

Pittsburgh Community Broadcasting Corporation

Financial Statements

Fiscal Years Ended June 30, 2017 and 2016 with
Independent Auditor's Report



MaherDuessel

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PITTSBURGH COMMUNITY BROADCASTING CORPORATION

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

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Independent Auditor's Report

**Board of Directors
Pittsburgh Community
Broadcasting Corporation**

We have audited the accompanying financial statements of the Pittsburgh Community Broadcasting Corporation (Corporation), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related

statements of activities and cash flows for the years then ended, and the related notes to the 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 as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Maher Deuss".

Pittsburgh, Pennsylvania
November 3, 2017

**PITTSBURGH COMMUNITY
BROADCASTING CORPORATION**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

Assets	2017	2016
Current assets:		
Cash and cash equivalents	\$ 998,385	\$ 1,292,449
Accounts receivable	329,555	201,664
Grants receivable	190,000	199,875
Prepaid expenses and other assets	176,253	129,647
Total current assets	1,694,193	1,823,635
Non-current assets:		
Investments	586,921	525,939
Fixed assets:		
Land	637,417	637,417
Building and improvements	3,241,024	3,192,179
Equipment and software	606,005	555,907
Furniture and fixtures	86,527	78,690
Other assets	116,552	116,552
Total fixed assets	4,687,525	4,580,745
Accumulated depreciation and amortization	(1,484,275)	(1,362,474)
Net fixed assets	3,203,250	3,218,271
License	5,500,000	5,500,000
Total non-current assets	9,290,171	9,244,210
Total Assets	\$ 10,984,364	\$ 11,067,845
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 122,333	\$ 106,961
Deferred underwriting revenue	100,000	100,000
Deferred revenue - Jazz Works	34,550	6,600
Other liabilities	4,575	77,800
Total current liabilities	261,458	291,361
Non-current liabilities:		
Loans payable	1,000,000	1,200,000
Deferred underwriting revenue	563,807	649,167
Total non-current liabilities	1,563,807	1,849,167
Total Liabilities	1,825,265	2,140,528
Net Assets:		
Unrestricted	8,585,090	8,579,630
Temporarily restricted	574,009	347,687
Total Net Assets	9,159,099	8,927,317
Total Liabilities and Net Assets	\$ 10,984,364	\$ 11,067,845

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Membership dues and contributions	\$ 2,536,456	\$ -	\$ 2,536,456
Grants	38,578	825,000	863,578
Government grants	-	40,000	40,000
Underwriting revenue	1,704,446	-	1,704,446
In-kind contributions	291,178	-	291,178
Corporation for Public Broadcasting grant	-	299,055	299,055
Special events and concerts	15,472	-	15,472
Jazz Works	35,255	-	35,255
Interest and dividends	15,433	-	15,433
Gain (loss) on investments	48,900	-	48,900
Concert tickets and CD sales	8,474	-	8,474
Miscellaneous	10,924	-	10,924
	4,705,116	1,164,055	5,869,171
Net assets released from restrictions	937,733	(937,733)	-
Total revenues and other support	5,642,849	226,322	5,869,171
Expenses:			
Programming	3,653,523	-	3,653,523
Management and general	781,658	-	781,658
Fundraising	1,202,208	-	1,202,208
Total expenses	5,637,389	-	5,637,389
Change in Net Assets	5,460	226,322	231,782
Net Assets:			
Beginning of fiscal year	8,579,630	347,687	8,927,317
End of fiscal year	\$ 8,585,090	\$ 574,009	\$ 9,159,099

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Membership dues and contributions	\$ 2,312,407	\$ -	\$ 2,312,407
Grants	82,899	705,572	788,471
Government grants	-	35,000	35,000
Underwriting revenue	1,470,957	-	1,470,957
In-kind contributions	294,892	-	294,892
Corporation for Public Broadcasting grant	-	445,549	445,549
Special events and concerts	14,382	-	14,382
Jazz Works	33,816	-	33,816
Interest and dividends	31,731	-	31,731
Gain (loss) on investments	(7,701)	-	(7,701)
Concert tickets and CD sales	28,245	-	28,245
Miscellaneous	8,418	-	8,418
	4,270,046	1,186,121	5,456,167
Net assets released from restrictions	2,200,885	(2,200,885)	-
Total revenues and other support	6,470,931	(1,014,764)	5,456,167
Expenses:			
Programming	3,732,631	-	3,732,631
Management and general	513,934	-	513,934
Fundraising	1,208,020	-	1,208,020
Total expenses	5,454,585	-	5,454,585
Change in Net Assets	1,016,346	(1,014,764)	1,582
Net Assets:			
Beginning of fiscal year	7,563,284	1,362,451	8,925,735
End of fiscal year	\$ 8,579,630	\$ 347,687	\$ 8,927,317

See accompanying notes to financial statements.

