

MARS HILL BROADCASTING CO., INC.

Financial Statements

May 31, 2024 and 2023



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Mars Hill Broadcasting Co., Inc.:

Opinion

We have audited the accompanying financial statements of Mars Hill Broadcasting Co., Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 2024 and 2023, and the related statements of activities, functional expenses 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 Mars Hill Broadcasting Co., Inc. as of May 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Mars Hill Broadcasting Co., 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.

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 Mars Hill Broadcasting Co., 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 GAAS 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 GAAS, we:

- Exercise professional judgement 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 Mars Hill Broadcasting Co., 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mars Hill Broadcasting Co., 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.



November 4, 2024

MARS HILL BROADCASTING CO., INC.

Statements of Financial Position

May 31, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash	\$ 234,476	203,995
Accounts receivable	57,322	45,138
Contributions receivable, net	27,214	22,296
Prepaid expenses	52,951	43,087
	<hr/>	<hr/>
Total current assets	371,963	314,516
Broadcasting facilities and equipment, net	560,642	536,425
Operating lease right-of-use assets, net	129,724	138,469
Federal Communications Commission frequency rights	785,603	785,603
	<hr/>	<hr/>
	1,475,969	1,460,497
Other assets:		
Assets limited as to use, net	405,549	467,736
Lease deposit	1,350	1,350
	<hr/>	<hr/>
	406,899	469,086
Total assets	\$ <u>2,254,831</u>	<u>2,244,099</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	27,561	29,241
Accrued expenses	23,153	15,598
Current portion of operating lease obligations	24,649	48,907
Unearned revenue	10,978	11,402
	<hr/>	<hr/>
Total current liabilities	86,341	105,148
Operating lease obligations, net of current portion	<hr/>	<hr/>
	105,945	89,816
Total liabilities	192,286	194,964
Net assets-		
Without donor restrictions	<hr/>	<hr/>
	2,062,545	2,049,135
Commitments (note 8)		
Total liabilities and net assets	\$ <u>2,254,831</u>	<u>2,244,099</u>

See accompanying notes to financial statements.

MARS HILL BROADCASTING CO., INC.

Statements of Activities

Years ended May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Support and revenue:		
Contributions	\$ 605,838	649,578
Broadcasting	380,883	361,239
Underwriting	145,045	267,657
Tower rental	73,099	68,510
Concerts, banquets and other	37,043	20,862
	<hr/>	<hr/>
Total support and revenue	1,241,908	1,367,846
	<hr/>	<hr/>
Expenses:		
Program	755,962	738,165
Management and general	462,493	442,236
Fundraising	10,043	10,703
	<hr/>	<hr/>
Total expenses	1,228,498	1,191,104
	<hr/>	<hr/>
Change in net assets	13,410	176,742
Net assets at beginning of year	2,049,135	1,872,393
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Net assets at end of year	\$ 2,062,545	2,049,135
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See accompanying notes to financial statements.

MARS HILL BROADCASTING CO., INC.

Statements of Functional Expenses

Years ended May 31, 2024 and 2023

	2024				2023			
	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:								
Payroll and related expenses	\$ 349,355	363,760	964	714,079	326,385	339,843	900	667,128
Public relations	19,334	9,806	8,769	37,909	20,892	10,596	9,475	40,963
Engineering	124,932	-	-	124,932	127,459	-	-	127,459
Programming	65,916	-	-	65,916	65,657	-	-	65,657
Depreciation and amortization	48,024	4,585	-	52,609	43,204	4,125	-	47,329
General overhead	34,577	17,812	-	52,389	40,033	20,623	-	60,656
Rent	6,162	3,315	-	9,477	5,832	3,138	-	8,970
Utilities	28,434	15,311	-	43,745	32,795	17,659	-	50,454
Repairs and maintenance	7,479	4,037	-	11,516	5,985	3,230	-	9,215
Insurance	29,059	15,647	-	44,706	27,692	14,911	-	42,603
Telephone	12,383	11,192	238	23,813	12,099	10,936	233	23,268
Taxes	40	-	-	40	40	-	-	40
Office expenses	1,909	1,759	72	3,740	2,539	2,339	95	4,973
Dues and professional fees	28,358	15,269	-	43,627	27,553	14,836	-	42,389
Total expenses	\$ <u>755,962</u>	<u>462,493</u>	<u>10,043</u>	<u>1,228,498</u>	<u>738,165</u>	<u>442,236</u>	<u>10,703</u>	<u>1,191,104</u>

See accompanying notes to financial statements.

