

# **Pittsburgh Community Broadcasting Corporation and Affiliate**

## **Consolidated Financial Statements and Supplementary Information**

**Fiscal Years Ended June 30, 2015 and 2014 with  
Independent Auditor's Report**



**MaherDuessel**  
Certified Public Accountants

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**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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## Independent Auditor's Report

Board of Directors  
Pittsburgh Community Broadcasting Corporation

We have audited the accompanying consolidated financial statements (financial statements) of the Pittsburgh Community Broadcasting Corporation (Corporation) and affiliate, which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation and affiliate as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Pittsburgh, Pennsylvania  
December 7, 2015

**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	2015	2014
<b>Assets</b>		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 1,874,251	\$ 1,798,805
Accounts receivable	188,395	258,001
Grants receivable	342,500	1,208,748
Prepaid expenses	148,032	122,853
Total current assets	2,553,178	3,388,407
Noncurrent assets:		
Grants receivable	-	250,000
Security deposit	354	412
Cash held in escrow	126,855	251,512
Investments	501,799	486,919
Fixed assets:		
Land	637,417	637,417
Building and improvements	3,192,179	3,192,179
Equipment and software	645,344	621,097
Furniture and fixtures	138,823	138,823
Other assets	116,552	116,552
Total fixed assets	4,730,315	4,706,068
Accumulated depreciation and amortization	(1,380,921)	(1,232,887)
Net fixed assets	3,349,394	3,473,181
License	5,500,000	5,500,000
Total non-current assets	9,478,402	9,962,024
<b>Total Assets</b>	\$ 12,031,580	\$ 13,350,431
<b>Liabilities and Net Assets</b>		
<hr/>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 126,791	\$ 84,603
Deferred underwriting revenue	100,000	100,000
Deferred revenue - Jazz Works	4,600	2,400
Loans payable - current	375,000	-
Other liabilities	202	24,619
Total current liabilities	606,593	211,622
Non-current liabilities:		
Loans payable	1,750,000	3,000,000
Accrued interest	-	83,750
Deferred underwriting revenue	749,252	604,172
Total non-current liabilities	2,499,252	3,687,922
Total Liabilities	3,105,845	3,899,544
Net Assets:		
Unrestricted	7,563,284	6,969,567
Temporarily restricted	1,362,451	2,481,320
Total Net Assets	8,925,735	9,450,887
<b>Total Liabilities and Net Assets</b>	\$ 12,031,580	\$ 13,350,431

See accompanying notes to consolidated financial statements.

**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

CONSOLIDATED STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support:</b>			
Membership dues and contributions	\$ 2,083,825	\$ -	\$ 2,083,825
Grants	130,828	315,500	446,328
Government grants	-	30,000	30,000
Underwriting revenue	1,708,481	-	1,708,481
In-kind contributions	77,671	-	77,671
Corporation for Public Broadcasting grant	-	327,376	327,376
Special events and concerts	65,660	-	65,660
Jazz Works	30,650	-	30,650
Interest and dividends	32,388	-	32,388
Gain (loss) on investments	(13,829)	-	(13,829)
Concert tickets and CD sales	32,095	-	32,095
Miscellaneous	10,744	-	10,744
Net assets released from restrictions	1,791,745	(1,791,745)	-
	5,950,258	(1,118,869)	4,831,389
<b>Expenses:</b>			
Programming	3,649,426	-	3,649,426
Management and general	507,069	-	507,069
Fundraising	1,200,046	-	1,200,046
	5,356,541	-	5,356,541
<b>Change in Net Assets</b>	593,717	(1,118,869)	(525,152)
<b>Net Assets:</b>			
Beginning of fiscal year	6,969,567	2,481,320	9,450,887
End of fiscal year	\$ 7,563,284	\$ 1,362,451	\$ 8,925,735

See accompanying notes to consolidated financial statements.

**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support:</b>			
Membership dues and contributions	\$ 2,133,830	\$ -	\$ 2,133,830
Grants	60,876	2,628,500	2,689,376
Government grants	-	25,000	25,000
Underwriting revenue	1,568,924	-	1,568,924
In-kind contributions	153,743	-	153,743
Corporation for Public Broadcasting grant	-	411,722	411,722
Special events and concerts	24,432	-	24,432
Jazz Works	44,585	-	44,585
Interest and dividends	30,844	-	30,844
Gain (loss) on investments	42,628	-	42,628
Concert tickets and CD sales	47,203	-	47,203
Miscellaneous	12,071	-	12,071
Net assets released from restrictions	1,054,759	(1,054,759)	-
<b>Total revenues and other support</b>	<b>5,173,895</b>	<b>2,010,463</b>	<b>7,184,358</b>
<b>Expenses:</b>			
Programming	3,525,501	-	3,525,501
Management and general	517,250	-	517,250
Fundraising	1,154,380	-	1,154,380
<b>Total expenses</b>	<b>5,197,131</b>	<b>-</b>	<b>5,197,131</b>
<b>Change in Net Assets</b>	<b>(23,236)</b>	<b>2,010,463</b>	<b>1,987,227</b>
<b>Net Assets:</b>			
Beginning of fiscal year	6,992,803	470,857	7,463,660
End of fiscal year	<u>\$ 6,969,567</u>	<u>\$ 2,481,320</u>	<u>\$ 9,450,887</u>