**PITTSBURGH COMMUNITY
BROADCASTING CORPORATION**

STATEMENTS OF CASH FLOWS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Cash Flows From Operating Activities:		
Change in net assets	\$ 231,782	\$ 1,582
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation and amortization	121,801	137,819
Net depreciation (appreciation) of investments	(48,900)	7,701
Change in:		
Accounts receivable	(127,891)	(13,269)
Grants receivable	9,875	142,625
Prepaid expenses and other assets	(46,606)	18,739
Accounts payable	15,372	(19,830)
Deferred underwriting revenue	(85,360)	(100,085)
Deferred revenue - Jazz Works	27,950	2,000
Other liabilities	(73,225)	77,598
Total adjustments	(206,984)	253,298
Net cash provided by (used in) operating activities	24,798	254,880
Cash Flows From Investing Activities:		
Purchases of investments	(12,082)	(31,841)
Fixed asset purchases	(106,780)	(6,696)
Net cash provided by (used in) investing activities	(118,862)	(38,537)
Cash Flows From Financing Activities:		
Payments on long-term debt	(200,000)	(925,000)
Increase (Decrease) in Cash and Cash Equivalents	(294,064)	(708,657)
Cash and Cash Equivalents:		
Beginning of fiscal year	1,292,449	2,001,106
End of fiscal year	\$ 998,385	\$ 1,292,449
Supplemental Disclosure:		
Cash paid for interest	\$ 49,985	\$ 72,206
Noncash Activity:		
Debt refinancing	\$ -	\$ 1,400,000

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

1. Corporation

Nature of Operations

Pittsburgh Community Broadcasting Corporation (Corporation) is an independent, community-licensed, and member-supported public media organization, home to 90.5 WESA and 91.3 WYEP, serving Pittsburgh and the surrounding communities of Western Pennsylvania. The Corporation is a nonprofit corporation that serves more than 2 million residents of Pittsburgh and its surrounding communities every day by leveraging the power of media: by informing, inspiring and entertaining; and by engaging audiences and cultivating conversations to strengthen, enrich and improve the communities it serves.

90.5 WESA's stated mission is to work for the public to inform people in ways that engage and inspire them to create dialog about community issues and stories. Sister-station, 91.3 WYEP, seeks to enrich the community through musical discovery, expression, and education.

91.3 WYEP was founded as an all-volunteer community-licensed radio station in 1974, broadcasting a diverse offering of adult alternative music, providing community education programs, and presenting a large number of highly visible events and concerts in the region.

Essential Public Media (EPM), a nonprofit corporation, was formed on March 25, 2011 and acquired 90.5 WDUQ license from a regional university on May 2, 2011. 90.5 WESA was subsequently launched in 2011 with a National Public Radio (NPR) News and Information format, dedicated to informing people in ways that engage and inspire dialogue about global, national, and community issues.

In addition to radio programming, both stations play an active role in engaging the community through online and mobile services and in-person events, and have a prominent voice in Pittsburgh's civic and cultural affairs. Each week, more than a quarter of a million Southwestern Pennsylvanians listen to the Corporation's broadcasts, and tens of thousands more engage with their content through their websites and mobile digital services.

