Michiana Public Broadcasting Corporation

Financial Report

September 30, 2022

Contents

Plante & Moran, PLLC
Suite 300
750 Trade Centre Way
Portage, MI 49002
Tel: 269.567.4500
Fax: 269.567.4501
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Michiana Public Broadcasting Corporation

Opinion

We have audited the financial statements of Michiana Public Broadcasting Corporation (the "Corporation"), which comprise the statement of financial position as of September 30, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of September 30, 2022 and 2021 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Corporation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audits of the Financial Statements

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

To the Board of Directors
Michiana Public Broadcasting Corporation

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

November 21, 2022

Statement of Financial Position

September 30, 2022 and 2021

	2022	2021
Assets		
Cash	$ 586,316	$ 528,022
Investments (Note 6)	230,285	249,400
Underwriting receivable - Less allowance for doubtful receivables of $5,660 in 2022 and 2021	98,219	60,645
Grants and other receivables - Less allowance for doubtful receivables of $4,544 in 2022 and $5,940 in 2021	273,831	274,759
Program contract rights	482,580	451,080
Other assets	88,530	128,565
Property and equipment - Net (Note 7)	5,356,938	4,964,730
Total assets	**$ 7,116,699**	**$ 6,657,201**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 669,770	$ 36,324
Refundable advances (Note 2)	111,000	155,000
Contract liabilities (Note 4)	130,755	173,428
Accrued compensation	71,885	75,778
Program contract rights payable	610,047	564,779
Deferred gain on sale-leaseback transaction (Note 10)	375,557	409,442
Capital lease obligation (Note 10)	1,123,992	1,176,809
Total liabilities	3,093,006	2,591,560
Net Assets		
Without donor restrictions	4,023,693	3,965,641
With donor restrictions (Note 2)	-	100,000
Total net assets	4,023,693	4,065,641
Total liabilities and net assets	**$ 7,116,699**	**$ 6,657,201**

Statement of Activities and Changes in Net Assets

Years Ended September 30, 2022 and 2021

	2022	2021
Changes in Net Assets without Donor Restrictions		
Revenue and support:		
Contributions and support	$ 555,709	$ 325,812
Corporation for Public Broadcasting grants (Note 3)	870,365	879,591
Corporation for Public Broadcasting grants - Stabilization funds (Note 3)	-	490,365
State grants	425,584	439,853
Federal Communications Commission grants	25,394	6,400
Member income	1,084,760	1,032,585
Program underwriting (Note 4)	777,308	855,901
Program underwriting - Contributed nonfinancial assets (Notes 4 and 5)	243,425	136,913
Other income	161,995	187,668
Net assets released from restrictions	100,000	-
Total revenue and support	4,244,540	4,355,088
Expenses:		
Program services:		
Production and broadcasting	1,259,567	1,255,235
Programming and education	915,677	873,849
Promotion	192,112	166,006
Total program services	2,367,356	2,295,090
Support services:		
Management and general	845,903	769,317
Memberships and development	1,007,114	867,212
Total support services	1,853,017	1,636,529
Total expenses	4,220,373	3,931,619
Gain from Operating Activities	24,167	423,469
Other Items		
Forgiveness of Paycheck Protection Program loan (Note 9)	-	277,100
Amortization of deferred gain	33,885	33,885
Increase in Net Assets without Donor Restrictions	58,052	734,454
Changes in Net Assets with Donor Restrictions		
Contributions	-	100,000
Net assets released from restrictions	(100,000)	-
(Decrease) Increase in Net Assets with Donor Restrictions	(100,000)	100,000
(Decrease) Increase in Net Assets	(41,948)	834,454
Net Assets - Beginning of year	4,065,641	3,231,187
Net Assets - End of year	**$ 4,023,693**	**$ 4,065,641**

