

LOWER CAPE COMMUNICATIONS, INC.

Financial Statements

September 30, 2024 and 2023

LOWER CAPE COMMUNICATIONS, INC.

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September 30, 2024

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LAMB, MASON, BULGER & CO., P.C.
Certified Public Accountants
32 Village Landing, P.O. Box 1233
West Chatham, Massachusetts 02669

INDEPENDENT AUDITOR'S REPORT

January 13, 2025

To the Board of Directors
Lower Cape Communications, Inc.
Provincetown, Massachusetts

Opinion

We have audited the accompanying financial statements of Lower Cape Communications, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities and cash flows for the 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 Lower Cape Communications, Inc. as of September 30, 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 Lower Cape Communications, Inc., 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Cape Communications, Inc.'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 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 Lower Cape Communications, Inc. 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 Lower Cape Communications, 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.

Lamb, Mason, Bulger & Co. P.C.

Lamb, Mason, Bulger & Co. P.C.

LOWER CAPE COMMUNICATION, INC.

Statement of Activities

For the Years Ended September 30, 2024 and 2023

(See Independent Auditor's Report)

	<u>2024</u>	<u>2023</u>
Support and Revenue:		
Contributions, gifts, and private grants	\$ 95,163	\$ 43,926
Contributed services	81,112	72,930
Government grants	121,697	111,865
Program service revenue	62,312	61,738
Memberships	335,083	342,892
Interest on savings	5,840	3,407
Events revenue	41,842	34,394
Rental income	<u>54,310</u>	<u>59,527</u>
Total Support and Revenue	<u>797,359</u>	<u>730,679</u>
Expenses:		
Program expenses		
Broadcasting	324,529	320,085
General and administrative	223,810	194,922
Fundraising	<u>225,797</u>	<u>172,648</u>
Total Expenses	<u>774,136</u>	<u>687,655</u>
Change in Net Assets	23,223	43,024
Net Assets Without Restrictions at Beginning of the Year	<u>1,193,379</u>	<u>1,150,355</u>
Net Assets Without Restrictions at End of the Year	<u>\$ 1,216,602</u>	<u>\$ 1,193,379</u>

See Accompanying Notes to Financial Statements

LOWER CAPE COMMUNICATIONS, INC.

Statement of Cash Flows

For the Years Ended September 30, 2024 and 2023

(See Independent Auditor's Report)

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 23,223	\$ 43,024
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	50,143	46,743
Amortization	232	232
(Increase) Decrease in operating assets		
Accounts receivable	-	-
Prepaid expense	(6,815)	(5,939)
Increase (Decrease) in operating liabilities		
Accounts payable	2,998	(10,103)
Security deposit	122	-
Deferred revenue	<u>7,345</u>	<u>1,280</u>
Net Cash Provided by Operating Activities	<u>77,248</u>	<u>75,237</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(162,865)	(32,609)
Net Cash (Used) by Investing Activities	(162,865)	(32,609)
Cash Flows from Financing Activities:		
Payments of long term debt	-	(12,912)
Net Cash (Used) by Financing Activities	(-)	(12,912)
Net Increase (Decrease) in Cash and Cash Equivalents	(85,617)	29,716
Beginning Cash and Cash Equivalents	<u>249,915</u>	<u>220,199</u>
Ending Cash and Cash Equivalents	<u>\$ 164,298</u>	<u>\$ 249,915</u>
Supplemental Cash Flow Information		
Cash paid for interest	<u>\$ -</u>	<u>\$ 118</u>

See Accompanying Notes to Financial Statements

LOWER CAPE COMMUNICATIONS, INC.

Statement of Functional Expenses

For the Year Ended September 30, 2024

(See Independent Auditor's Report)