See accompanying notes to consolidated financial statements.

**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (525,152)	\$ 1,987,227
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation and amortization	148,034	149,600
Net depreciation (appreciation) of investments	13,829	(42,628)
Change in:		
Accounts receivable	69,606	7,740
Grants receivable	1,116,248	(972,259)
Prepaid expenses	(25,179)	3,659
Security deposit	58	70
Accounts payable	42,188	(28,026)
Deferred underwriting revenue	20,080	(103,071)
Deferred revenue - Jazz Works	2,200	(4,600)
Other liabilities	(108,167)	51,725
Total adjustments	1,278,897	(937,790)
Net cash provided by (used in) operating activities	753,745	1,049,437
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments	(28,709)	(30,175)
Payments on long-term debt	(750,000)	-
Fixed asset purchases	(24,247)	(459,036)
Net cash provided by (used in) investing activities	(802,956)	(489,211)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(49,211)	560,226
<b>Cash and Cash Equivalents:</b>		
Beginning of fiscal year	2,050,317	1,490,091
End of fiscal year	\$ 2,001,106	\$ 2,050,317
<b>Supplemental Disclosure:</b>		
Cash paid for interest	\$ 114,106	\$ 158,420
<b>Noncash Activity:</b>		
In-kind contributions	\$ 99,341	\$ 233,436
Debt restructuring	500,000	-
Total noncash activity	\$ 599,341	\$ 233,436

See accompanying notes to consolidated financial statements.



# PITTSBURGH COMMUNITY BROADCASTING CORPORATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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### 1. ORGANIZATION

#### Basis of Reporting

The consolidated financial statements (financial statements) include the accounts of the Pittsburgh Community Broadcasting Corporation (Corporation) and its affiliate, Essential Public Media, Inc. (EPM), collectively for these footnotes referred to as “the Organization.” All significant intercompany balances and transactions have been eliminated in consolidating.

#### Nature of Operations

The Corporation is a nonprofit corporation which is an independent voice, inspiring our community with diverse music and vibrant ideas. The majority of revenues and support is derived from membership dues, annual grants from the Corporation for Public Broadcasting, and underwriting fees received from individuals or companies.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America. The following is a summary of the more significant policies:

#### Net Asset Classes

The assets, liabilities, and net assets of the Organization are reported in net asset classes of unrestricted and temporarily restricted funds that are used to accumulate all unrestricted or temporarily restricted resources, respectively, from operations. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. All restricted revenue received in the fiscal year is reported as temporarily restricted revenue and released when time restriction ends or purpose restriction is accomplished.

# **PITTSBURGH COMMUNITY BROADCASTING CORPORATION AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

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### Basis of Accounting

The accrual basis of accounting is followed by the Organization. Accordingly, revenues and support are recorded when earned and expenses are recognized when the liabilities are incurred.

### Revenue Recognition

Membership dues and contributions are recognized as revenues when received. A promise to give is a written or oral agreement to contribute cash or other assets to an entity. In order for the promise to be recognized in the financial statements, there must be sufficient evidence in the form of verifiable documentation that such a promise was made and that it is legally enforceable. Due to the fact that the Organization's membership pledges are not supported by such documentation, they are not recognized as revenues when pledged.

### Deferred Underwriting Revenue

Deferred underwriting revenue represents future underwriting agreed to by the seller as a portion of the purchase price of the WDUQ station. Deferred underwriting revenue will be recognized ratably over the period in which EPM is obligated to provide related benefits to the seller. Reducing the total deferred underwriting amount of \$805,400 is a net discount of \$56,148, which will be amortized over nine years.

### Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when acquired. The total cash (including cash held in escrow) held by the Corporation at June 30, 2015 and 2014 includes \$348,961 and \$137,110, respectively, in monies that are not insured by federal depository insurance. Also, the total cash held by EPM at June 30, 2015 and 2014 includes \$1,169,064 and \$1,248,036, respectively, in monies that are not insured by federal depository insurance. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

# **PITTSBURGH COMMUNITY BROADCASTING CORPORATION AND AFFILIATE**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

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### Cash Held in Escrow

Cash held in escrow comprises funds provided to one of the loan providers for the WDUQ purchase as security for the loan. When EPM has repaid \$750,000 of the loan, \$125,000 of cash will be released from escrow. The remaining escrow funds will be released after the principal is reduced by an additional \$750,000. During the year ended June 30, 2015, \$750,000 of the loan was repaid and \$125,000 in funds was released from escrow.

### Investments

Investments are presented at fair value. Financial instruments, which potentially expose the Organization to concentrations of credit risk, include cash and investments in marketable securities. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market 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 change could materially affect the amount reported on the consolidated statements of financial position.

### Accounts and Grants Receivable

Accounts and grants receivable are reported at amounts management expects to collect on balances outstanding at year-end. Accounts and grants receivable are charged off as uncollectible when management determines the receivable will not be collected. No allowance for uncollectible accounts was deemed necessary as determined by management on the specific identification basis at June 30, 2015 and 2014. Due to the short-term nature of the expected grants receivable collections, the net realizable value is considered a reasonable estimate of the fair value.

### Prepaid Expenses

Prepaid expenses represent health insurance, business insurance, workers' compensation insurance, and other expenses paid in the current fiscal year for a future fiscal year.

# PITTSBURGH COMMUNITY BROADCASTING CORPORATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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### Fixed Assets, Depreciation, and Amortization

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The fixed asset capitalization threshold for the Corporation and EPM is \$5,000.

Asset depreciation and amortization, which was \$148,034 for fiscal year 2015 and \$149,600 for fiscal year 2014, is calculated using the straight-line method over the following estimated useful lives:

Building	40 years
Broadcasting and transmission equipment	3 to 15 years
Leasehold improvements	40 years
Software	3 to 5 years
Office equipment	3 to 10 years
Furniture and fixtures	3 to 15 years

Acquisition costs are amortized using the straight-line method over 15 years.

### License

During fiscal year 2012, EPM purchased WDUQ, and assets of \$5,500,000 were recorded on the ledger. This asset represents the value of the radio station's license at time of purchase. Broadcast licenses are not amortized but are subject to periodic testing for impairment. Based on the results of impairment testing performed in fiscal year 2013, and management review in 2014 and 2015, no impairment adjustments were made to the value of the license.

### Accounting Estimates

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

# PITTSBURGH COMMUNITY BROADCASTING CORPORATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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### Concentration of Risk Factors and Economic Dependency

The Organization's main source of revenue is earned through memberships from listeners within the Allegheny County area, contributions, and grants. Total support received by the Organization in the form of grants and contributions was approximately 61% and 75% of total revenue for the years ended June 30, 2015 and 2014, respectively. During the years ended June 30, 2015 and 2014, 16% and 37%, respectively, of grants and contributions were provided by two contributors. Management anticipates that support will continue from Organization contributors and grantors. In addition, its employees, underwriters, and vendors primarily reside in the Allegheny County area. Thus, economic and demographic influences on the Allegheny County area have a substantial impact on the Organization's operations.

### Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents: The carrying amounts reported in the consolidated statements of financial position approximate fair values because of the short maturities of those instruments.
- Investments: The fair values of investments are based on quoted market prices for those or similar investments. See Note 5 for further disclosure.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

### **3. TAX-EXEMPT STATUS**

The Corporation and EPM are not-for-profit corporations and are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). Further, the Corporation and EPM annually file a Form 990 as applicable.

**PITTSBURGH COMMUNITY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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**4. GRANTS RECEIVABLE**

As of June 30th, the Organization had grants receivable as follows:

	<u>2015</u>	<u>2014</u>
Due within one year	\$ 342,500	\$ 1,208,748
Due in over one year	-	250,000
	<u>\$ 342,500</u>	<u>\$ 1,458,748</u>

**5. INVESTMENTS**

Investments consist of equities, mutual funds, and securities. The fair market value of the investments as of June 30, 2015 and 2014 is \$501,799 and \$486,919, respectively.

The total returns on investments and cash equivalents for the years ended June 30, 2015 and 2014 are summarized as follows:

	<u>2015</u>	<u>2014</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Interest on cash and cash equivalents	\$ 1,812	\$ 1,975
Dividends on investments	30,576	28,869
Appreciation/(Depreciation) of investments	<u>(13,829)</u>	<u>42,628</u>
Investment income and gain recognized	<u>\$ 18,559</u>	<u>\$ 73,472</u>

Earnings on temporarily restricted net assets are reflected within the unrestricted net asset class as such earnings are not determined to be themselves temporarily restricted.

