Pittsburgh Community Broadcasting Corporation

Financial Statements and
Supplementary Information

Fiscal Years Ended June 30, 2016 and 2015 with
Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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PITTSBURGH COMMUNITY BROADCASTING CORPORATION

FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

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MaherDuessel
Certified Public Accountants

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 statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. We have also audited the accompanying consolidated financial statements of the Pittsburgh Community Broadcasting Corporation and Affiliate which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year 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 2016 financial statements referred to above present fairly, in all material respects, the financial position of the Pittsburgh Community Broadcasting Corporation as of June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2015 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Pittsburgh Community Broadcasting Corporation and Affiliate as of June 30, 2015, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Maher Duessel

Pittsburgh, Pennsylvania
February 1, 2017

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	2016	(Consolidated) 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 1,292,449	$ 1,874,251
Accounts receivable	201,664	188,395
Grants receivable	199,875	342,500
Prepaid expenses	129,647	148,032
Total current assets	1,823,635	2,553,178
Noncurrent assets:		
Security deposit	-	354
Cash held in escrow	-	126,855
Investments	525,939	501,799
Fixed assets:		
Land	637,417	637,417
Building and improvements	3,192,179	3,192,179
Equipment and software	555,907	645,344
Furniture and fixtures	78,690	138,823
Other assets	116,552	116,552
Total fixed assets	4,580,745	4,730,315
Accumulated depreciation and amortization	(1,362,474)	(1,380,921)
Net fixed assets	3,218,271	3,349,394
License	5,500,000	5,500,000
Total non-current assets	9,244,210	9,478,402
Total Assets	$ 11,067,845	$ 12,031,580
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	$ 106,961	$ 126,791
Deferred underwriting revenue	100,000	100,000
Deferred revenue - Jazz Works	6,600	4,600
Loans payable - current	-	375,000
Other liabilities	77,800	202
Total current liabilities	291,361	606,593
Non-current liabilities:		
Loans payable	1,200,000	1,750,000
Deferred underwriting revenue	649,167	749,252
Total non-current liabilities	1,849,167	2,499,252
Total Liabilities	2,140,528	3,105,845
Net Assets:		
Unrestricted	8,579,630	7,563,284
Temporarily restricted	347,687	1,362,451
Total Net Assets	8,927,317	8,925,735
Total Liabilities and Net Assets	$ 11,067,845	$ 12,031,580

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

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	(Consolidated) Total
Revenues and Other Support:			
Membership dues and contributions	$ 2,083,825	$ -	$ 2,083,825
Grants	130,828	315,500	446,328
Government grants	-	30,000	30,000
Underwriting revenue	1,475,504	-	1,475,504
In-kind contributions	310,648	-	310,648
Corporation for Public Broadcasting grant	-	327,376	327,376
Special events and concerts	65,660	-	65,660
Jazz Works	30,650	-	30,650
Interest and dividends	32,388	-	32,388
Gain (loss) on investments	(13,829)	-	(13,829)
Concert tickets and CD sales	32,095	-	32,095
Miscellaneous	10,744	-	10,744
	4,158,513	672,876	4,831,389
Net assets released from restrictions	1,791,745	(1,791,745)	-
Total revenues and other support	5,950,258	(1,118,869)	4,831,389
Expenses:			
Programming	3,649,426	-	3,649,426
Management and general	507,069	-	507,069
Fundraising	1,200,046	-	1,200,046
Total expenses	5,356,541	-	5,356,541
Change in Net Assets	593,717	(1,118,869)	(525,152)
Net Assets:			
Beginning of fiscal year	6,969,567	2,481,320	9,450,887
End of fiscal year	$ 7,563,284	$ 1,362,451	$ 8,925,735

See accompanying notes to financial statements.