Statement of Functional Expenses

Year Ended September 30, 2022

	Program Services				Support Services			
	Production and Broadcasting	Programming and Education	Promotion	Total Program Services	Management and General	Memberships and Development	Total Support Services	Total
Salaries	$ 584,627	$ 79,761	$ 76,272	$ 740,660	$ 224,056	$ 419,204	$ 643,260	$ 1,383,920
Employee benefits	54,570	5,357	105	60,032	4,591	18,618	23,209	83,241
Retirement	13,335	845	1,752	15,932	458	9,489	9,947	25,879
Payroll taxes	41,914	5,543	5,625	53,082	16,486	31,798	48,284	101,366
Total salaries and related expenses	694,446	91,506	83,754	869,706	245,591	479,109	724,700	1,594,406
PBS programming	-	587,975	-	587,975	-	-	-	587,975
Other programming	-	30,331	-	30,331	-	27,363	27,363	57,694
Dues and subscriptions	2,744	-	-	2,744	71,918	-	71,918	74,662
Telephone and utilities	42,257	591	-	42,848	158,521	5,477	163,998	206,846
Materials and supplies	8,048	10,525	7,889	26,462	8,567	7,746	16,313	42,775
Printing and publications	708	32,773	50,097	83,578	-	28,059	28,059	111,637
Advertising, marketing, and development	-	61,090	38,057	99,147	-	243,425	243,425	342,572
Postage and shipping	2,144	20	-	2,164	10,562	18,128	28,690	30,854
Travel and conferences	4,150	761	12,315	17,226	9,519	11,340	20,859	38,085
Repairs and maintenance	121,778	196	-	121,974	-	-	-	121,974
Insurance	-	-	-	-	41,911	-	41,911	41,911
Interest and bank charges	57,623	-	-	57,623	1,833	28,018	29,851	87,474
Depreciation and amortization	142,814	57,609	-	200,423	105,685	-	105,685	306,108
Contract services	166,985	42,300	-	209,285	187,584	73,705	261,289	470,574
Bad debt	-	-	-	-	-	57,236	57,236	57,236
Miscellaneous	15,870	-	-	15,870	4,212	27,508	31,720	47,590
Total functional expenses	**$ 1,259,567**	**$ 915,677**	**$ 192,112**	**$ 2,367,356**	**$ 845,903**	**$ 1,007,114**	**$ 1,853,017**	**$ 4,220,373**

See notes to financial statements.

Statement of Functional Expenses

Year Ended September 30, 2021

	Program Services				Support Services			
	Production and Broadcasting	Programming and Education	Promotion	Total Program Services	Management and General	Memberships and Development	Total Support Services	Total
Salaries	$ 587,085	$ 48,396	$ 34,636	$ 670,117	$ 212,819	$ 361,676	$ 574,495	$ 1,244,612
Employee benefits	55,980	4,823	92	60,895	4,100	21,579	25,679	86,574
Retirement	12,092	803	-	12,895	524	9,268	9,792	22,687
Payroll taxes	41,777	3,335	2,633	47,745	15,582	26,387	41,969	89,714
Total salaries and related expenses	696,934	57,357	37,361	791,652	233,025	418,910	651,935	1,443,587
PBS programming	-	600,964	-	600,964	-	-	-	600,964
Other programming	-	24,223	-	24,223	-	45,381	45,381	69,604
Dues and subscriptions	2,528	-	-	2,528	65,698	-	65,698	68,226
Telephone and utilities	40,939	450	-	41,389	137,169	4,172	141,341	182,730
Materials and supplies	8,118	8,141	27,522	43,781	8,228	6,373	14,601	58,382
Printing and publications	120	42,180	46,894	89,194	49	25,159	25,208	114,402
Advertising, marketing, and development	-	40,925	2,355	43,280	-	136,913	136,913	180,193
Postage and shipping	1,947	-	-	1,947	5,630	14,338	19,968	21,915
Travel and conferences	1,339	-	12,245	13,584	2,935	8,303	11,238	24,822
Repairs and maintenance	151,898	-	-	151,898	279	-	279	152,177
Insurance	-	-	-	-	40,146	-	40,146	40,146
Interest and bank charges	60,202	-	-	60,202	2,469	25,593	28,062	88,264
Depreciation and amortization	137,451	57,609	-	195,060	105,112	-	105,112	300,172
Contract services	147,795	42,000	39,629	229,424	167,013	72,101	239,114	468,538
Bad debt	-	-	-	-	80	88,969	89,049	89,049
Miscellaneous	5,964	-	-	5,964	1,484	21,000	22,484	28,448
Total functional expenses	**$ 1,255,235**	**$ 873,849**	**$ 166,006**	**$ 2,295,090**	**$ 769,317**	**$ 867,212**	**$ 1,636,529**	**$ 3,931,619**

See notes to financial statements.

