STU-COMM, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

STU-COMM, Inc.

Consolidated Financial Statements

Year Ended June 30, 2023

Table of Contents

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

RFC CPAs | CONSULTANTS

Independent Auditors' Report

To the Board of Directors
STU-COMM, Inc.
Charlottesville, Virginia

Opinion

We have audited the accompanying consolidated financial statements of STU-COMM, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of STU-COMM, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2023, STU-COMM, Inc. adopted new accounting guidance, FASB ASU 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, 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 STU-COMM, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of STU-COMM, Inc.'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 STU-COMM, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited STU-COMM, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 4, 2023

- Financial Statements -

STU-COMM, Inc.

Consolidated Statement of Financial Position
At June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 307,971	$ 813,733
Investments	600,621	-
Accounts receivable	159,563	180,822
Grants receivable	325,440	-
Contributions receivable, current portion	25,000	-
Prepaid expenses	34,346	42,482
Total current assets	$ 1,452,941	$ 1,037,037
PROPERTY AND EQUIPMENT		
Land	$ 591,186	$ 591,186
Broadcast licenses	801,317	725,317
Construction in progress	135,129	299,552
Buildings and improvements	1,897,197	1,430,247
Equipment and vehicles	667,655	528,287
Leased tower space	445,868	-
Website and database	11,645	7,895
Total property and equipment	$ 4,549,997	$ 3,582,484
Less: accumulated depreciation and amortization	(955,968)	(807,444)
Net property and equipment	$ 3,594,029	$ 2,775,040
OTHER ASSETS		
Contributions receivable, net of current portion	$ 25,000	$ -
Total assets	$ 5,071,970	$ 3,812,077
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and other liabilities	$ 115,446	$ 115,782
Deferred revenue	1,750	-
Mortgage payable, current portion	72,501	68,459
Term loans payable, current portion	80,962	76,459
Lease liabilities, current portion	65,863	-
Total current liabilities	$ 336,522	$ 260,700
NONCURRENT LIABILITIES		
Mortgage payable, less current portion	$ 397,269	$ 469,450
Term loans payable, less current portion	860,740	433,624
Less: unamortized loan origination costs	(4,188)	-
Lease liabilities, noncurrent portion	326,471	-
Total noncurrent liabilities	$ 1,580,292	$ 903,074
Total liabilities	$ 1,916,814	$ 1,163,774
NET ASSETS		
Without donor restrictions	$ 3,125,994	$ 2,633,043
With donor restrictions	29,162	15,260
Total net assets	$ 3,155,156	$ 2,648,303
Total liabilities and net assets	$ 5,071,970	$ 3,812,077

The accompanying notes to the financial statements are an integral part of this statement.

STU-COMM, Inc.

Consolidated Statement of Activities
Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND OTHER SUPPORT				
Member contributions	$ 805,556	$ -	$ 805,556	$ 662,594
Underwriting	1,396,129	-	1,396,129	1,277,858
Grants	444,942	41,339	486,281	129,334
Rental income	101,029	-	101,029	98,323
Festival income	170,487	-	170,487	266,040
Interest and dividends	12,799	-	12,799	123
Gain (loss) on investments	3,911	-	3,911	-
Gain (loss) on sale of fixed assets	61	-	61	-
Other income	4,770	-	4,770	4,069
Net assets released from restrictions	27,437	(27,437)	-	-
Total revenues and other support	$ 2,967,121	$ 13,902	$ 2,981,023	$ 2,438,341
EXPENSES				
Program services				
Programming and production	$ 490,679	$ -	$ 490,679	$ 427,875
Broadcasting	422,955	-	422,955	405,138
Program information and promotion	297,802	-	297,802	285,799
Supporting services				
Management and general	390,644	-	390,644	277,792
Membership development	519,922	-	519,922	481,443
Underwriting and grant solicitation	352,168	-	352,168	363,450
Total expenses	$ 2,474,170	$ -	$ 2,474,170	$ 2,241,497
Increase (decrease) in net assets	$ 492,951	$ 13,902	$ 506,853	$ 196,844
Net assets, beginning of year	2,633,043	15,260	2,648,303	2,451,459
Net assets, end of year	$ 3,125,994	$ 29,162	$ 3,155,156	$ 2,648,303

The accompanying notes to the financial statements are an integral part of this statement.