PITTSBURGH COMMUNITY BROADCASTING CORPORATION

STATEMENTS OF CASH FLOWS

FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	2016	(Consolidated) 2015
Cash Flows From Operating Activities:		
Change in net assets	$ 1,582	$ (525,152)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation and amortization	137,819	148,034
Net depreciation (appreciation) of investments	7,701	13,829
Change in:		
Accounts receivable	(13,269)	69,606
Grants receivable	142,625	1,116,248
Prepaid expenses	18,385	(25,179)
Security deposit	354	58
Accounts payable	(19,830)	42,188
Deferred underwriting revenue	(100,085)	20,080
Deferred revenue - Jazz Works	2,000	2,200
Other liabilities	77,598	(108,167)
Total adjustments	253,298	1,278,897
Net cash provided by (used in) operating activities	254,880	753,745
Cash Flows From Investing Activities:		
Purchases of investments	(31,841)	(28,709)
Payments on long-term debt	(925,000)	(750,000)
Fixed asset purchases	(6,696)	(24,247)
Net cash provided by (used in) investing activities	(963,537)	(802,956)
Increase (Decrease) in Cash and Cash Equivalents	(708,657)	(49,211)
Cash and Cash Equivalents:		
Beginning of fiscal year	2,001,106	2,050,317
End of fiscal year	$ 1,292,449	$ 2,001,106
Supplemental Disclosure:		
Cash paid for interest	$ 72,206	$ 114,106
Noncash Activity:		
Debt refinancing	$ 1,400,000	$ -
Debt restructuring	-	500,000
Total noncash activity	$ 1,400,000	$ 500,000

See accompanying notes to financial statements.

1. CORPORATION

Basis of Reporting and Change in Reporting Entity

The 2016 financial statements include the accounts of the Pittsburgh Community Broadcasting Corporation (Corporation). The 2015 consolidated financial statements (financial statements) include the accounts of the Corporation and its affiliate, Essential Public Media, Inc. (EPM), collectively for the 2015 consolidated footnotes referred to as "the Corporation." All significant inter-entity balances and transactions for 2015 have been eliminated in consolidation.

Nature of Operations

The Corporation is a nonprofit corporation which is an independent voice, inspiring our community with diverse music and vibrant ideas.

EPM, a nonprofit corporation formed on March 25, 2011, is an independent voice, providing our community with National Public Radio (NPR) Programming. EPM acquired WDUQ 90.5 (WDUQ) on May 2, 2011.

In October 2015, the boards of directors of the Corporation approved a merger with EPM. The merger combined the board 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. The transaction has been accounted for and reported as a merger. See Note 10 for further discussion.

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.

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.

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, 2016, the total deferred underwriting amount of $799,075 is reduced by a net discount of $49,908, which will be amortized over eight years. For the year ended June 30, 2015, the total deferred underwriting amount of $905,400 is reduced by a net discount of $56,148.

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, 2016 and 2015 includes $1,087,426 and $1,518,025, 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.

Cash Held in Escrow

Cash held in escrow is composed of funds provided as security to one loan provider for a purchase transaction. During the year ended June 30, 2015, $750,000 of the loan was repaid and $125,000 in funds was released from escrow. During the year ended June 30, 2016, the loan was paid in full and the remaining cash held in escrow was released.

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, 2016 and 2015. Due to the short-term nature of the expected grants receivable collections, the net realizable value is considered a reasonable estimate of the fair value.

Prepaid Expenses

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

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 $137,819 for fiscal year 2016 and $148,034 for fiscal year 2015, is calculated using the straight-line method over the following estimated useful lives:

Building	40 years
Broadcasting and transmission equipment	3 to 15 years
Leasehold improvements	40 years

Software	3 to 5 years
Office equipment	3 to 10 years
Furniture and fixtures	3 to 15 years

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

License

During fiscal year 2012, 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, 2016, an appraisal was completed for the license and it was determined that the value of the license is accurate. For the year ended 2015, it was determined that there were no indicators present to require a review for impairment.

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 grants and contributions was approximately 67% and 61% of total revenue for the years ended June 30, 2016 and 2015, respectively. During the years ended June 30, 2016 and 2015, 17% 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.

Reclassification

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

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 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.

EPM, a not-for-profit corporation through December 31, 2015, is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), except on net income derived from unrelated business activities. EPM filed its final return for the period July 1, 2015 to December 31, 2015 in November 2016.

4. GRANTS RECEIVABLE

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

	2016	2015
Due within one year	$ 199,875	$ 342,500

5. INVESTMENTS

Investments consist of equities, mutual funds, and securities. The fair value of the investments as of June 30, 2016 and 2015 is $525,939 and $501,799, respectively.