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Wages and benefits	\$ 83,690	\$ 115,434	\$ 101,800	\$ 300,924
Payroll taxes	4,863	6,708	5,199	16,770
Insurance	6,380	14,629	459	21,468
Occupancy	45,931	9,712	-	55,643
Telephone	932	1,286	997	3,215
Repairs and maintenance	6,415	67	-	6,482
Office supplies and services	5,775	10,806	17,486	34,067
Postage and delivery	-	9,578	3,333	12,911
Advertising and public relations	74,052	-	-	74,052
Professional fees	4,636	21,015	48,696	74,347
Conferences, travel and hospitality	71	2,782	-	2,853
Programming purchases	7,838	-	-	7,838
Production costs	18,886	-	-	18,886
Antenna rent	42,380	-	-	42,380
Depreciation	22,564	27,579	-	50,143
Amortization	116	116	-	232
Bank charges	-	-	13,212	13,212
Filing fees	-	4,098	-	4,098
Events	-	-	34,615	34,615
	<u>-</u>	<u>-</u>	<u>34,615</u>	<u>34,615</u>
Total Expenses	<u>\$ 324,529</u>	<u>\$ 223,810</u>	<u>\$ 225,797</u>	<u>\$ 774,136</u>

See Accompanying Notes to Financial Statements

LOWER CAPE COMMUNICATIONS, INC.

Statement of Functional Expenses

For the Year Ended September 30, 2023

(See Independent Auditor's Report)

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Wages and benefits	\$ 69,031	\$ 93,188	\$ 86,904	\$ 249,123
Payroll taxes	4,249	5,860	4,542	14,651
Insurance	19,430	12,579	293	32,302
Occupancy	56,964	10,422	-	67,386
Telephone	457	630	488	1,575
Repairs and maintenance	10,416	2,658	-	13,074
Office supplies and services	6,883	10,999	17,864	35,746
Postage and delivery	-	9,402	3,153	12,555
Advertising and public relations	61,829	-	4,460	66,289
Professional fees	4,258	17,675	15,123	37,056
Conferences, travel and hospitality	100	4,585	5,004	9,689
Programming purchases	7,506	-	-	7,506
Production costs	16,607	-	-	16,607
Antenna rent	41,146	-	-	41,146
Depreciation	21,034	25,709	-	46,743
Amortization	116	116	-	232
Interest	59	59	-	118
Bank charges	-	-	12,330	12,330
Filing fees	-	1,040	-	1,040
Events	-	-	22,487	22,487
Total Expenses	<u>\$ 320,085</u>	<u>\$ 194,922</u>	<u>\$ 172,648</u>	<u>\$ 687,655</u>

See Accompanying Notes to Financial Statements

LOWER CAPE COMMUNICATIONS, INC.

Notes to Financial Statements

For the Years Ended September 30, 2024 and 2023

(See Independent Auditor's Report)

Note 1 – Nature of Activities and Significant Accounting Policies:Nature of Activities

Lower Cape Communications, Inc. (the Organization) is a not-for-profit corporation organized on December 26, 1976, under the laws of the State of Massachusetts. Its purpose is to operate a non-commercialized, educational radio station to benefit the communities of lower Cape Cod and to provide broadcast service to the community which is entertaining, informative, and educational; to encourage participation by members of the community in the management of the station and in the production of radio programs; to provide an outlet for members of the community in the management of the station and in the production of radio programs; and to provide an outlet for members of the community to present educational, artistic, and informative programs.

The following summary of significant accounting policies is presented in order to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recognized when goods are received and services rendered. Contributions are received and recorded as without restrictions or with restrictions depending on the existence or nature of any donor restrictions. The Organization reports contributions with donor-imposed restrictions as without restriction when the restrictions are met in the same reporting period as received.

Net assets of the Organization have been broken down into two different classifications as follows:

Net assets without restrictions – consist of unrestricted amounts that are available for use in carrying out the mission of the Organization.

Net assets with restrictions – consist of those amounts that are donor restricted for a specific purpose. When a donor restriction expires, either by the passage of a stipulated time restriction or by the accomplishment of a specific purpose restriction, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has elected, however, to show those restricted contributions whose restrictions are met in the same reporting period as they are received as unrestricted support.

LOWER CAPE COMMUNICATIONS, INC.

Notes to Financial Statements

For the Years Ended September 30, 2024 and 2023

(See Independent Auditor's Report)

Note 1 – Nature of Activities and Significant Accounting Policies (Continued):Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments, including certificates of deposits be cash equivalents.

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 could differ from those estimates.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment that cost in excess of \$1,000. Property and equipment is recorded at cost or the estimated value at the date of the gift, if donated.

Depreciation

Property and equipment is recorded at cost of the estimated value at the date of the gift, if donated. Depreciation is computed over estimated useful lives as follows:

Buildings	40 years
Building Improvements	20 years
Furniture	7 years
Office Equipment	7 years
Transmission Shack	10 years
Transmitter	15 years

Total depreciation expense was \$50,143 and \$46,743 for the years ended September 30, 2024 and 2023, respectively.