STU-COMM, Inc.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023									2022
	Program Services				Supporting Services					
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Membership Development	Underwriting and Grant Solicitation	Total Supporting Services	Total	Total
Salaries and wages	$ 175,419	$ 98,430	$ 123,167	$ 397,016	$ 138,467	$ 187,798	$ 158,112	$ 484,377	$ 881,393	$ 733,555
Benefits	33,271	17,428	22,181	72,880	31,687	30,102	23,765	85,554	158,434	136,300
Payroll taxes	15,983	8,372	10,655	35,010	15,221	14,460	11,416	41,097	76,107	69,471
Depreciation and amortization expense	62,939	61,673	4,620	129,232	6,051	8,099	5,203	19,353	148,585	66,103
Professional fees	9,563	15,081	6,327	30,971	26,790	9,234	23,556	59,580	90,551	56,819
Dues and fees	16,674	9,139	11,230	37,043	15,974	15,417	12,818	44,209	81,252	58,267
Supplies	8,806	4,820	5,933	19,559	8,439	8,139	6,771	23,349	42,908	31,434
Postage and shipping	6,147	3,365	4,142	13,654	5,891	5,682	4,727	16,300	29,954	35,754
Rent	6,279	3,436	4,230	13,945	6,018	5,803	4,828	16,649	30,594	99,273
Utilities	16,407	9,054	11,051	36,512	15,701	15,232	12,610	43,543	80,055	46,845
Occupancy	4,814	4,153	2,920	11,887	3,830	5,097	3,456	12,383	24,270	32,625
Travel and meals	18,905	10,347	12,736	41,988	18,118	17,474	14,536	50,128	92,116	74,751
Bad debt	-	-	-	-	-	-	41,971	41,971	41,971	11,085
Insurance	6,518	3,678	4,388	14,584	6,211	6,125	5,004	17,340	31,924	35,437
Interest expense	5,846	62,817	3,545	72,208	4,651	6,189	4,196	15,036	87,244	55,134
Promotional activities/goods	-	-	40,494	40,494	-	161,976	-	161,976	202,470	220,090
Special events expenses	23,546	12,887	15,863	52,296	22,568	21,764	18,104	62,436	114,732	205,974
Miscellaneous	25,218	57,292	959	83,469	1,968	1,331	1,095	4,394	87,863	77,456
Total expenses - WNRN	$ 436,335	$ 381,972	$ 284,441	$ 1,102,748	$ 327,585	$ 519,922	$ 352,168	$ 1,199,675	$ 2,302,423	$ 2,046,373
Unrestricted - CPB	26,721	13,361	13,361	53,443	63,059	-	-	63,059	116,502	92,137
Stabilization - CPB	13,904	13,904	-	27,808	-	-	-	-	27,808	69,387
Restricted - CPB	13,719	13,718	-	27,437	-	-	-	-	27,437	33,600
Total expenses	$ 490,679	$ 422,955	$ 297,802	$ 1,211,436	$ 390,644	$ 519,922	$ 352,168	$ 1,262,734	$ 2,474,170	$ 2,241,497

The accompanying notes to the financial statements are an integral part of this statement.

STU-COMM, Inc.