Fair values of assets measured on a recurring basis as of June 30, 2015 and 2014 are as follows:

**PITTSBURGH COMMUNITY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

Description	06/30/15	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Vanguard Wellington Fund mutual fund - stocks and bonds	\$ 499,229	\$ 499,229	\$ -	\$ -
Lincoln Financial forfeiture account	2,570	2,570	-	-
Totals	<u>\$ 501,799</u>	<u>\$ 501,799</u>	<u>\$ -</u>	<u>\$ -</u>

Description	06/30/14	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Vanguard Wellington Fund mutual fund -stocks and bonds	\$ 484,436	\$ 484,436	\$ -	\$ -
Lincoln Financial forfeiture account	2,483	2,483	-	-
Totals	<u>\$ 486,919</u>	<u>\$ 486,919</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for Level 1 financial instruments are determined by quoted prices in the active market for identical financial instruments. Fair values for Level 2 financial instruments are determined by other significant observable inputs (quoted prices for similar financial instruments, interest rates, prepayment speeds, credit risk, etc.). Fair values for Level 3 financial instruments are determined by significant unobservable inputs, including the Corporation's own assumptions in determining the fair value of financial instruments.

**PITTSBURGH COMMUNITY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

**6. LOANS PAYABLE**

Long-term loans consist of the following:

	June 30, 2015	June 30, 2014
<p>A \$500,000 note payable to finance the purchase of WDUQ with a term of four years. The Note shall bear interest at 6% simple interest per year. The note is secured by all equipment and operating assets of EPM. The note was restructured during the year ended June 30, 2015, which required EPM to provide additional underwriting. Accrued interest and principal on the Note was paid in full in August 2015.</p>	\$ 375,000	\$ 500,000
<p>A \$2,500,000 note payable to finance the purchase of WDUQ dated September 15, 2011. The outstanding principal balance of the loan shall bear interest at Prime Rate plus 3%. Interest is paid quarterly. The Note shall be due and payable in full at September 15, 2016. The Note is secured by all EPM deposit and security accounts, EPM accounts receivable, EPM donor pledges, all and future EPM incomes, and equipment and operating assets. Also, Note 2 discusses the escrow related to this note.</p>	<u>1,750,000</u> 2,125,000	<u>2,500,000</u> 3,000,000
<p>Less: current portion of long-term debt</p>	<u>(375,000)</u>	<u>-</u>
	<u><u>\$ 1,750,000</u></u>	<u><u>\$ -</u></u>

As of June 30, 2015, the required principal payments on the debt are \$375,000 in fiscal year 2016 and \$1,750,000 in fiscal year 2017.



# PITTSBURGH COMMUNITY BROADCASTING CORPORATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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### 7. IN-KIND CONTRIBUTIONS

Accounting principles generally accepted in the United States of America require recognition of contributed services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by the donor. Accordingly, donated services, rentals, and materials were recognized as in-kind contributions in the accompanying financial statements at their estimated fair values at the date of receipt. The Corporation recognized revenues and related expenses of \$77,671 and \$153,743 for June 30, 2015 and 2014, respectively, for such contributions, which included the following:

	<u>2015</u>	<u>2014</u>
Programming:		
Tower rental	\$ 21,000	\$ 21,000
Professional services	-	84,875
Event facility usage	52,571	43,368
Management and general:		
Professional services	4,100	4,500
	<u>\$ 77,671</u>	<u>\$ 153,743</u>

### 8. RETIREMENT PLAN

Effective July 1, 1996, the Organization adopted a 403(b) Employer Contributory Tax Deferred Annuity Plan (Plan). All employees regularly working twenty hours per week or more are eligible to participate in the Plan. Eligible employees may elect to contribute a portion of their compensation up to the annual maximum allowed by the Internal Revenue Service. After six months of employment, eligible employees' contributions may be matched by the Corporation. During fiscal years 2015 and 2014, the Organization elected to match, dollar-for-dollar, each employee's contribution up to a maximum of 6% of compensation per pay. Total contributions for fiscal years 2015 and 2014 were approximately \$53,520 and \$47,244, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

**9. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets have been recorded for the following purposes:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Allegheny Front - operating	\$ 67,500	\$ 117,423
Allegheny Front - conservation programming	-	34,061
Allegheny Front - freelance reporting	-	4,500
Allegheny Front - radio programs and podcasts	42,836	-
WYEP - future operating	17,500	12,500
Essential Public Media - learning initiative	55,124	133,872
Essential Public Media - operating	-	25,000
Essential Public Media - expansion, debt reduction, and fundraising	250,000	1,000,000
Essential Public Media - capacity building	898,125	1,122,048
Essential Public Media - Krauss Project	1,940	2,490
Essential Public Media - purchase of equipment	29,426	29,426
	<u>\$ 1,362,451</u>	<u>\$ 2,481,320</u>

Net assets were released from donor restrictions during the years ended June 30, 2015 and 2014 by incurring expenses satisfying the restricted purpose and the lapsing of time restrictions in the amount of \$1,791,745 and \$1,054,759, respectively.