MARS HILL BROADCASTING CO., INC.

Statements of Cash Flows

Years ended May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 13,410	176,742
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	52,609	47,329
Non-cash lease expense	616	254
Provision for doubtful accounts	1,249	(5,465)
Changes in operating assets and liabilities:		
Accounts receivable	(12,184)	829
Contributions receivable, net	(6,167)	12,034
Prepaid expenses	(9,864)	(5,020)
Accounts payable	(1,680)	(1,227)
Accrued expenses	7,555	2,328
Unearned revenue	(424)	(17,468)
	<u>45,120</u>	<u>210,336</u>
Cash flows used in investing activities -		
Purchase of equipment	(76,826)	(18,817)
	<u>(76,826)</u>	<u>(18,817)</u>
Net increase (decrease) in cash and restricted cash	(31,706)	191,519
Cash and restricted cash at beginning of year	<u>671,731</u>	<u>480,212</u>
Cash and restricted cash at end of year	<u>\$ 640,025</u>	<u>671,731</u>
Cash and restricted cash are classified in the statements of financial position as follows:		
Cash	\$ 234,476	203,995
Assets limited as to use, net	405,549	467,736
	<u>\$ 640,025</u>	<u>671,731</u>
Supplemental disclosures:		
Taxes paid, cash basis	\$ 40	40

See accompanying notes to financial statements.

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

May 31, 2024 and 2023

(1) Organization

Mars Hill Broadcasting Co., Inc. (the “Organization”) operates non-commercial educational radio stations engaged in Christian programming. The Organization’s purpose is to communicate the Gospel of Jesus Christ and Biblical doctrines and to promote personal involvement in Christian service. The Organization’s primary sources of funding are paid programming by national broadcasters and contributions by individuals in New York State.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and present net assets and revenues, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes in net assets are as follows:

Net assets without donor restrictions are available for general use and not subject to donor-imposed restrictions. These net assets may be used at the discretion of the Organization’s management and board of directors and may be subject to self-imposed limits by action of the governing board.

Net assets with donor restrictions are those that are subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature and are limited by donors to a specific time period or purpose. Other donor restrictions may be perpetual in nature, as stipulated by the donor.

At May 31, 2024 and 2023, the Organization did not have any net assets with donor restrictions.

(b) New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-13 (ASU 2016-13), *Financial Instruments - Credit Losses (Topic 326)*, which provides guidance for accounting for credit losses on financial instruments. The new guidance, among other matters, introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. The Organization adopted ASU 2016-13 on June 1, 2023 using a modified retrospective approach. The adoption of ASU 2016-13 did not have a significant impact on the Organization’s financial statements (disclosures only).

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, Continued

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

(d) Assets Limited as to Use

Assets limited as to use consists of cash the Organization has designated for operational, capital and expansion purposes. The Board of Directors authorizes the use of the funds.

(e) Revenue Recognition

The Organization enters into contracts with its customers to provide specific services. A contract exists once the Organization receives and accepts an agreement that is enforceable with a customer that defines each party's rights regarding the services to be performed and identifies the payment terms related to these services, the contract has commercial substance and the Organization determines that collection of substantially all consideration for the sale is probable based on the customer's intent and ability to pay the promised consideration. The Organization's payment terms are generally 30 days.

The Organization recognizes revenue as performance obligations under contracts are satisfied. Performance obligations in a contract are identified based on the services that will be performed for the customer. As contracts contain a single performance obligation (performance of services) the transaction price is allocated to that single performance obligation.

