

NAPERVILLE COMMUNITY TELEVISION

**FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024 AND 2023**

TOGETHER WITH AUDITOR'S REPORT



Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Naperville Community Television:

Opinion

We have audited the accompanying financial statements of Naperville Community Television (the Organization) (a non-profit organization) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, cash flows and functional expenses for years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Naperville Community Television as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that 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 judgement 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 risk 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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



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NAPERVILLE COMMUNITY TELEVISION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

A S S E T S

	2024	2023
CURRENT ASSETS:		
Cash and cash equivalents	\$ 279,477	\$ 506,123
Accounts receivable, net allowance for credit losses of \$100	28,273	10,619
Due from City of Naperville	74,850	75,567
Investments	309,068	281,599
Prepaid expenses	22,410	22,752
 Total current assets	 714,078	 896,660
PROPERTY AND EQUIPMENT:		
Studio production equipment	838,850	838,850
Leasehold improvements	82,376	82,376
Automotive equipment	67,328	67,328
Office furniture	139,962	139,962
Mobile studio equipment	64,960	64,960
Less - Accumulated depreciation	(1,089,328)	(1,051,047)
 Net property and equipment	 104,148	 142,429
OTHER ASSETS:		
Operating lease right-of-use asset	110,592	40,064
Security deposit	3,750	3,750
 Total other assets	 114,342	 43,814
 Total assets	 \$ 932,568	 \$ 1,082,903

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 1,878	\$ 2,266
Accrued expenses	8,453	37,452
Operating lease liabilities, current maturities	59,555	41,271
Contract liabilities	<u>18,000</u>	<u>17,701</u>
 Total current liabilities	 87,886	 98,690
 LONG-TERM LIABILITIES:		
Operating lease liabilities, net of current maturities	<u>51,229</u>	<u>-</u>
 Total liabilities	 <u>139,115</u>	 <u>98,690</u>
 NET ASSETS:		
Without donor restrictions	<u>793,453</u>	<u>984,213</u>
 Total liabilities and net assets	 <u><u>\$ 932,568</u></u>	 <u><u>\$ 1,082,903</u></u>

The accompanying notes are an integral part of this statement.

NAPERVILLE COMMUNITY TELEVISION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
SUPPORT AND REVENUE:		
City of Naperville - Cable TV	\$ 354,948	\$ 401,325
- Services	270,000	253,000
Programming	174,770	309,603
Sponsorships	124,498	150,865
Contributions	121,815	108,776
In-kind contributions	65,390	56,700
Special events	92,757	86,960
Investment income	29,239	32,679
DVD sales	2,367	2,725
Education	4,650	-
Other income	1,445	1,946
Net assets released from restrictions	-	-
	<u>1,241,879</u>	<u>1,404,579</u>
EXPENSES:		
Program services	1,039,088	1,081,037
Management and general	169,273	162,531
Fundraising	224,278	178,339
	<u>1,432,639</u>	<u>1,421,907</u>
Change in net assets	(190,760)	(17,328)
NET ASSETS, beginning of year	<u>984,213</u>	<u>1,001,541</u>
NET ASSETS, end of year	<u>\$ 793,453</u>	<u>\$ 984,213</u>

The accompanying notes are an integral part of this statement.

NAPERVILLE COMMUNITY TELEVISION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (190,760)	\$ (17,328)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	38,281	38,348
Realized and unrealized (gain) on investments	(19,515)	(21,560)
Non-cash portion of lease expense for operating leases	50,118	48,077
(Increase) decrease in accounts receivable	(17,654)	42,621
(Increase) decrease in due from City of Naperville	717	(20,218)
(Increase) decrease in prepaid expenses	342	(593)
(Decrease) in accounts payable	(388)	(4,941)
Increase (decrease) in accrued expenses	(28,999)	2,732
(Decrease) in operating lease liabilities	(51,133)	(48,304)
Increase in contract liabilities	299	3,326
	<u>(218,692)</u>	<u>22,160</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	332,176	-
Purchase of investments	(340,130)	(11,659)
Purchase of equipment	-	(37,050)
	<u>(7,954)</u>	<u>(48,709)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(226,646)	(26,549)
CASH AND CASH EQUIVALENTS, Beginning of year	506,123	532,672
CASH AND CASH EQUIVALENTS, End of year	\$ 279,477	\$ 506,123
SUPPLEMENTAL CASH FLOW INFORMATION:		
Right of use assets acquired through operating lease	<u>\$ 120,646</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