**10. SUBSEQUENT EVENTS**

In October 2015, the board of directors of the Corporation approved a merger with EPM. The merger will combine the board of directors into a single governing unit under the bylaws of the Corporation. Final details of the merger are to be completed by the end of calendar year 2015. Consolidation of the board of directors will be effective upon completion of the formal legal merger of the entities.

## **Supplementary Information**

**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015

<u>Assets</u>	WYEP	Essential Public Media, Inc.	Eliminations	Total
<b>Current assets:</b>				
Cash and cash equivalents	\$ 591,407	\$ 1,282,844	\$ -	\$ 1,874,251
Accounts receivable	88,921	99,474	-	188,395
Accounts receivable - affiliate	-	69,193	(69,193)	-
Grants receivable	92,500	250,000	-	342,500
Prepaid expenses	66,143	81,889	-	148,032
<b>Total current assets</b>	<b>838,971</b>	<b>1,783,400</b>	<b>(69,193)</b>	<b>2,553,178</b>
<b>Non-current assets:</b>				
Grant receivable	-	-	-	-
Security deposit	250	104	-	354
Cash held in escrow	-	126,855	-	126,855
Investments	501,799	-	-	501,799
<b>Fixed assets:</b>				
Land	637,417	-	-	637,417
Building and improvements	2,984,396	207,783	-	3,192,179
Equipment and software	563,140	82,204	-	645,344
Furniture and fixtures	125,579	13,244	-	138,823
Other assets	-	116,552	-	116,552
<b>Total fixed assets</b>	<b>4,310,532</b>	<b>419,783</b>	<b>-</b>	<b>4,730,315</b>
Accumulated depreciation and amortization	(1,270,530)	(110,391)	-	(1,380,921)
<b>Net fixed assets</b>	<b>3,040,002</b>	<b>309,392</b>	<b>-</b>	<b>3,349,394</b>
License	-	5,500,000	-	5,500,000
Investment in subsidiary	250,000	-	(250,000)	-
<b>Total non-current assets</b>	<b>3,792,051</b>	<b>5,936,351</b>	<b>(250,000)</b>	<b>9,478,402</b>
<b>Total Assets</b>	<b>\$ 4,631,022</b>	<b>\$ 7,719,751</b>	<b>\$ (319,193)</b>	<b>\$ 12,031,580</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 45,793	\$ 80,998	\$ -	\$ 126,791
Accounts payable - affiliate	69,193	-	(69,193)	-
Deferred underwriting revenue	-	100,000	-	100,000
Deferred revenue - Jazz Works	-	4,600	-	4,600
Loans payable - current	-	375,000	-	375,000
Other liabilities	-	202	-	202
<b>Total current liabilities</b>	<b>114,986</b>	<b>560,800</b>	<b>(69,193)</b>	<b>606,593</b>
<b>Non-current liabilities:</b>				
Loans payable	-	1,750,000	-	1,750,000
Deferred underwriting revenue	-	749,252	-	749,252
<b>Total non-current liabilities</b>	<b>-</b>	<b>2,499,252</b>	<b>-</b>	<b>2,499,252</b>
<b>Total Liabilities</b>	<b>114,986</b>	<b>3,060,052</b>	<b>(69,193)</b>	<b>3,105,845</b>
<b>Net Assets:</b>				
Unrestricted	4,388,199	3,425,085	(250,000)	7,563,284
Temporarily restricted	127,837	1,234,614	-	1,362,451
<b>Total Net Assets</b>	<b>4,516,036</b>	<b>4,659,699</b>	<b>(250,000)</b>	<b>8,925,735</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,631,022</b>	<b>\$ 7,719,751</b>	<b>\$ (319,193)</b>	<b>\$ 12,031,580</b>