The transaction price is determined based on the consideration to which the Organization will be entitled in exchange for performing the services to the customer, and is stated on the approved agreement. The transaction price is generally a fixed fee.

The Organization recognizes revenue from the sale of broadcasting as performance obligations are satisfied, which generally occurs at the point in time the related programs are broadcast. The length of the Organization's broadcasting contracts vary but are typically on an annual basis.

The Organization recognizes revenue from the sale of underwriting as performance obligations are satisfied, which generally occurs at the point in time the acknowledgements are transmitted. The length of the Organization's underwriting contracts vary but are typically between three months to one year.

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, Continued

(e) Revenue Recognition, Continued

Tower rental represents a series of recurring services that the Organization performs over the contract term whereby the Organization provides access to its tower infrastructure, including space or transmitting capacity. Contract terms are generally limited to an annual basis and are subject to customer cancellation. Tower rental revenue is recognized over time as the customer simultaneously receives and consumes the tower rental services on a straight-line basis.

Revenue from services performed for customers at a point in time was \$562,971 and \$649,758 in 2024 and 2023, respectively. Revenue from services performed for customers over time was \$73,099 and \$68,510 in 2024 and 2023, respectively.

The Organization receives advances (deposits) from customers on contracts that exceed revenue earned to date, resulting in contract liabilities, consisting primarily of payments received from underwriting sponsors which have not yet been earned under the terms of the agreement. Contract liabilities typically are not considered a significant financing component because they are used to meet working capital demands that can be higher in the early stages of a contract and they protect the Organization from the customer failing to adequately complete some or all of its obligations under the contract. Contract liabilities are reported on the statements of financial position on a net contract basis at the end of each reporting period. Contract liabilities, classified as unearned revenue, were \$10,978 and \$11,402 at May 31, 2024 and 2023, respectively.

(f) Accounts Receivable and Allowance for Credit Losses

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for credit losses and no allowance for doubtful accounts has been recorded at May 31, 2024 and 2023, respectively. If amounts become uncollectible, they will be charged to operations when that determination is made. Accounts receivable and contract liabilities were \$45,967 and \$28,870 at June 1, 2022, respectively.

(g) Contributions

The Organization accounts for contributions as support without donor restrictions or support with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized as revenues when the restrictions, if any, are substantially met. Unconditional pledges are recognized at their estimated net present value, net of an allowance for uncollectible amounts. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, Continued

(g) Contributions, Continued

Contributions receivable are donations expected to be collected in fiscal 2025. These receivables are unsecured. The Organization accounts for its contributions receivable at the pledge amount, adjusted for doubtful accounts. The Organization estimates its allowance for doubtful accounts and bad debts based on management's assessment of the collectability of receivables and prior experience. If accounts become uncollectible, they will be charged to operations when that determination is made.

(h) Concentrations

The Organization maintains their cash accounts with a financial institution. The accounts at this institution are insured by the Federal Deposit Insurance Corporation. While the Organization attempts to limit any financial exposure, their deposit balances may, at times, exceed federal insured limits.

(i) Broadcasting Facilities and Equipment

Acquisitions of fixed assets in excess of \$1,000 and all expenditures for repairs, maintenance, renewal and betterments that materially prolong the useful lives of assets are considered for capitalization. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Depreciation expense for the years ended May 31, 2024 and 2023 was \$52,609 and \$47,329, respectively.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recorded by the Organization for the years ended May 31, 2024 and 2023.

(j) Leases

The Organization evaluates whether a contract is or contains a lease at the inception of the contract. Lease agreements are evaluated to determine whether they are operating or finance leases in accordance with Accounting Standards Codification (ASC) 842, Leases. Upon lease commencement, the Organization classifies the lease as either an operating or finance lease. As a practical expedient, the Organization has made an accounting policy election for all asset classes not to separate lease components from nonlease components in the event that the agreement contains both.