Statement of Cash Flows

Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (41,948)	$ 834,454
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Depreciation and amortization	306,108	300,172
Bad debt expense	57,236	88,969
Unrealized loss on investments	23,215	600
Amortization of program contract rights	618,306	633,770
Amortization of deferred gain	(33,885)	(33,885)
Forgiveness of Paycheck Protection Program loan	-	(277,100)
Changes in operating assets and liabilities that (used) provided cash:		
Underwriting receivables	(45,227)	(37,939)
Grants and other receivables	(48,655)	(74,925)
Program contract rights	(604,538)	(647,126)
Other assets	40,035	(17,791)
Accounts payable	52,061	(25,949)
Contract liabilities	(42,673)	(23,897)
Accrued compensation	(3,893)	(8,164)
Refundable advances	(44,000)	(110,955)
Net cash provided by operating activities	232,142	600,234
Cash Flows from Investing Activities		
Purchase of property and equipment	(116,931)	(97,336)
Purchases of investments	(4,100)	(250,000)
Net cash used in investing activities	(121,031)	(347,336)
Cash Flows Used in Financing Activities - Payments on capital lease	(52,817)	(50,246)
Net Increase in Cash	58,294	202,652
Cash - Beginning of year	528,022	325,370
Cash - End of year	**$ 586,316**	**$ 528,022**
Supplemental Cash Flow Information - Property and equipment purchases included in accounts payable	$ 581,385	$ -

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Basis of Presentation

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

Classification of Net Assets

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

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. As of September 30, 2021, $100,000 of net assets was restricted for operation of the PBS Kids Channel. There were no net assets with donor restrictions as of September 30, 2022.

Grants and Other Receivables

Grants and other receivables consist of amounts awarded from the Corporation for Public Broadcasting (CPB) during the year and pledges from members. Based on management's review of the grants receivable balance and historical collection information, management has not recorded an allowance for doubtful receivables, as it is the opinion of management that the receivable will be collected in full. An allowance for membership pledges is provided based upon management's judgment and analysis regarding such factors as prior collection history, nature of the pledge, and payment method. As of September 30, 2022 and 2021, the Corporation has recorded an allowance of doubtful receivables of $4,544 and $5,940, respectively.

Contributions

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

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

Note 2 - Significant Accounting Policies (Continued)

Grant Revenue

Revenue received for certain government and foundation grants is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying financial statements. As of September 30, 2022, the Corporation is eligible to receive and recognize $150,000 of these conditional contributions upon meeting the match requirement and the occurrence of qualifying expenses. Grant funding payments received in advance of conditions being met are recorded as refundable advances, which amount to $111,000 and $155,000 as of September 30, 2022 and 2021, respectively.

Revenue Recognition

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

Underwriting - Spot

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

In some situations, the Corporation collects cash prior to the satisfaction of the performance obligation, which results in the Corporation recognizing a contract liability. Total contract liabilities were $140,491 as of October 1, 2020.

Underwriting - Local

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

In some situations, the Corporation collects cash prior to the satisfaction of the performance obligation, which results in the Corporation recognizing a contract liability. Total contract liabilities were $56,834 as of October 1, 2020.

Customers are billed in accordance with agreed upon payment terms, which is typically monthly and due upon receipt. All payments are nonrefundable and nontransferable. Accounts receivable consist of underwriting receivables that are carried at original invoice amount. The valuation of the accounts receivable is based upon management's estimate of the collectibility of such receivables. Management reviews trade accounts receivable on a consistent basis and follows up with those customers that are delinquent. Management records a specific reserve when the collectibility of a receivable balance is uncertain. The Corporation recognized impairment losses of $7,653 and $22,020 on accounts receivable in 2022 and 2021, respectively. At October 1, 2020, accounts receivable amounted to $44,646.

Program Contract Rights

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

Note 2 - Significant Accounting Policies (Continued)

Investments

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

Property and Equipment

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

Certain items of the Corporation's studio and technical equipment have been acquired in part with National Telecommunications and Information Administration (NTIA) grants from the U.S. Department of Commerce. In connection with these grants, NTIA had a lien for a 10-year period on any equipment acquired with proceeds from NTIA grants. In addition, equipment acquired by the Corporation, which was part of the equipment acquired with NTIA grants, was also subjected to the NTIA liens, which expired at various dates through September 2021. Studio and technical equipment had no remaining book value as of September 30, 2021.

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

Paycheck Protection Program Loan

Funding received under the Paycheck Protection Program (PPP) is from a lending institution and has the potential to be forgiven in part or wholly by the Small Business Administration (SBA). The proceeds from the loan, therefore, remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Corporation has been legally released or (2) the Corporation pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and the legal release is received, the liability is reduced by the amount forgiven, and a gain on extinguishment is recorded.

As the loan was wholly forgiven, the liability has been reduced and a gain on forgiveness of debt has been recorded on the statement of activities and changes in net assets and included in operating activities in the statement of cash flows as of September 30, 2021. See Note 9 for additional information on the terms and conditions of the PPP agreement.