**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

<u>Assets</u>	WYEP	Essential Public Media, Inc.	Eliminations	Total
<b>Current assets:</b>				
Cash and cash equivalents	\$ 555,569	\$ 1,243,236	\$ -	\$ 1,798,805
Accounts receivable	100,162	157,839	-	258,001
Accounts receivable - affiliate	-	28,860	(28,860)	-
Grants receivable	105,000	1,103,748	-	1,208,748
Prepaid expenses	56,938	65,915	-	122,853
Total current assets	<u>817,669</u>	<u>2,599,598</u>	<u>(28,860)</u>	<u>3,388,407</u>
<b>Non-current assets:</b>				
Grant receivable	-	250,000	-	250,000
Security deposit	250	162	-	412
Cash held in escrow	-	251,512	-	251,512
Investments	486,919	-	-	486,919
<b>Fixed assets:</b>				
Land	637,417	-	-	637,417
Building and improvements	2,984,396	207,783	-	3,192,179
Equipment and software	546,985	74,112	-	621,097
Furniture and fixtures	125,579	13,244	-	138,823
Other assets	-	116,552	-	116,552
Total fixed assets	<u>4,294,377</u>	<u>411,691</u>	<u>-</u>	<u>4,706,068</u>
Accumulated depreciation and amortization	<u>(1,153,899)</u>	<u>(78,988)</u>	<u>-</u>	<u>(1,232,887)</u>
Net fixed assets	<u>3,140,478</u>	<u>332,703</u>	<u>-</u>	<u>3,473,181</u>
License	-	5,500,000	-	5,500,000
Investment in subsidiary	250,000	-	(250,000)	-
Total non-current assets	<u>3,877,647</u>	<u>6,334,377</u>	<u>(250,000)</u>	<u>9,962,024</u>
<b>Total Assets</b>	<u>\$ 4,695,316</u>	<u>\$ 8,933,975</u>	<u>\$ (278,860)</u>	<u>\$ 13,350,431</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 46,676	\$ 37,927	\$ -	\$ 84,603
Accounts payable - affiliate	28,860	-	(28,860)	-
Deferred underwriting revenue	-	100,000	-	100,000
Deferred revenue - Jazz Works	-	2,400	-	2,400
Other liabilities	17,828	6,791	-	24,619
Total current liabilities	<u>93,364</u>	<u>147,118</u>	<u>(28,860)</u>	<u>211,622</u>
<b>Non-current liabilities:</b>				
Loans payable	-	3,000,000	-	3,000,000
Accrued interest	-	83,750	-	83,750
Deferred underwriting revenue	-	604,172	-	604,172
Total non-current liabilities	<u>-</u>	<u>3,687,922</u>	<u>-</u>	<u>3,687,922</u>
Total Liabilities	<u>93,364</u>	<u>3,835,040</u>	<u>(28,860)</u>	<u>3,899,544</u>
<b>Net Assets:</b>				
Unrestricted	4,433,468	2,786,099	(250,000)	6,969,567
Temporarily restricted	168,484	2,312,836	-	2,481,320
Total Net Assets	<u>4,601,952</u>	<u>5,098,935</u>	<u>(250,000)</u>	<u>9,450,887</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,695,316</u>	<u>\$ 8,933,975</u>	<u>\$ (278,860)</u>	<u>\$ 13,350,431</u>

**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

CONSOLIDATING STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2015

	WYEP			Essential Public Media, Inc.			Eliminations	Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
<b>Revenues and Other Support:</b>								
Membership dues and contributions	\$ 660,665	\$ -	\$ 660,665	\$ 1,423,160	\$ -	\$ 1,423,160	\$ -	\$ 2,083,825
Grants	3,961	283,000	286,961	126,867	32,500	159,367	-	446,328
Government grants	-	30,000	30,000	-	-	-	-	30,000
Grants from affiliate	-	-	-	-	198,054	198,054	(198,054)	-
Underwriting revenue	541,928	-	541,928	1,166,553	-	1,166,553	-	1,708,481
In-kind contributions	75,621	-	75,621	2,050	-	2,050	-	77,671
In-kind contributions - affiliate	-	-	-	21,670	-	21,670	(21,670)	-
Corporation for Public Broadcasting grant	-	327,376	327,376	-	-	-	-	327,376
Special events and concerts	63,860	-	63,860	1,800	-	1,800	-	65,660
Jazz Works	-	-	-	30,650	-	30,650	-	30,650
Interest and dividends	30,933	-	30,933	1,455	-	1,455	-	32,388
Gain (loss) on investments	(13,829)	-	(13,829)	-	-	-	-	(13,829)
Concert tickets and CD sales	32,095	-	32,095	-	-	-	-	32,095
Miscellaneous	55,600	-	55,600	8,394	-	8,394	(53,250)	10,744
Net assets released from restrictions *	681,023	(681,023)	-	1,308,776	(1,308,776)	-	-	-
<b>Total revenues and other support</b>	<b>2,131,857</b>	<b>(40,647)</b>	<b>2,091,210</b>	<b>4,091,375</b>	<b>(1,078,222)</b>	<b>3,013,153</b>	<b>(272,974)</b>	<b>4,831,389</b>
<b>Expenses:</b>								
Programming	1,570,050	-	1,570,050	2,337,280	-	2,337,280	(257,904)	3,649,426
Management and general	179,834	-	179,834	330,111	-	330,111	(2,876)	507,069
Fundraising	427,242	-	427,242	784,998	-	784,998	(12,194)	1,200,046
<b>Total expenses</b>	<b>2,177,126</b>	<b>-</b>	<b>2,177,126</b>	<b>3,452,389</b>	<b>-</b>	<b>3,452,389</b>	<b>(272,974)</b>	<b>5,356,541</b>
<b>Change in Net Assets</b>	<b>(45,269)</b>	<b>(40,647)</b>	<b>(85,916)</b>	<b>638,986</b>	<b>(1,078,222)</b>	<b>(439,236)</b>	<b>-</b>	<b>(525,152)</b>
<b>Net Assets:</b>								
Beginning of fiscal year	4,433,468	168,484	4,601,952	2,786,099	2,312,836	5,098,935	(250,000)	9,450,887
End of fiscal year	<u>\$ 4,388,199</u>	<u>\$ 127,837</u>	<u>\$ 4,516,036</u>	<u>\$ 3,425,085</u>	<u>\$ 1,234,614</u>	<u>\$ 4,659,699</u>	<u>\$ (250,000)</u>	<u>\$ 8,925,735</u>
* Total net assets released from restriction	\$ (1,989,799)							
Grants to affiliate	198,054							
Consolidated net assets released from restriction	<u>\$ (1,791,745)</u>							