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, Continued

(j) Leases, Continued

For both operating and finance leases, the Organization recognizes a right-of-use asset and lease liability at lease commencement. A right-of-use asset represents the Organization right to use an underlying asset for the lease term while the lease liability represents an obligation to make lease payments arising from a lease which are measured on a discounted basis. Lease liabilities are classified as current and/or long-term, as applicable. The Organization elects not to apply the requirements to short-term leases (i.e., a lease term of 12 months or less at the commencement date). Lease payments are charged to profit or loss on a straight-line basis over the period of the lease as a practical expedient.

Lease liabilities are measured at the present value of the remaining, fixed lease payments at lease commencement. For lease agreements that do not specify an implicit rate, the Organization uses the estimated collateralized borrowing rate which coincides with the lease term at the commencement of a lease, in determining the present value of its remaining lease payments. The lease liability is subsequently increased by the amount of interest expense recognized on the lease liability and reduced by the lease payments made. Lease liabilities are remeasured when the future lease payments are changed due to the following:

- Changes in amounts expected to be payable by the lessee under residual value guarantees
- Changes in the assessment of whether a purchase option or an option to renew is reasonably certain to be exercised, or
- Changes in the assessment of whether it is reasonably certain that an option to terminate the lease will not be exercised.

Right-of-use assets are measured at an amount equal to the initial lease liability, plus any prepaid lease payments (less any incentives received) and initial direct costs, at the lease commencement date.

For leases classified as operating leases, rent expense is recognized on a straight-line basis over the lease term. Operating lease right-of-use assets and liabilities are subsequently measured based on the present value of lease payments over the remaining lease term. The straight-line rent expense is reflective of the interest expense on the lease liability using the effective interest method and the amortization of the right-of-use asset. For leases classified as finance leases, interest expense on the lease liability is recognized using the effective interest method. There are no finance leases as of May 31, 2024 and 2023. Amortization expense related to the right-of-use asset is recognized on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, Continued

(j) Leases, Continued

The Organization has various operating leases for tower antenna space and satellite transponder capacity with noncancellable terms expiring at various dates through 2031. The leases may have one or more renewal options, with terms to be determined at the time of renewal. The exercise of such lease renewal options is at the sole discretion of the Organization.

(k) Advertising

The Organization expenses advertising costs when incurred.

(l) Income Taxes

The Organization is a not-for-profit organization and has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. It has been determined that the Organization is not a private foundation. As of May 31, 2024 and 2023, the Organization did not have any unrecognized tax benefits or any related accrued interest or penalties. The tax years open to examination by federal and New York State taxing authorities are for the years ending May 31, 2021 through May 31, 2024.

(m) Functional Expenses

Costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This allocation was based on direct expenditures and analysis of personnel time, space and utilities for the related activities.

(n) Federal Communications Commission (FCC) Frequency Rights

FCC frequency rights are recorded at cost. FCC frequency rights are accounted for as indefinite-lived intangible assets. Intangible assets with indefinite lives are not amortized; rather, they are evaluated for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. The Organization does not anticipate any difficulties in renewing the FCC frequency rights, which expire in June 2030. The Organization expenses costs to renew or extend the FCC frequency rights when incurred.

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, Continued

(o) Contributed Nonfinancial Assets

The Organization recognizes donated services if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization utilizes volunteers during its annual fundraising campaign, and some individuals have donated significant amounts of time to the Organization. Donated services are recorded at the estimated fair value as an expense and corresponding contribution in the financial statements. Donated services for the years ended May 31, 2024 and 2023 were \$639 and \$550, respectively.

Donated materials are recorded at their estimated fair value as an asset or expense and a corresponding contribution in the financial statements. There were no donated materials for the years ended May 31, 2024 and 2023.

(p) Subsequent Events

Management has evaluated subsequent events through November 4, 2024, the date on which the financial statements were available to be issued.