NAPERVILLE COMMUNITY TELEVISION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 623,644	\$ 47,381	\$ 155,395	\$ 826,420	\$ 702,024	\$ 34,585	\$ 134,123	\$ 870,732
Payroll taxes & benefits	110,641	9,292	38,996	158,929	129,022	7,387	21,451	157,860
Accounting	-	34,970	-	34,970	-	34,765	-	34,765
Advertising	23	667	72	762	995	-	-	995
Depreciation	38,281	-	-	38,281	38,348	-	-	38,348
Entertainment	471	611	310	1,392	1,496	1,264	545	3,305
Independent contractors	29,234	-	619	29,853	10,388	1,348	1,393	13,129
In-kind - Advertising	54,349	7,200	-	61,549	49,500	7,200	-	56,700
Insurance	22,394	5,338	481	28,213	21,036	4,999	470	26,505
Lease expense	53,597	17,865	126	71,588	55,590	27,948	-	83,538
Maintenance	8,525	5,243	-	13,768	5,822	2,231	-	8,053
Payroll services	-	4,710	-	4,710	-	4,398	-	4,398
Postage & freight	324	187	-	511	311	49	-	360
Product technology	47,797	652	1,481	49,930	25,640	250	1,053	26,943
Professional fees	17,271	19,652	-	36,923	775	19,228	-	20,003
Special events	-	-	22,759	22,759	-	308	15,258	15,566
Station & office supplies	690	2,073	-	2,763	932	3,141	34	4,107
Travel & truck expense	14,594	41	-	14,635	15,057	-	-	15,057
Uniforms	1,007	638	-	1,645	1,490	193	-	1,683
Utilities & telephone	15,933	10,882	-	26,815	18,378	10,105	-	28,483
Miscellaneous	313	1,871	4,039	6,223	4,233	3,132	4,012	11,377
Total functional expenses	\$ 1,039,088	\$ 169,273	\$ 224,278	\$ 1,432,639	\$ 1,081,037	\$ 162,531	\$ 178,339	\$ 1,421,907

The accompanying notes are an integral part of this statement.

NAPERVILLE COMMUNITY TELEVISION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Naperville Community Television (the Organization) is a not-for-profit organization incorporated under the Illinois General Not-for-Profit Act.

Franchise agreements between the City of Naperville and AT&T, Astound and Comcast, provide a community access television channel (Channel 17). The operations of the channel are governed by the board of directors of the Organization.

The financial statements were available to be issued on March 5, 2025, with subsequent events being evaluated through this date.

Basis of Accounting -

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

Basis of Presentation -

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets, which are without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2024 and 2023, there were no net assets with donor restrictions.

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. Accordingly, actual results may vary from those estimates.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk -

The Organization maintains its cash balances in bank deposit and money market accounts, which at times, may exceed the limit insured by the Federal Deposit Insurance Corporation (FDIC).

Accounts Receivable -

The Organization holds receivables from customers for programming services. Receivables are carried at original invoice amount, less an estimate made for expected current credit losses. Receivables are measured at amortized cost. An allowance for credit losses that are expected to be incurred is recorded as of the date that a receivable is originated. The allowance reduces the carrying amount of the receivables to the net amount expected to be collected over the assets' contractual term. The determination of the allowance requires the Organization to collectively evaluate receivables by classifying them into pools that share similar risk characteristics such as risk rating, type of receivable, size of the receivable, contractual term, industry type of the debtor, geographic location of the debtor, or date of origination while individually evaluating such assets, if any, that do not possess risk characteristics similar to those in the identified pools.

Management determines the allowance for credit losses based on:

- Available and relevant internal and/or external information about historical loss experience with similar assets;
- Current conditions;
- Reasonable and supportable forecasts that affect the expected collectability of the reported amount of financial assets that have an extended contractual term.

The Organization reviews the status of accounts regularly and considers a receivable to be past due when the normal invoice terms have been exceeded. Receivables are written off once they are deemed uncollectable. Write offs are recognized as a deduction from the allowance for credit losses. Amounts previously written off that are now expected to be recovered are included in the determination of the allowance for credit losses.

Investments -

Investments are carried at fair value. Donated investments are recorded at the fair value as of the date of contribution. Realized and unrealized gains and losses are reflected in the statement of activities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment -

Property and equipment are stated at cost. Donated assets are recorded at their fair market value on the date of donation. The Organization capitalizes all expenditures for fixed assets over \$3,000. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the respective assets of three to seven years. Upon sale or retirement, the cost and related accumulated depreciation and amortization are eliminated from the respective account and the resulting gain or loss is included in the statement of activities. Repairs and maintenance charges are expensed as incurred. Depreciation expense for the years ended December 31, 2024 and 2023, was \$38,281 and \$38,348, respectively.

Leases -

The Organization determines if an arrangement is a lease or contains a lease at inception of the contract. The Organization's operating leases are presented in operating lease right-of-use assets, and current and long-term operating lease liabilities in the accompanying statement of financial position.

