SOUTHERN OREGON PUBLIC TELEVISION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

SOUTHERN OREGON PUBLIC TELEVISION, INC.
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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Southern Oregon Public Television, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southern Oregon Public Television, Inc. (the "Station"), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of Southern Oregon Public Television, Inc. as of June 30, 2023 and 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1(d) to the financial statements, in 2023, the Station adopted new accounting guidance for leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Station's 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 the Station's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station'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.

James Moore & Co., P.L.

Gainesville, Florida
January 5, 2024

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,310,104	$ 2,160,075
Accounts receivable, net	18,611	11,814
Contributions receivable, net	8,096	4,987
Prepaid program rights	133,999	146,258
Prepaid expenses	49,722	56,597
Total current assets	1,520,532	2,379,731
Non-current assets		
Investments	331,430	-
Investment in partnership	27,221	22,941
Operating lease right of use asset, net	313,901	-
Property and equipment, net	808,218	547,309
Total non-current assets	1,480,770	570,250
Total Assets	$ 3,001,302	$ 2,949,981
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 32,675	$ 111,872
Deferred revenue	2,410	2,127
Current portion of operating lease liability	67,815	-
Accrued payroll liabilities	62,975	89,567
Total current liabilities	165,875	203,566
Non-current liabilities		
Operating lease liability, less current portion	246,086	-
Total Liabilities	411,961	203,566
Net assets		
Without donor restrictions		
Undesignated	1,889,362	1,722,839
Board designated	690,738	681,296
With donor restrictions	9,241	342,280
Total net assets	2,589,341	2,746,415
Total Liabilities and Net Assets	$ 3,001,302	$ 2,949,981

The accompanying notes to financial statements
are an integral part of these statements.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Major gifts	$ 126,966	$ -	$ 126,966
Membership and pledges	989,720	9,241	998,961
CPB grants	880,503	-	880,503
Other grants	36,600	-	36,600
Program underwriting	185,221	-	185,221
Production contracts	11	-	11
Trade	31,234	-	31,234
In-kind	75,139	-	75,139
Other	36,888	-	36,888
Investment return, net	6,417	-	6,417
Net assets released from restrictions:			
Restricted funds expended and expiration of time restrictions	342,280	(342,280)	-
Total support and revenues	2,710,979	(333,039)	2,377,940
Expenses			
Program services:			
Programming and production	1,074,279	-	1,074,279
Technology and operations	229,642	-	229,642
Total program services	1,303,921	-	1,303,921
Supporting services:			
Development and underwriting	692,418	-	692,418
Management and general	538,675	-	538,675
Total supporting services	1,231,093	-	1,231,093
Total expenses	2,535,014	-	2,535,014
Change in net assets	175,965	(333,039)	(157,074)
Net assets, beginning of year	2,404,135	342,280	2,746,415
Net assets, end of year	$ 2,580,100	$ 9,241	$ 2,589,341

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

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Major gifts	$ 356,761	$ -	$ 356,761
Membership and pledges	1,022,998	6,132	1,029,130
CPB grants	863,879	-	863,879
Other grants	16,250	-	16,250
Program underwriting	149,147	-	149,147
Local production underwriting	5,000	-	5,000
Trade	24,752	-	24,752
In-kind	12,900	-	12,900
Other	31,384	-	31,384
Forgivable advance income	156,097	-	156,097
Net assets released from restrictions:			
Restricted funds expended and expiration of time restrictions	151,187	(151,187)	-
Total support and revenues	2,790,355	(145,055)	2,645,300
Expenses			
Program services:			
Programming and production	1,094,390	-	1,094,390
Technology and operations	199,916	-	199,916
Total program services	1,294,306	-	1,294,306
Supporting services:			
Development and underwriting	593,233	-	593,233
Management and general	412,185	-	412,185
Total supporting services	1,005,418	-	1,005,418
Total expenses	2,299,724	-	2,299,724
Change in net assets	490,631	(145,055)	345,576
Net assets, beginning of year	1,913,504	487,335	2,400,839
Net assets, end of year	$ 2,404,135	$ 342,280	$ 2,746,415