**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

CONSOLIDATING STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2014

	WYEP			Essential Public Media, Inc.			Eliminations	Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
<b>Revenues and Other Support:</b>								
Membership dues and contributions	\$ 789,172	\$ -	\$ 789,172	\$ 1,344,658	\$ -	\$ 1,344,658	\$ -	\$ 2,133,830
Grants	9,847	366,000	375,847	51,029	2,262,500	2,313,529	-	2,689,376
Government grants	-	25,000	25,000	-	-	-	-	25,000
Grants from affiliate	-	-	-	-	277,172	277,172	(277,172)	-
Underwriting revenue	551,050	-	551,050	1,017,874	-	1,017,874	-	1,568,924
In-kind contributions	75,618	-	75,618	78,125	-	78,125	-	153,743
In-kind contributions - affiliate	-	-	-	79,693	-	79,693	(79,693)	-
Corporation for Public Broadcasting grant	-	411,722	411,722	-	-	-	-	411,722
Special events and concerts	13,041	-	13,041	11,391	-	11,391	-	24,432
Jazz Works	-	-	-	44,585	-	44,585	-	44,585
Interest and dividends	29,315	-	29,315	1,529	-	1,529	-	30,844
Gain (loss) on investments	42,628	-	42,628	-	-	-	-	42,628
Concert tickets and CD sales	47,203	-	47,203	-	-	-	-	47,203
Miscellaneous	50,962	-	50,962	11,113	-	11,113	(50,004)	12,071
Net assets released from restrictions *	765,338	(765,338)	-	566,593	(566,593)	-	-	-
<b>Total revenues and other support</b>	<b>2,374,174</b>	<b>37,384</b>	<b>2,411,558</b>	<b>3,206,590</b>	<b>1,973,079</b>	<b>5,179,669</b>	<b>(406,869)</b>	<b>7,184,358</b>
<b>Expenses:</b>								
Programming	1,655,506	-	1,655,506	2,276,864	-	2,276,864	(406,869)	3,525,501
Management and general	166,678	-	166,678	350,572	-	350,572	-	517,250
Fundraising	434,179	-	434,179	720,201	-	720,201	-	1,154,380
<b>Total expenses</b>	<b>2,256,363</b>	<b>-</b>	<b>2,256,363</b>	<b>3,347,637</b>	<b>-</b>	<b>3,347,637</b>	<b>(406,869)</b>	<b>5,197,131</b>
<b>Change in Net Assets</b>	<b>117,811</b>	<b>37,384</b>	<b>155,195</b>	<b>(141,047)</b>	<b>1,973,079</b>	<b>1,832,032</b>	<b>-</b>	<b>1,987,227</b>
<b>Net Assets:</b>								
Beginning of fiscal year	4,315,657	131,100	4,446,757	2,927,146	339,757	3,266,903	(250,000)	7,463,660
End of fiscal year	<u>\$ 4,433,468</u>	<u>\$ 168,484</u>	<u>\$ 4,601,952</u>	<u>\$ 2,786,099</u>	<u>\$ 2,312,836</u>	<u>\$ 5,098,935</u>	<u>\$ (250,000)</u>	<u>\$ 9,450,887</u>
* Total net assets released from restriction	\$ (1,331,931)							
Grants to affiliate	277,172							
Consolidated net assets released from restriction	<u>\$ (1,054,759)</u>							