Consolidated Statement of Cash Flows
Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 506,853	$ 196,844
Adjustments to reconcile change in net assets to net cash provided by (used for) operations:		
Depreciation	148,585	66,103
Gain on sale of fixed assets	(61)	-
Unrealized (gain) loss on investments	(3,911)	-
Interest and dividends	(10,161)	(123)
Change in accounts receivable	21,259	(40,201)
Change in contributions receivable	(50,000)	-
Change in grants receivable	(325,440)	-
Change in prepaid expenses	(16,864)	(26,286)
Change in accounts payable and accrued liabilities	1,089	81,376
Change in deferred revenue	1,750	-
Change in security deposits	(1,425)	-
Net cash provided by (used for) operating activities	$ 271,674	$ 277,713
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	$ (726,973)	$ (233,544)
Proceeds from sale of fixed assets	1,221	-
Interest income	2,413	123
Purchases of investments	(593,406)	-
Disbursements from investments	24,035	-
Net cash provided by (used for) investing activities	$ (1,292,710)	$ (233,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	$ 1,205,328	$ -
Retirement of loans payable	(690,054)	(137,563)
Net cash provided by (used for) financing activities	$ 515,274	$ (137,563)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (505,762)	$ (93,271)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	813,733	907,004
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 307,971	$ 813,733
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 85,454	$ 55,134

The accompanying notes to the financial statements are an integral part of this statement.

NOTE 1 – NATURE OF ACTIVITIES:

STU-COMM, Inc. (the “Organization”), which was incorporated in Virginia in 1993, was established with the purpose of building a non-commercial FM radio station for the Charlottesville-Albemarle area. The station came to the airwaves in August 1996 as WNRN. WNRN offers a community service-oriented, curated music discovery to educated, active, and generous listeners from 21 counties in central Virginia and the Shenandoah Valley. The Organization is supported primarily through donations and by business underwriting.

The Organization has two wholly owned subsidiaries, Old Ivy Properties LLC and 11337 Ashcake Road LLC. These entities were created to hold and account for real property. The Organization leases property from the subsidiaries; all revenues, expenses, assets, and liabilities related to these leases are offset for the purposes of the consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation:

The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Without donor restrictions: Net assets that are not subject to donor-imposed stipulations. At June 30, 2023, the Organization had $3,125,994 in net assets without donor restrictions.

With donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At June 30, 2023, the Organization had $29,162 of net assets with donor restrictions. These net assets are all restricted for the purpose of national program production and acquisition.

Contributions:

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. The Organization reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Contributions receivable consist of one donor who intends to give $25,000 during each of the fiscal years ended June 30, 2024 and 2025. No discount has been recorded, as the amount for the noncurrent receivable would be trivial.

Cash and Cash Equivalents:

Cash and cash equivalents include all cash on hand, cash in banks, and highly liquid investments with original maturities of less than three months.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Investments:

All investments in debt and equity securities have readily determinable fair values, as determined by quoted market prices, and are reported at their fair values in the consolidated statement of financial position. Realized and unrealized gains and losses are reported in the consolidated statement of activities.

Leases:

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in leased tower space (under property and equipment) and lease liabilities in the statement of financial position. These assets and liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report assets or liabilities for its short-term leases, which are those with terms of 12 months or less. Instead, payments on those leases are expensed as they come due.

Property and Equipment:

The Organization capitalizes all property and equipment acquisitions in excess of $500. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Estimated useful lives range from 3 to 40 years. Leased assets are depreciated or amortized (depending on the type of asset) over the length of the lease. Depreciation and amortization expense for the year ended June 30, 2023 was $148,585.

The Organization has capitalized several broadcast licenses. The amount capitalized includes the purchase of an existing station with rights to a signal, or the donated value, and related legal fees and other expenses necessary to broadcast using that signal. As the Organization will have the right to renew these licenses in perpetuity, and the license renewal process will require minimal cost and effort, it has determined these assets have an indefinite useful life and should not be amortized.

Revenue Recognition:

Member contributions: The Organization recognizes member contributions as they are received, as nearly all the tangible benefits of membership are goods received by members immediately after the contributions are made. Because of this, no contribution revenue is deferred to the future.

Underwriting: The Organization recognizes underwriting revenue as the underlying services are performed. No amounts are recorded as deferred revenue since payment is traditionally received after services are performed. All accounts receivable on the statement of financial position are related to underwriting, and management believes that all accounts receivable are fully collectible. However, actual write-offs could exceed the recorded allowance for doubtful accounts.