Operating lease right-of-use assets and lease liabilities are measured based on the present value of future lease payments over the lease term at each lease's commencement date. As most of the Organization's leases do not specify their implicit rate, the Organization has elected a practical expedient to use the nominal yield, at lease inception, applicable to U.S. Treasury instruments with a maturity of similar length of the lease term.

Operating lease right-of-use assets include all fixed contractual lease payments and initial direct costs incurred by the Organization, less any lease incentives the Organization receives from the lessor. The Organization has elected a practical expedient to account for lease and non-lease components together as a single lease component. The terms of the Organization's leases generally contain lease payments and reimbursements to the lessor of the Organization's proportionate share of common area maintenance (CAM), real estate taxes and other pass-through charges. Only the fixed lease components are included in the right-of-use assets and lease liabilities. Additionally, the Organization has elected not to apply these lease accounting policies to leases with a term of one year or less at the commencement date.

Operating lease expense is recognized on a straight-line basis over the terms of each lease. Variable lease components include CAM, real estate taxes and other charges and are recorded as lease expense as incurred.

The Organization's leases can contain options granting the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Organization will exercise the renewal options is generally at the Organization's sole discretion. The Organization includes lease extensions in the lease term when it is reasonably certain that the Organization will exercise the extension.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Support and Revenue -

The Organization recognizes revenue from the City of Naperville over an annual period based on the amount approved by the city council of Naperville. Funding includes both Cable TV fees and City Services. The performance obligation consists of providing access and content to Channel 17 and providing technical support for city council meetings. The funding is used to cover the costs of operating the Channel.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

The Organization recognizes revenue from contracts with customers for programming, sponsorships and production services. The performance obligation for programming consists of providing access and content to Channel 17 and providing technical support for events and revenue is recognized when the performance obligation occurs. For sponsorships, the performance obligation of providing airtime for sponsors is recognized ratably over the course of the contract, which can range from one to twelve months.

Contract revenues are recognized when earned. Revenue is earned when eligible expenditures, as defined in each contract, are made, or by the satisfaction of performance obligations. Contract liabilities include deferred revenues related to advanced payments for sponsorships and programming. These deposits are deferred until the performance obligations are completed. Contract liability balances were \$18,000 and \$17,701 at December 31, 2024 and 2023, respectively.

In-Kind Contributions -

The Organization receives contributed nonfinancial assets that include donated assets, supplies and services. Gifts in-kind revenue is recorded at the respective fair values of the goods or services received at the time of the donation. The Organization recognized \$65,390 and \$56,700 of in-kind goods and services during the years ended December 31, 2024 and 2023, respectively.

The Organization enters into vendor trade agreements whereby it received in-kind donations that consist primarily of print advertising. In exchange, the Organization provides programming and on-air advertising. These trades are accounted for in the period for which the services of exchange transpire at fair value as of the date of the transaction.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In-Kind Contributions - (Continued)

In addition, volunteers contribute significant amounts of time to program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles that prohibits the recording of donated services unless they create or enhance a nonfinancial asset or are specialized skills that would have been purchased if they were not donated.

Advertising Expenses -

Advertising expenses are considered direct costs and are expensed as incurred. No amounts of advertising are capitalized. Advertising expense for the years ended December 31, 2024 and 2023, was \$762 and \$995, respectively.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, insurance, lease expense and utilities, which are allocated on the basis of estimates of time and effort.

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes, except for taxes on unrelated business income generated from unrelated trade or business activities. The Organization did not have unrelated business income for the years ended December 31, 2024 and 2023. Accordingly, no provision for income tax has been established.

The Organization files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2021. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

(2) INVESTMENTS:

The composition of investments at December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Mutual funds	\$ <u>309,068</u>	\$ <u>281,599</u>

(2) INVESTMENTS: (Continued)

Investment income for the years ended December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 11,144	\$ 13,483
Realized (loss)	(5,502)	-
Unrealized gain	25,017	21,560
Investment fees	<u>(1,420)</u>	<u>(2,364)</u>
	<u>\$ 29,239</u>	<u>\$ 32,679</u>

(3) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(3) FAIR VALUE MEASUREMENTS: (Continued)

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Mutual Funds: Valued at the closing price (net asset value) reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value:

<u>Description</u>	<u>Assets at Fair Value as of December, 31 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ <u>309,068</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>309,068</u>

<u>Description</u>	<u>Assets at Fair Value as of December, 31 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ <u>281,599</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>281,599</u>

(4) CONTRACT LIABILITIES:

The following table provides information about significant changes in deferred revenue (or contract liabilities) as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Deferred revenue, beginning of the year	\$ 17,701	\$ 14,375
Revenue recognized that was included in deferred revenue at the beginning of the year	(17,701)	(14,375)
Increase in deferred revenue due to cash received during the year	<u>18,000</u>	<u>17,701</u>
Deferred revenue, end of the year	<u>\$ 18,000</u>	<u>\$ 17,701</u>

(5) LEASES:

The Organization has an operating lease agreement for its office and studio space which was extended during 2024 and now expires October 31, 2026. The lease provides for a monthly base rent, plus additional rent based on property taxes and operating costs. The Organization also leases equipment on a month-to-month basis.