**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

CONSOLIDATING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2015

	WYEP	Essential Public Media, Inc.	Eliminations	Total
<b>Cash Flows From Operating Activities:</b>				
Change in net assets	\$ (85,916)	\$ (439,236)	\$ -	\$ (525,152)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:				
Depreciation and amortization	116,631	31,403	-	148,034
Net depreciation (appreciation) of investments	13,829	-	-	13,829
Change in:				
Accounts receivable	11,241	58,365	-	69,606
Accounts receivable - affiliate	-	(40,333)	40,333	-
Grants receivable	12,500	1,103,748	-	1,116,248
Prepaid expenses	(9,205)	(15,974)	-	(25,179)
Security deposit	-	58	-	58
Accounts payable	(883)	43,071	-	42,188
Accounts payable - affiliate	40,333	-	(40,333)	-
Deferred underwriting revenue	-	20,080	-	20,080
Deferred revenue - Jazz Works	-	2,200	-	2,200
Other liabilities	(17,828)	(90,339)	-	(108,167)
Total adjustments	166,618	1,112,279	-	1,278,897
Net cash provided by (used in) operating activities	80,702	673,043	-	753,745
<b>Cash Flows From Investing Activities:</b>				
Purchases of investments	(28,709)	-	-	(28,709)
Payments on long-term debt	-	(750,000)	-	(750,000)
Fixed asset purchases	(16,155)	(8,092)	-	(24,247)
Net cash provided by (used in) investing activities	(44,864)	(758,092)	-	(802,956)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	35,838	(85,049)	-	(49,211)
<b>Cash and Cash Equivalents:</b>				
Beginning of fiscal year	555,569	1,494,748	-	2,050,317
End of fiscal year	\$ 591,407	\$ 1,409,699	\$ -	\$ 2,001,106
<b>Supplemental Disclosure:</b>				
Cash paid for interest	\$ -	\$ 114,106	\$ -	\$ 114,106
<b>Noncash Activity:</b>				
In-kind contributions	\$ 75,621	\$ 23,720	\$ -	\$ 99,341
Debt restructuring	-	500,000	-	500,000
Total noncash activity	\$ 75,621	\$ 523,720	\$ -	\$ 599,341



**PITTSBURGH COMMUNITY  
BROADCASTING CORPORATION  
AND AFFILIATE**

CONSOLIDATING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2014

	WYEP	Essential Public Media, Inc.	Eliminations	Total
<b>Cash Flows From Operating Activities:</b>				
Change in net assets	\$ 155,195	\$ 1,832,032	\$ -	\$ 1,987,227
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:				
Depreciation and amortization	116,720	32,880	-	149,600
Net depreciation (appreciation) of investments	(42,628)	-	-	(42,628)
Change in:				
Accounts receivable	9,299	(1,559)	-	7,740
Accounts receivable - affiliate	-	52,131	(52,131)	-
Grants receivable	133,993	(1,106,252)	-	(972,259)
Prepaid expenses	4,566	(907)	-	3,659
Security deposit	(250)	320	-	70
Accounts payable	(8,252)	(19,774)	-	(28,026)
Accounts payable - affiliate	(52,131)	-	52,131	-
Deferred underwriting revenue	-	(103,071)	-	(103,071)
Deferred revenue - Jazz Works	-	(4,600)	-	(4,600)
Other liabilities	16,553	35,172	-	51,725
Total adjustments	177,870	(1,115,660)	-	(937,790)
Net cash provided by (used in) operating activities	333,065	716,372	-	1,049,437
<b>Cash Flows From Investing Activities:</b>				
Purchases of investments	(30,175)	-	-	(30,175)
Fixed asset purchases	(423,462)	(35,574)	-	(459,036)
Net cash provided by (used in) investing activities	(453,637)	(35,574)	-	(489,211)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(120,572)	680,798	-	560,226
<b>Cash and Cash Equivalents:</b>				
Beginning of fiscal year	676,141	813,950	-	1,490,091
End of fiscal year	\$ 555,569	\$ 1,494,748	\$ -	\$ 2,050,317
<b>Supplemental Disclosure:</b>				
Cash paid for interest	\$ -	\$ 158,420	\$ -	\$ 158,420
<b>Noncash Activity:</b>				
In-kind contributions	\$ 75,618	\$ 157,818	\$ -	\$ 233,436