Festival income: Festival income consists of sales of goods at various music festivals throughout the year. The Organization recognizes festival income as it is received, as there are no further performance obligations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Contributed Services:

The value of contributed services meeting the requirements for recognition in the financial statements was not material to the financial statements taken as a whole, and accordingly have not been recorded.

Non-Cash Underwriting:

While most of the Organization's underwriters pay in cash, the Organization enters into some agreements to receive goods and services instead of cash. The revenue is included as underwriting on the statement of activities, and the goods and services received are allocated to the relevant expense and function on the statement of functional expenses. When the Organization fulfills its side of the agreement before the goods and services are received, it records accounts receivable. During the year ended June 30, 2023, the Organization recognized revenues of $183,731 and expenses of $164,680 related to these agreements. At June 30, 2023, the Organization had $85,571 of accounts receivable which, according to these agreements, would be satisfied with goods and services rather than cash.

Functional Allocation of Expenses:

The costs of providing the services have been summarized on a functional basis in the statement of activities. Certain costs have been allocated between program services, management and general, and fundraising. Some expenses, such as licenses, engineering, and promotional activities/goods are allocated to specific programs and supporting services. The rest of the expenses are allocated based on staff time.

Income Taxes:

The Organization has received a tax determination letter from the Internal Revenue Service and is exempt from federal and Virginia income taxes under Section 501(c)(3) of the Internal Revenue Code and related sections of the Virginia code.

Use of 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 and disclosure of contingent 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.

NOTE 3 – CONCENTRATION OF CREDIT RISK:

The Organization maintains cash balances that may exceed federally insured limits. The Organization does not believe that this practice results in any significant credit risk. At June 30, 2023, the uninsured balance was $65,813.

NOTE 4 – LEASES:

The Organization has entered into agreements to lease office space and translator sites (tower space) for periods of various lengths. More information on lease assets and liabilities can be found in Note 2. More information about the calculation of lease liabilities can be found in Note 5. Cash paid for operating leases for the period ended June 30, 2023 was $99,566. Minimum future lease payments under these operating leases are as follows:

Year Ending June 30,		Amounts
2024	$	94,696
2025		87,144
2026		89,483
2027		66,990
2028		36,370
2029		19,400
2030		20,400
2031		20,400
2032		20,600
2033		18,000
Total	$	473,483

The Organization has one office lease for which it receives space in exchange for underwriting services. This is not reflected in the minimum future lease payments because no payment will be required.

NOTE 5 – LONG-TERM OBLIGATIONS:

Changes in Long-term Obligations:

Balance at July 1, 2022, as restated	$	1,288,532
Add: Issuance		1,205,328
Deduct: Retirements		(690,054)
Balance at June 30, 2023	$	1,803,806

The restatement of the balance at July 1, 2022 is due to the implementation of FASB ASU 2016-02, *Leases*.

Details of Long-term Obligations:

The Organization has a mortgage payable incurred for the purchase of 2250 Old Ivy Road, two term loans payable, the first incurred for the purchase of a radio station in Richmond and the second for the construction of a tower in Richmond, and numerous lease liabilities. Details of the obligations are:

NOTE 5 – LONG-TERM OBLIGATIONS: (CONTINUED)