(3) Liquidity and Availability of Financial Assets

As of May 31, financial assets available within one year for general expenditure, such as operating expenses, are as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 234,476	203,995
Accounts receivable	57,322	45,138
Contributions receivable, net	<u>27,214</u>	<u>22,296</u>
Total	<u>\$ 319,012</u>	<u>271,429</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

(4) Assets Limited as to Use

The activity for the year ended May 31 is summarized as follows:

		2024			
		<u>Operations</u>	<u>Capital</u>	<u>Expansion</u>	<u>Total</u>
Beginning balance	\$	200,000	1,146	266,590	467,736
Contributions		-	5,803	90,997	96,800
Amounts expended		(58,987)	-	(100,000)	(158,987)
Ending balance	\$	141,013	6,949	257,587	405,549
		2023			
		<u>Operations</u>	<u>Capital</u>	<u>Expansion</u>	<u>Total</u>
Beginning balance	\$	-	1,862	146,375	148,237
Contributions		200,000	4,585	120,265	324,850
Amounts expended		-	(5,301)	(50)	(5,351)
Ending balance	\$	200,000	1,146	266,590	467,736

(5) Contributions Receivable

Contributions receivable represent unconditional promises to give by donors. The Organization expects these promises to give to be collected during the next year and has reported them at their net realizable value. Contributions receivable consisted of the following at May 31:

		<u>2024</u>	<u>2023</u>
Contributions receivable	\$	34,018	27,851
Allowance for doubtful accounts		(6,804)	(5,555)
Contributions receivable, net	\$	27,214	22,296

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

(6) Broadcasting Facilities and Equipment

Broadcasting facilities and equipment consisted of the following at May 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 57,621	57,621
Buildings	575,431	544,298
Furnishings and equipment	1,826,083	1,776,475
Leasehold improvements	5,890	5,890
Construction in progress	-	3,915
	2,465,025	2,388,199
Accumulated depreciation	(1,904,383)	(1,851,774)
Broadcasting facilities and equipment, net	\$ 560,642	536,425

(7) FCC Frequency Rights

FCC frequency rights consisted of the following at both May 31, 2024 and 2023:

Albany (WMHH)	\$ 543,261	
Syracuse (WMHR)	168,723	
Cape Vincent (WMHI)	24,863	
Malone (WMHQ)	10,626	
Utica (WMHU)	28,147	
Richfield Springs (WMHY)	9,983	
	\$ 785,603	

(8) Leases

The table below presents certain information related to the lease costs for operating leases, included in engineering expenses on the statements of activities and functional expenses, for the years ended May 31:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 57,361	55,253
Short-term lease expense	39,413	33,405

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

(8) Leases, Continued

Operating lease right-of-use assets and lease liabilities as of May 31, were as follows:

	<u>2024</u>	<u>2023</u>
Right-of-use assets:		
Operating lease assets	\$ <u>129,724</u>	<u>138,469</u>
Lease liabilities:		
Current portion of operating lease liabilities	24,649	48,907
Operating lease liabilities, net of current portion	<u>105,945</u>	<u>89,816</u>
Total operating lease liabilities	\$ <u>130,594</u>	<u>138,723</u>

The weighted average remaining lease term and discount rate for leases were as follows as of or for the years ended May 31:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term (years):		
Operating leases	5.90	7.38
Weighted average discount rate:		
Operating leases	3.50%	2.92%

Cash paid for amounts included in the measurement of lease liabilities for the years ended May 31 are as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows for operating leases	\$ 62,448	54,999

Right-of-use assets obtained in exchange for new lease obligations for the years ended May 31, are as follows:

	<u>2024</u>	<u>2023</u>
Operating leases	\$ 43,355	153,003

MARS HILL BROADCASTING CO., INC.

Notes to Financial Statements

(8) Leases, Continued

As of May 31, 2024, future minimum lease payments under operating leases are as follows:

	<u>Operating</u>
2025	\$ 28,714
2026	28,112
2027	23,394
2028	21,144
2029	14,336
Thereafter	<u>28,106</u>
Total minimum lease payments	143,806
Less imputed interest	<u>(13,212)</u>
Total lease liabilities	<u>\$ 130,594</u>