The total returns on investments and cash equivalents for the years ended June 30, 2016 and 2015 are summarized as follows:

	2016 Unrestricted	2015 Unrestricted
Interest on cash and cash equivalents	$ 367	$ 1,812
Dividends on investments	31,364	30,576
Appreciation (depreciation) of investments	(7,701)	(13,829)
Investment income and gain recognized	$ 24,030	$ 18,559

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

Fair values of assets measured on a recurring basis as of June 30, 2016 and 2015 are as follows:

		Fair Value Measurements at Reporting Date Using		
Description	06/30/16	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 forfeiture account	2,660	2,660	-	-
Totals	$ 525,939	$ 525,939	$ -	$ -

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

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

Long-term loans consist of the following:

	June 30, 2016	June 30, 2015
A $500,000 note payable to finance the purchase of WDUQ with a term of four years. The Note shall bear interest at 6% simple interest per year. The note is secured by all equipment and operating assets of the Corporation. The note was restructured during the year ended June 30, 2015, which required the Corporation to provide additional underwriting. Accrued interest and principal on the Note was paid in full in August 2015.	$ -	$ 375,000
A $2,500,000 note payable to finance the purchase of WDUQ dated September 15, 2011 with term of five years. The outstanding principal balance of the loan shall bear interest at Prime Rate plus 3%. Interest is paid quarterly. 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. Also, Note 2 discusses the escrow related to this note. Accrued interest and principal on the Note was paid in full in November 2015.	-	1,750,000
A $1,400,000 note payable to finance the purchase of WDUQ dated November 12, 2015 with a term of 7 years. The outstanding principal balance of the loan shall bear interst 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; however, the Corporation paid the first principal payment in advance in January 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.	1,200,000	-
	1,200,000	2,125,000
Less: current portion of long-term debt	-	(375,000)
	$ 1,200,000	$ 1,750,000

As of June 30, 2016, the required principal payments on the debt by fiscal year are as follows:

2017	$ -
2018	200,000
2019	200,000
2020	200,000
2021	200,000
Thereafter	400,000
	$ 1,200,000

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. The Corporation recognized revenues and related expenses of $294,892 and $310,648 for June 30, 2016 and 2015, respectively, for such contributions, which included the following:

	2016	2015
Programming:		
Tower rental	$ 21,000	$ 21,000
Event facility usage	53,088	52,571
Underwriting trade	216,704	232,977
Management and general:		
Professional services	4,100	4,100
	$ 294,892	$ 310,648

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 2016 and 2015, 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 2016 and 2015 were approximately $59,000 and $54,000, respectively.

9. Temporarily Restricted Net Assets

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

	June 30, 2016	June 30, 2015
Operating - Allegheny Front	$ 81,000	$ 67,500
Freelance reporting	1,239	-
Radio programs and podcasts	162,764	42,836
Future operating	44,875	17,500
Learning initiative	7,550	55,124
Digital expansion	20,833	-
Expansion, debt reduction, and fundraising	-	250,000
Capacity building	-	898,125
Krauss Project	-	1,940
Purchase of equipment	29,426	29,426
	$ 347,687	$ 1,362,451

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. For the year ended June 30, 2015, net assets of $1,791,745 were released from donor restrictions by incurring expenses satisfying the restricted purpose totaling $1,714,245 and by the passage of time totaling $77,500.

10. MERGER

On December 31, 2015, the Corporation and EPM completed a merger of their operations. As of December 31, 2015, the major classes of assets, liabilities, and net assets of the Corporation and EPM are as follows:

	EPM	Corporation	Eliminations	Total (PCBC)
Assets				
Cash and cash equivalents	$ 624,918	869,008	-	1,493,926
Accounts receivable	16,727	116,823	-	133,550
Grants receivable	70,099	530,549	-	600,648
Due from Corporation	460,379	-	(460,379)	-
Prepaid expenses	76,857	61,807	-	138,664
Security deposit	704	-	-	704
Investments	-	508,645	-	508,645
Fixed assets	295,318	2,984,743	-	3,280,061
Investment in EPM	-	250,000	(250,000)	-
License	5,500,000		-	5,500,000
Total Assets	7,045,002	5,321,575	(710,379)	11,656,198
Liabilities				-
Accounts payable	$ 27,782	83,209	-	110,991
Due to EPM	-	460,379	(460,379)	-
Deferred underwriting revenue	802,722	-	-	802,722
Loans payable	1,400,000	-	-	1,400,000
Total Liabilities	2,230,504	543,588	-	2,313,713
Net Assets:				
Temporarily and Unrestricted	4,814,498	4,777,987	(250,000)	9,342,485
Total Net Assets	4,814,498			9,342,485
Total Liabilities and Net Assets	$ 7,045,002	$ 5,321,575	$ -	$ 11,656,198

The Corporation was unable to provide the break out of the temporarily and unrestricted net assets as of the date of the merger as determination of these amounts are only made as of fiscal year end.

Before the merger, the Corporation transferred a $304,975 grant to EPM. There were no material adjustments to conform the accounting policies of the combining organizations. As of the merger date, there were no conditional promises outstanding.