Mortgage payable:		
$1,200,000 mortgage payable to Virginia National Bank, payable in monthly installments of $8,134, which includes principal and variable interest, which is currently at 5.75%, secured by a Deed of Trust on property located at 2250 Ivy Road.	$	469,770
Term loans payable:		
$500,000 term loan payable to Village Bank, payable in monthly installments of $5,309, which includes principal and 4.95% interest, secured by a Deed of Trust on property located at 11337 Ashcake Road, and by equipment, intangibles, and other assets.	$	467,318
$500,000 term loan payable to Village Bank, payable in monthly installments of $5,446, which includes principal and 5.50% interest, secured by a Deed of Trust on property located at 11337 Ashcake Road, and by equipment, intangibles, and other assets.		474,384
Total term loans payable	$	941,702
Lease liabilities:		
Lease agreement for the use of tower space with annual payments of $6,388 through July 1, 2025. A discount rate of 5.50% was used for this lease.	$	17,709
Lease agreement for the use of tower space with monthly payments of $535 (increasing 5% annually) through January 1, 2028. A discount rate of 5.50% was used for this lease.		28,838
Lease agreement for the use of tower space with monthly payments of $309 through August 1, 2023. A discount rate of 5.50% was used for this lease.		616
Lease agreement for the use of tower space with monthly payments of $716 (increasing 3% annually) through June 1, 2026. A discount rate of 5.50% was used for this lease.		25,266
Lease agreement for the use of tower space with monthly payments of $1,500 (increasing $100 every 3 years) through April 1, 2033. A discount rate of 5.50% was used for this lease.		146,945
Lease agreement for the use of tower space with monthly payments of $1,071 (increasing 3% annually) through October 1, 2026. A discount rate of 5.50% was used for this lease.		41,349
Lease agreement for the use of tower space with monthly payments of $1,623 (increasing 3% annually) through November 1, 2027. A discount rate of 5.50% was used for this lease.		81,709
Lease agreement for the use of tower space with monthly payments of $1,000 (increasing 4% annually) through September 1, 2027. A discount rate of 5.50% was used for this lease.		49,902
Total lease liabilities	$	392,334
Total long-term liabilities	$	1,803,806

NOTE 5 – LONG-TERM OBLIGATIONS: (CONTINUED)

Annual Maturities of Long-term Obligations:

Year Ending June 30,	Mortgage Payable Principal	Mortgage Payable Interest	Term Loans Payable Principal	Term Loans Payable Interest	Lease Liabilities Principal	Lease Liabilities Interest
2024	$ 72,501	$ 25,108	$ 80,962	$ 48,099	$ 65,863	$ 19,833
2025	76,782	20,828	85,484	43,578	71,048	16,095
2026	81,315	16,295	90,121	38,940	77,450	12,033
2027	86,116	11,494	95,010	34,051	58,845	8,145
2028	91,200	6,410	100,088	28,973	30,960	5,410
2029	61,856	1,301	105,598	23,464	15,020	4,380
2030	-	-	111,329	17,732	16,897	3,503
2031	-	-	117,373	11,689	17,850	2,550
2032	-	-	123,735	5,327	19,057	1,543
2033	-	-	32,002	319	19,344	446
	$ 469,770	$ 81,436	$ 941,702	$ 252,172	$ 392,334	$ 73,938

NOTE 6 – FAIR VALUE MEASUREMENTS:

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Unadjusted, quoted prices in active markets for identical assets or liabilities.

- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

NOTE 6 – FAIR VALUE MEASUREMENTS: (CONTINUED)

The Organization is providing the following information related to its investments:

		Fair Value Measurements at Reporting Date Using		
	6/30/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government agencies	$ 97,778	$ 97,778	$ -	$ -
Fixed income index funds	331,419	331,419	-	-
Equity-oriented index funds	171,424	171,424	-	-
Total	$ 600,621	$ 600,621	$ -	$ -

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects financial assets available within one year for general expenditures as of June 30, 2023. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because they are subject to donor restrictions.

Financial assets:	
Cash and cash equivalents	$ 307,971
Investments	600,621
Accounts receivable	159,563
Total financial assets	$ 1,068,155
Less financial assets unavailable for general expenditure within one year:	
Subject to donor restrictions	$ 29,162
Non-cash accounts receivable	85,571
Total unavailable financial assets	$ 114,733
Financial assets available for general expenditure within one year	$ 953,422

The Organization has a policy to maintain its financial assets so that they are available as its general expenditures and other obligations come due.

NOTE 8 - SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through December 4, 2023, the date the financial statements were available to be issued.