement with an expiration date of July 31, 2026. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Organization's leases.

	<u>2024</u>	<u>2023</u>
Operating Lease Cost:	\$ 16,908	\$ 16,908
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 16,908	\$ 16,908
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	-	65,219
Weighted-Average Remaining Lease Term - Operating Leases	2.1 Years	3.1 Years
Weighted-Average Discount Rate - Operating Leases	2.88%	2.88%

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 16,908
2026	16,908
2027	1,409
Thereafter	-
Undiscounted Cash Flows	<u>35,225</u>
Less: Imputed Interest	(994)
Total Present Value	<u>\$ 34,231</u>
Current Lease Liabilities	\$ 16,175
Long-Term Lease Liabilities	18,056
Total	<u>\$ 34,231</u>

**WLVTV-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 13 RETIREMENT PLAN

The Organization maintains a defined contribution 401(k) retirement plan for its employees. The plan allows employees to participate in the plan the first day of the month following the completion of 250 hours of service in a three-month period. The Organization will match up to 100% of an employee's contribution up to 3% of his/her base salary and an additional 50% of contributions over 3% but not exceeding 5%. Employees may elect to defer greater than 5% of the employee's base salary, up to the maximum allowed by law.

Employer contributions to the plan amounted to \$168,510 and \$163,181 for the years ended June 30, 2024 and 2023, respectively.

NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods.

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specific Purpose:		
Education	\$ 130,000	\$ 204,000
Subject to the Organization's Appropriation:		
Donor-Restricted Gift Required to be Maintained in Perpetuity by Donor	63,810	60,926
Total	<u>\$ 193,810</u>	<u>\$ 264,926</u>

NOTE 15 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows:

	<u>2024</u>	<u>2023</u>
Purpose Restrictions Accomplished:		
Production and Programming	\$ -	\$ 158,911
Education	204,000	1,000
Operational Support	2,846	3,275
Total	<u>\$ 206,846</u>	<u>\$ 163,186</u>

NOTE 16 SUPPORT AND REVENUE CONCENTRATION

The Organization receives contributions from both individuals and businesses to support its various programs. During each of the years ended June 30, 2024 and 2023, the Organization received grant funding from one source representing 25% and 21%, respectively, of total operating revenues and support.

**WLVT-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 17 LEGAL MATTERS

From time to time, the Organization is involved in litigation and other legal proceedings arising in the ordinary course of business. The Organization does not expect these matters to have a material impact on its financial position, results of operations, or cash flows. Management believes that the resolution of these matters will not have a significant adverse effect on the Organization's financial statements.

NOTE 18 SUBSEQUENT EVENTS

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 17, 2024, the date on which the consolidated financial statements were issued. Except as disclosed in Note 9, no events or transactions occurred that would require recognition or disclosure in the consolidated financial statements.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
WLVT-TV Channel 39 Lehigh Valley Public
Telecommunications Corporation and Affiliates
Bethlehem, Pennsylvania

We have audited the consolidated financial statements of WLVT - TV Channel 39 Lehigh Valley Public Telecommunications Corporation and Affiliates as of and for the years ended June 30, 2024 and 2023, and have issued our report thereon dated December 17, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Activities – TV and Radio is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bethlehem, Pennsylvania
December 17, 2024

**WLVT-TV CHANNEL 39 LEHIGH VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION AND AFFILIATES
SCHEDULE OF ACTIVITIES – TV AND RADIO
YEAR ENDED JUNE 30, 2024**

	TV	Radio	Total
REVENUES AND SUPPORT			
Without Donor Restrictions:			
Contributions	\$ 1,934,060	\$ 32,398	\$ 1,966,458
Grants			
Corporation for Public Broadcasting	1,243,914	-	1,243,914
Other	585,770	-	585,770
Fundraising Event, Net of Direct Expenses of \$86,072	52,405	-	52,405
Contributions of Nonfinancial Assets	225,588	86,355	311,943
Production Services	172,850	2,580	175,430
Underwriting	183,724	102,035	285,759
Instructional Television Programming	21,902	-	21,902
Loss on Disposal of Fixed Assets	(235)	-	(235)
Digital Advertising	184,783	-	184,783
Miscellaneous	96,040	-	96,040
With Donor Restrictions:			
Change in Value of Beneficial Interest in Perpetual Trust	5,730	-	5,730
Investment Return	9,592,491	-	9,592,491
Total Revenues and Support	14,299,022	223,368	14,522,390
EXPENSES			
Programming and Production:			
Advertising and Promotion	177,428	-	177,428
Conferences and Meetings	6,555	250	6,805
Contracted Services	746,699	109,884	856,583
Depreciation	466,244	22,374	488,618
Development	18,095	-	18,095
Employee Benefits	503,489	307	503,796
Equipment and Facility Rental	5,503	-	5,503
Licenses, Dues, and Subscriptions	78,045	39,685	117,730
Office Supplies and Bank Fees	17,825	259	18,084
Payroll Taxes	185,321	-	185,321
Postage and Printing	20,790	247	21,037
Professional Fees	4,453	-	4,453
Programming	1,055,627	94,877	1,150,504
Repairs and Maintenance	8,806	9,407	18,213
Salaries and Wages	2,612,579	-	2,612,579
Supplies and Equipment	15,608	3,570	19,178
Telephone and Utilities	18,691	-	18,691
Travel and Entertainment	46,358	201	46,559
Total Programming and Production	5,988,116	281,061	6,269,177
Broadcasting	2,194,789	34,285	2,229,074
Supporting Services:			
Fundraising and Development	2,187,776	(7,276)	2,180,500
Underwriting and Grant Solicitation	73,490	40,814	114,304
Administrative and General	2,635,556	41,171	2,676,727
Interest Expense	359,381	-	359,381
Total Expenses	13,439,108	390,055	13,829,163
INCREASE (DECREASE) IN NET ASSETS	\$ 859,914	\$ (166,687)	\$ 693,227



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