Donated Services and Assets

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

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

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

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

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

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

Income Taxes

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

As of October 1, 2021, the Corporation adopted FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provided for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets are reported by category within the financial statements, and there are additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The Corporation adopted the ASU on a retrospective basis for the year ended September 30, 2022. The standard required a reclassification of $136,913 from program underwriting to program underwriting - contributed nonfinancial assets as of September 30, 2021 and expanded disclosures (see Note 5).

Upcoming Accounting Pronouncement

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Corporation's year ending September 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is not expected to have a significant effect on the Corporation’s financial statements due to its lease for a tower being classified as a capital lease.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 21, 2022, which is the date the financial statements were available to be issued.

Note 3 - Corporation for Public Broadcasting Grants

The Corporation was awarded community service grants from CPB of $793,247 and $804,173 during the years ended September 30, 2022 and 2021, respectively, to finance normal programming and promotion expenses. The grant amounts were fully expended in each year; therefore, there are no uncommitted balances as of September 30, 2022 and 2021. The grant amounts were based upon a formula using the nonfederal financial support of $1,837,186 and $2,178,784 recorded by the Corporation for the years ended September 30, 2020 and 2019, respectively.

In fiscal year 2023, the community service grant will be $879,749 based on nonfederal financial support of $2,461,692 recorded during fiscal year 2021. Nonfederal financial support for the year ended September 30, 2022 will be the basis for the fiscal year 2024 community service grant; however, such grants are dependent on continued funding of CPB by the U.S. government.

The Corporation also received other grants from CPB totaling $77,118 and $75,418 for the years ended September 30, 2022 and 2021, respectively. In addition, the Corporation received $490,365 of stabilization funds for public media under the American Rescue Plan Act from CPB during the year ended September 30, 2021.

Note 4 - Revenue Recognition

During 2022 and 2021, the Corporation's revenue from contracts with customers consisted of the following:

	2022	2021
Underwriting - Spot (revenue recognized over time)	$ 372,563	$ 349,700
Underwriting - Local (revenue recognized at a point in time)	404,745	506,201
Subtotal program underwriting	777,308	855,901
Underwriting - Contributed nonfinancial assets (Note 5)	243,425	136,913
Total revenue from contracts with customers	$ 1,020,733	$ 992,814

Contract Liabilities

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

	2022	2021
Underwriting - Spot	$ 78,121	$ 120,794
Underwriting - Local	52,634	52,634
Total	$ 130,755	$ 173,428

Note 5 - Contributed Nonfinancial Assets

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

	2022	2021
Premiums/memberships	$ 89,472	$ 27,514
Advertising services	128,843	95,719
Catering services	10,000	10,000
Other services	15,110	3,680
Total in-kind donations	$ 243,425	$ 136,913

Note 5 - Contributed Nonfinancial Assets (Continued)

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

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

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

Note 6 - Fair Value Measurements

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

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

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

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

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

Investments in bond index funds of $230,285 and $249,400 for years ended September 30, 2022 and 2021, respectively, are valued with Level 1 inputs.

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021
Land	$ 211,493	$ 211,493
Buildings	4,517,659	4,517,659
Office equipment	388,364	360,255
Studio and technical equipment	7,286,548	7,295,844
Transmitter plant	297,162	376,492
DTV conversion equipment	571,873	571,873
Equipment under capital lease	1,449,568	1,449,568
Construction in progress	702,664	81,448
Total cost	15,425,331	14,864,632
Less accumulated depreciation	10,068,393	9,899,902
Net carrying amount	$ 5,356,938	$ 4,964,730

Depreciation and amortization expense for 2022 and 2021 was $306,108 and $300,172, respectively.

During November 2013, the Corporation sold one of its towers and the land on which the tower is located. In addition to the sale, the Corporation signed a lease agreement with the purchaser to lease the tower (see Note 10). Depreciation expense on the leased equipment was $72,478 for 2022 and 2021.

Construction in progress as of September 30, 2022 and 2021 consists of the new roof and transmitter not yet in service. Total outstanding commitments for these projects amounted to approximately $58,000 as of September 30, 2022.

Note 8 - Bank Line of Credit

The Corporation has a line of credit allowing the Corporation to borrow up to $375,000. The line of credit is collateralized by substantially all assets of the Corporation and matures on January 15, 2023. Interest is payable monthly at 0.50 percent above the prime rate, with a minimum interest rate of 4.00 percent (an effective rate of 6.23 percent and 4.00 percent at September 30, 2022 and 2021, respectively). There was no outstanding balance as of September 30, 2022 and 2021.

There was no interest expense for 2022 and 2021.