In October 2015, the Board of Directors of the Corporation approved a merger with EPM. The merger combined the boards of directors into a single governing unit under the bylaws of the Corporation. The merger was effective December 31, 2015. This merger occurred to more efficiently and effectively run the two radio stations.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

The majority of revenues and support of the Corporation 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 Corporation 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

Resources are classified for accounting and reporting purposes into three classes of net assets (unrestricted, temporarily restricted and permanently restricted) established according to their nature and purpose. The assets, liabilities, and net assets of the Corporation are reported in net asset classes as follows:

Unrestricted - Used to accumulate all unrestricted and board-designated resources from operations. This class represents the part of net assets of a not-for-profit organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted - Represents a portion of the net assets of the Corporation resulting (a) from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that can be fulfilled and removed by actions of the organization pursuant to those stipulations and (b) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, and their fulfillment and removal by action of the organization pursuant to those stipulations.

Permanently Restricted - Represents net assets with a donor-imposed restriction that stipulates that resources be maintained permanently but permits the organization to use up or expend part or all of the income derived from the donated assets. The Corporation has no permanently restricted net assets.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

Basis of Accounting

The accrual basis of accounting is followed by the Corporation. 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 Corporation's membership pledges are not supported by such documentation, they are not recognized as revenues when pledged.

Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Non-commercial stations may recognize gifts or grants from businesses or organizations that underwrite specific programs or portions of programming as underwriting revenue. Underwriting revenue is recorded as an exchange transaction. Revenue is recognized as the underwritten programs or portions of programming is broadcasted. Deferred revenue consists of unexpended grants and unearned underwriting contributions for programs not yet broadcast as of June 30, 2017 and 2016.

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. Underwriting revenue is recognized ratably over the period in which the Corporation is obligated to provide related benefits to the seller. For the year ended June 30, 2017, the total deferred underwriting amount of \$707,475 is reduced by a net discount of \$43,668, which will be amortized over eight years.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

For the year ended June 30, 2016, the total deferred underwriting amount of \$799,075 is reduced by a net discount of \$49,908.

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, 2017 and 2016 includes \$831,179 and \$1,087,426, respectively, in monies that are not insured by Federal Depository Insurance. The Corporation believes it has placed these temporary cash investments with a high credit quality financial institution and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

Investments

Investments are presented at fair value. Financial instruments, which potentially expose the Corporation 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 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, 2017 and 2016. 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.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

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.

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 is \$5,000.

Asset depreciation and amortization, which was \$121,801 for fiscal year 2017 and \$137,819 for fiscal year 2016, 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

License

During fiscal year 2012, the Corporation purchased WDUQ, and assets of \$5,500,000 were recorded on the ledger. The assets represent the fair value of the radio station's license at time of purchase. Broadcast licenses are not amortized but are subject to periodic testing for impairment. In accordance with accounting principles generally accepted in the United States of America, the Corporation's management reviews the value of the license for impairment based on the presence of operating losses or other indicators. For the year ended June 30, 2017, it was determined that there were no indicators present to require a review for impairment. For the year ended June 30, 2016, an appraisal was completed for the license and it was determined that the value of the license is not impaired.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

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.

Concentration of Risk Factors and Economic Dependency

The Corporation's main source of revenue is earned through memberships from listeners within the Allegheny County area, contributions, and grants. Total support received by the Corporation in the form of memberships, grants, and contributions was approximately 65% and 67% of total revenue for the years ended June 30, 2017 and 2016, respectively. During the years ended June 30, 2017 and 2016, 22% and 17%, respectively, of grants and contributions were provided by two contributors. Management anticipates that support will continue from Corporation 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 Corporation's operations.

Pending Accounting Standards Update

The Financial Accounting Standards Board (FASB) has issued amendments to the FASB Accounting Standards Codification that will become effective in future years as shown below. Management has not yet determined the impact of these amendments on the Corporation's financial statements:

ASU No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," effective for the Corporation's financial statements for the year ending June 30, 2020. This amendment provides a single, comprehensive revenue recognition model for all contracts with customers, and contains principles to determine the measurement of revenue and timing of when it is recognized.

ASU No. 2016-02, "*Leases (Topic 842)*," effective for the Corporation's financial statements for the year ending June 30, 2021. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU No. 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* effective for the Corporation’s financial statements for the year ending June 30, 2019. This amendment aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The amendment changes the net asset classification, requires presentation of expenses both by nature and function, requires investment return reported net of investment expenses, requires placed-in-service approach for gifts of/for long-lived assets and provides enhanced disclosures for: governing body restrictions, composition of net assets with donor restrictions, qualitative and quantitative information on liquidity, methods to allocate costs among program and support functions, and underwater donor-restricted endowment.