The components of lease expense for the years ending December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 51,001	\$ 48,640
Variable lease cost	20,461	20,118
Short-term lease cost	<u>126</u>	<u>14,780</u>
Total lease expense	<u>\$ 71,588</u>	<u>\$ 83,538</u>

Future minimum lease payments under non-cancelable leases as of December 31, 2024 are as follows:

2025	\$ 62,040
2026	<u>53,300</u>
Total future minimum lease payments	115,340
Less present value adjustment	<u>(4,556)</u>
Present value of net minimum lease payments	<u>\$ 110,784</u>

The following provides additional information related to the Organization's leases as of and for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Current portion of lease liabilities	\$ 59,555	\$ 41,271
Long-term portion of lease liabilities	<u>51,229</u>	<u>-</u>
Total lease liabilities	<u>\$ 110,784</u>	<u>\$ 41,271</u>
Weighted average lease term	1.8 years	0.8 years
Weighted average discount rate	4.21%	0.79%

Cash paid for amounts included in the measurements of the Organization's leases for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Operating cash from operating leases	<u>\$ 52,016</u>	<u>\$ 48,868</u>

(6) IN-KIND CONTRIBUTIONS:

The Organization received in-kind contributions for the years ended December 31, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Advertising	\$ 61,549	\$ 56,700
Food and beverage	<u>3,841</u>	<u>-</u>
Total in-kind contributions	<u>\$ 65,390</u>	<u>\$ 56,700</u>

Fair value of in-kind contributions is determined as follows:

Advertising: The advertising is provided by various organizations for program and administrative and is recognized at fair value based on current rates for similar advertising services.

Food and beverages: The food and beverage contributions are used by the Organization at special events and are included in the special event line on the statement of functional expenses. The Organization recorded at fair value using estimated wholesale prices of identical or similar items using pricing data under a “like-kind” methodology.

(7) DISAGGREGATION OF REVENUE:

The table below presents revenue disaggregated by timing of revenue recognition for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Services transferred at a point in time - Programming	<u>\$ 174,770</u>	<u>\$ 309,603</u>
Services transferred over time - City of Naperville	\$ 624,948	\$ 654,325
Sponsorships	<u>124,498</u>	<u>150,865</u>
	<u>\$ 749,446</u>	<u>\$ 805,190</u>

(8) ALLOWANCE FOR CREDIT LOSSES:

Credit loss activity consists of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 100	\$ -
Write-offs	-	-
Recoveries	-	-
Credit loss expense	<u>-</u>	<u>100</u>
Balance, end of year	<u>\$ 100</u>	<u>\$ 100</u>

The Organization determines the allowance for credit losses by using a receivables aging schedule and utilizing historical loss percentages adjusted for the effects of current economic conditions in the industry in which the Organization operates, and reasonable and supportable forecasts of future economic conditions and how it will impact the Organization's industry. The Organization annually adjusts its historical loss percentages to reflect the anticipated adverse effect caused by the factors above.

(9) AVAILABILITY AND LIQUIDITY:

The following represents the Organization's financial assets at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and cash equivalents	\$ 279,477	\$ 506,123
Receivables	103,123	86,186
Investments	<u>309,068</u>	<u>281,599</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 691,668</u>	<u>\$ 873,908</u>

The Organization's goal is to maintain financial assets to meet 6 months of operating expenses. Excess cash is invested in money market accounts or investments. The Organization has agreements with the City of Naperville that provides a significant portion of the annual revenue required to cover general expenditures.

The Organization manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability;
- maintaining adequate liquid assets to fund near-term operating needs;
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

(10) CONCENTRATIONS:

For the years ended December 31, 2024 and 2023, the Organization received approximately 29% of total support and revenue from the cable TV franchise fee administered through the City of Naperville. Additionally, for the years ended December 31, 2024 and 2023, the Organization received approximately 22% and 18% of total support and revenue from a contract for services with the City of Naperville, respectively.

(11) RETIREMENT PLAN:

The Organization sponsors a Simple IRA Plan to all employees. All employees are eligible, and the Organization's Board of Directors determines contributions under the Plan annually. In addition, the Plan provides for the Organization to match employee contributions to the Plan up to 3%. The Organization contributed \$18,350 and \$19,060 to the Plan for the years ended December 31, 2024 and 2023, respectively.