Advertising Costs

The Organization expenses the cost of advertising as incurred. Advertising expense was \$74,052 and \$66,289 for the years ended September 30, 2024 and 2023, respectively.

LOWER CAPE COMMUNICATIONS, INC.

Notes to Financial Statements

For the Years Ended September 30, 2024 and 2023

(See Independent Auditor's Report)

Note 1 – Nature of Activities and Significant Accounting Policies (Continued):Income Taxes

The Organization is exempt from income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Contributed Services

A substantial number of unpaid volunteers including board members have made significant contributions of their time to develop the Organization's programs and policies. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Functional Expenses

The expenses incurred to provide the various programs and activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

Subsequent Events:

Lower Cape Communications, Inc. evaluated subsequent events for potential required disclosures through January 13, 2025, which is the day the financial statements were available to be issued. Management found no subsequent events that should be disclosed.

Note 2 – Contingencies:

Lower Cape Communications, Inc. receives a significant portion of its support from various funding sources. Expenditure of these funds requires compliance with terms and conditions specified in the related contracts and agreements. These expenditures are subject to audit by the contracting agencies. Any disallowed expenditures would become a liability of the agency requiring repayment to the funding sources. Liabilities resulting from these audits, if any, will be recorded in the period in which the liability is ascertained.

LOWER CAPE COMMUNICATIONS, INC.

Notes to Financial Statements

For the Years Ended September 30, 2024 and 2023

(See Independent Auditor's Report)

Note 3 – Deferred Revenue:

Deferred revenue represents sponsor support of future programming.

Note 4 – Concentration of Revenue:

The Station received support from the Corporation for Public Broadcasting in the amounts of \$121,697 and \$111,865 for the years ended September 30, 2024 and 2023 respectively

Note 5 – Antenna rent:

In February 2020 the Station signed a new lease for use of an antenna located in Orleans for the purpose of extending the broadcast area for the station. The new lease has an initial term of 10 years beginning June 1, 2020. The renewal terms of the agreement are five (5) additional periods of five (5) years each. Rent for the first year is \$3,200 per month with a 3% increase annually on the anniversary date plus reimbursement of site expenses. Rent paid under this lease was \$41,146 for 2024 and \$39,948 for 2023.

At September 30, 2024, future minimum rental payments due under the lease are due as follows:

	2025	\$ 43,544
	2026	44,849
	2027	46,195
	2028	47,581
	2029	49,008
	Thereafter	<u>36,759</u>
Total minimum lease payments		<u>267,936</u>
Less: amount representing interest		(<u>20,245</u>)
Present value of net minimum lease payments		<u>\$ 247,691</u>

The Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments as no implicit rate is stated in the lease agreement. The discount rate used in determining present value of this operating lease was 3.20%, which was the risk free rate at the commencement date

LOWER CAPE COMMUNICATIONS, INC.

Notes to Financial Statements

For the Years Ended September 30, 2024 and 2023

(See Independent Auditor's Report)

Note 6 – Revenue Recognition:

The Station considers performance obligations on advertising revenue equally over the contract period. Payment is due prior to the beginning of the contract period and there are no obligations for refunds. Memberships are recognized when received.

Note 7 – Donated Services

The Station receives donations of in-kind services from local businesses and other non-profit organizations. For 2024 the Station recognized \$81,112 as In-kind revenue and expense. For 2023 the station recognized \$55,193 as In-kind revenue and expense.

	<u>2024</u>	<u>2023</u>
In-kind revenue is included in the following revenue accounts:		
Contributions, gifts and private grants	<u>\$ 81,112</u>	<u>\$ 72,930</u>

In-kind expense is included in the following expense accounts:

Program advertising and public relations	\$ 72,688	\$ 61,386
Program events	-	2,080
Fundraising advertising and public relations	8,424	4,460
Fundraising conferences, travel and hospitality	-	5,004
Total In-kind expenses	<u>\$ 81,112</u>	<u>\$ 72,930</u>

Note 8 – Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and equivalents	\$ 164,298	\$ 249,915
Accounts receivable	<u>3,000</u>	<u>3,000</u>
Total	<u>\$ 167,298</u>	<u>\$ 252,915</u>