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 is a not-for-profit corporation and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as a Corporation described in Section 501(c)(3). Further, the Corporation annually files a Form 990 as applicable.

4. Grants Receivable

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

	<u>2017</u>	<u>2016</u>
Due within one year	<u>\$ 190,000</u>	<u>\$ 199,875</u>

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

5. Investments

Investments consist of equities, mutual funds, and securities. The fair value of the investments as of June 30, 2017 and 2016 is \$586,921 and \$525,939, respectively.

The total returns on investments and cash equivalents for the years ended June 30, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Interest on cash and cash equivalents	\$ 23	\$ 367
Dividends on investments	15,410	31,364
Appreciation (depreciation) of investments	48,900	(7,701)
Investment income and gain recognized	<u>\$ 64,333</u>	<u>\$ 24,030</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.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

Fair values of assets measured on a recurring basis as of June 30, 2017 and 2016 are as follows:

Description	06/30/17	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	\$ 586,921	\$ 586,921	\$ -	\$ -
Totals	<u>\$ 586,921</u>	<u>\$ 586,921</u>	<u>\$ -</u>	<u>\$ -</u>

Description	06/30/16	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	\$ 523,279	\$ 523,279	\$ -	\$ -
Lincoln Financial account	2,660	2,660	-	-
Totals	<u>\$ 525,939</u>	<u>\$ 525,939</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.

6. Loans Payable

On November 12, 2015, the Corporation entered into a \$1,400,000 note payable to finance the purchase of WDUQ with a term of seven years. The outstanding principal balance of the loan shall bear interest at 4.25%. Interest payments are paid monthly and a principal payment of \$200,000 is due on December 1st of each year. Principal payments were to begin on December 1, 2016.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

However, the Corporation paid the first principal payment in advance in January 2016 and paid the second principal payment in advance in February 2017. Therefore, there is no current portion of long-term debt recorded for the fiscal years ended June 30, 2017 and 2016. The Note is secured by the Corporation's deposit and security accounts, accounts receivable, donor pledges, all and future incomes, and equipment and operating assets. The outstanding balance on the loan for the years ended June 30, 2017 and 2016 is \$1,000,000 and \$1,200,000, respectively.

As of June 30, 2017, the required principal payments on the debt by fiscal year are as follows:

2018	\$	-
2019		200,000
2020		200,000
2021		200,000
2022		200,000
2023		200,000
		<u>200,000</u>
		<u>\$ 1,000,000</u>

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, materials, and underwriting were recognized as in-kind contributions in the accompanying financial statements at their estimated fair values at the date of receipt.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

The Corporation recognized revenues and related expenses of \$291,178 and \$294,892 for June 30, 2017 and 2016, respectively, for such contributions, which included the following:

	<u>2017</u>	<u>2016</u>
Programming:		
Tower rental	\$ 21,000	\$ 21,000
Professional services	1,775	-
Event facility usage	41,230	53,088
Underwriting trade	221,073	216,704
Management and general:		
Professional services	<u>6,100</u>	<u>4,100</u>
	<u>\$ 291,178</u>	<u>\$ 294,892</u>

8. Retirement Plan

Effective July 1, 1996, the Corporation 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 2017 and 2016, the Corporation 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 2017 and 2016 were approximately \$70,800 and \$59,000, respectively.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

9. Temporarily Restricted Net Assets

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Operating - Allegheny Front	\$ -	\$ 81,000
Freelance reporting	-	1,239
Radio programs and podcasts	110,737	162,764
Future operating	50,000	44,875
Learning initiative	93,741	7,550
Digital expansion	-	20,833
FY2018 Staff salaries and tech upgrades	319,531	-
Purchase of equipment	-	29,426
	<u>\$ 574,009</u>	<u>\$ 347,687</u>

For the year ended June 30, 2017, net assets of \$937,733 were released from donor restrictions by incurring expenses satisfying the restricted purpose totaling \$862,858 and by the passage of time totaling \$74,875. For the year ended June 30, 2016, net assets of \$2,200,885 were released from donor restrictions by incurring expenses satisfying the restricted purpose totaling \$2,163,385 and by the passage of time totaling \$37,500.