Note 9 - Paycheck Protection Program Loan

On April 16, 2020, the Corporation received a Paycheck Protection Program term loan through its lending institutions of $277,100. The loan was issued pursuant to the CARES Act's PPP. The note structure required corporation officials to certify certain statements that permitted the Corporation to qualify for the loan and provides loan forgiveness for a portion or all of the borrowed amount if the Corporation uses the loan proceeds for the permitted loan purpose described in the note agreement; the portion not forgiven would have been required to be paid back by the Corporation in full by April 2022 in equal monthly principal payments plus interest at 1.00 percent beginning after the lending institution received the approved loan forgiveness funds from the Small Business Administration. The Corporation had the right to repay any amount outstanding at any time without penalty. This loan helped the Corporation fund payroll, benefits, and building utility costs.

Prior to September 30, 2021, the Corporation applied for and received notification of forgiveness of the loan from the SBA. Loan forgiveness in the amount of $277,100 is recorded on the statements of activities and changes in net assets and cash flows for the year ended September 30, 2021.

Note 10 - Capital Lease

The Corporation sold one of its towers in November 2013. In addition to the sales agreement, the Corporation signed a lease agreement with the purchaser to lease the tower. The future minimum lease payments under the capital lease are as follows:

Years Ending September 30	Amount
2023	$ 110,440
2024	125,620
2025	127,000
2026	127,000
2027	127,000
Thereafter	867,833
Total	1,484,893
Less amount representing interest	360,901
Present value of net minimum lease payments	$ 1,123,992

Equipment purchased under the capital lease arrangements has been capitalized and is included in property and equipment (see Note 7).

The interest rate on this capital lease is 5 percent.

The gain on the sale-leaseback of the tower and related assets amounted to $677,697 and has been deferred over the 20-year life of the lease. The deferred gain for the years ended September 30, 2022 and 2021 is $375,557 and $409,442, respectively. The Corporation recognized gains of approximately $34,000 during both 2022 and 2021, which are reported within the statement of activities and changes in net assets.

Note 11 - Employee Benefit Plan

The Corporation has a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code, which covers all of its employees. The plan is a defined contribution plan that allows an employee to make voluntary contributions, not to exceed the limits imposed by Section 415 and Section 403(b) of the IRC. Under the plan, the Corporation is obligated to match up to 3 percent of the participant's annual compensation. The Corporation's expense under the plan aggregated $25,879 and $22,687 for the years ended September 30, 2022 and 2021, respectively.

Note 12 - Community Foundations

Certain funds donated by outside donors for the benefit of the Corporation are held and managed by the Community Foundation of St. Joseph County (CFSJC). CFSJC maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Corporation. The fair market value of these funds is approximately $403,000 and $500,000 at September 30, 2022 and 2021, respectively. These funds are not reflected in the financial statements. Earnings are available for distribution to the Corporation at the discretion of CFSJC and, therefore, are not reflected as revenue in the financial statements until received by the Corporation.

Note 12 - Community Foundations (Continued)

The Corporation established a fund at Community Foundation of Elkhart County (CFEC). This fund consists mainly of donations directed to CFEC by the Corporation. CFEC maintains legal ownership of the fund and, as such, continues to report the fund as an asset and liability. The Corporation made an initial contribution of $5,000, which is recorded as other assets on the statement of financial position. The fair value of funds held at CFEC is approximately $12,700 and $15,300 at September 30, 2022 and 2021, respectively. In addition, certain funds donated by outside donors for the benefit of the Corporation are held and managed by CFEC. CFEC maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Corporation. The fair market value of these funds is approximately $114,000 and $131,000 at September 30, 2022 and 2021, respectively. These funds, with the exception of the Corporation's initial contribution, are not reflected in the financial statements.

The Corporation established a fund at the Marshall County Community Foundation (MCCF) with an initial contribution of $1,000 by the Corporation. MCCF maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Corporation, with the exception of the Corporation's initial contribution, which is recorded as other assets on the statement of financial position. The fair value of funds held at MCCF is approximately $4,600 and $1,100 at September 30, 2022 and 2021, respectively.

Note 13 - Liquidity and Availability of Resources

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

	2022	2021
Cash	$ 586,316	$ 528,022
Underwriting receivable - Net	98,219	60,645
Grants and other receivables - Net	273,831	274,759
Investments	230,285	249,400
Financial assets available to meet cash needs for general expenditures within one year	$ 1,188,651	$ 1,112,826

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

The Corporation also realizes there could be unanticipated liquidity needs.

The Corporation has an available balance on a committed line of credit in the amount of $375,000 at September 30, 2022 and 2021, which it could draw upon if needed, as further described in Note 8.