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

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			
	Programming and Production	Technology and Operations	Total	Development and Underwriting	Management and General	Total	Total Expenses
Wages	$ 344,140	$ 13,671	$ 357,811	$ 211,607	$ 269,237	$ 480,844	$ 838,655
Program	411,203	-	411,203	-	-	-	411,203
Contract labor	47,480	79,623	127,103	230,674	-	230,674	357,777
Insurance	74,918	280	75,198	45,185	48,318	93,503	168,701
Depreciation	37,623	62,553	100,176	-	16,793	16,793	116,969
Building, equipment and tower rental	6,989	17,711	24,700	4,729	7,120	11,849	36,549
Operating lease	34,344	482	34,826	23,437	17,702	41,139	75,965
Professional fees	-	-	-	-	84,299	84,299	84,299
Premiums	-	-	-	35,003	-	35,003	35,003
Utilities	1,036	28,560	29,596	8,585	5,282	13,867	43,463
Payroll taxes and other	35,317	-	35,317	10,427	21,479	31,906	67,223
Trade	-	-	-	25,081	5,204	30,285	30,285
Dues and subscriptions	3,204	9,535	12,739	2,140	28,984	31,124	43,863
Travel and entertainment	4,371	4,105	8,476	1,800	6,363	8,163	16,639
Telephone	9,840	2,258	12,098	227	4,165	4,392	16,490
Printing and production	30,591	-	30,591	5,056	323	5,379	35,970
Repairs	-	1,833	1,833	-	900	900	2,733
Postage and delivery	15,136	-	15,136	33	4,020	4,053	19,189
Bank service charges	-	-	-	16,314	5,694	22,008	22,008
In-kind	-	-	-	67,920	7,219	75,139	75,139
Licenses and permits	393	-	393	-	670	670	1,063
Janitorial	4,057	57	4,114	2,769	1,964	4,733	8,847
Supplies	2,981	8,953	11,934	398	899	1,297	13,231
Advertising	7,862	-	7,862	-	382	382	8,244
Security	1,514	21	1,535	1,033	733	1,766	3,301
Training and seminars	1,280	-	1,280	-	925	925	2,205
	$ 1,074,279	$ 229,642	$ 1,303,921	$ 692,418	$ 538,675	$ 1,231,093	$ 2,535,014

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

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services			
	Programming and Production	Technology and Operations	Total	Development and Underwriting	Management and General	Total	Total Expenses
Wages	$ 379,794	$ 8,606	$ 388,400	$ 167,399	$ 105,967	$ 273,366	$ 661,766
Program	413,313	-	413,313	-	-	-	413,313
Contract labor	90,764	54,374	145,138	232,661	59,476	292,137	437,275
Insurance	56,929	271	57,200	41,313	41,611	82,924	140,124
Depreciation	40,494	68,279	108,773	-	9,820	9,820	118,593
Rent	40,490	12,321	52,811	27,631	16,629	44,260	97,071
Professional fees	-	1,050	1,050	-	79,200	79,200	80,250
Premiums	1,709	-	1,709	47,494	-	47,494	49,203
Utilities	1,033	26,834	27,867	2,692	4,573	7,265	35,132
Payroll taxes and other	33,057	-	33,057	8,672	19,158	27,830	60,887
Trade	-	-	-	24,645	232	24,877	24,877
Dues and subscriptions	3,343	7,026	10,369	300	31,239	31,539	41,908
Travel and entertainment	2,757	1,839	4,596	1,115	3,263	4,378	8,974
Telephone	8,866	1,335	10,201	5,541	3,870	9,411	19,612
Equipment rental	-	4,238	4,238	-	9,570	9,570	13,808
Printing and production	288	-	288	29,327	68	29,395	29,683
Repairs	-	943	943	-	844	844	1,787
Postage and delivery	11,578	235	11,813	546	299	845	12,658
Bank service charges	-	-	-	-	5,316	5,316	5,316
In-kind	-	-	-	-	12,900	12,900	12,900
Licenses and permits	-	-	-	-	1,090	1,090	1,090
Janitorial	3,232	45	3,277	2,206	1,565	3,771	7,048
Supplies	1,335	12,503	13,838	91	3,595	3,686	17,524
Advertising	3,417	-	3,417	-	454	454	3,871
Security	1,232	17	1,249	841	596	1,437	2,686
Training and seminars	759	-	759	759	850	1,609	2,368
	$ 1,094,390	$ 199,916	$ 1,294,306	$ 593,233	$ 412,185	$ 1,005,418	$ 2,299,724

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

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (157,074)	$ 345,576
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	116,969	118,593
Investment in partnership	(4,280)	(3,317)
Unrealized loss on investments	13	-
Amortizaton of right of use asset	65,892	-
Change in:		
Accounts receivable	(6,797)	(2,458)
Contributions receivable	(3,109)	(640)
Prepaid program rights	12,259	(15,809)
Prepaid expenses	6,875	(17,128)
Accounts payable	(79,197)	(66,551)
Deferred revenue	283	57
Refundable advance	-	(156,097)
Operating lease liability	(65,892)	-
Accrued payroll liabilities	(26,592)	5,126
Net cash provided by (used in) operating activities	(140,650)	207,352
Cash flows from investing activities		
Purchases of property and equipment	(377,878)	(101,295)
Purchase of investments	(331,443)	-
Net cash used in investing activities	(709,321)	(101,295)
Change in cash and cash equivalents	(849,971)	106,057
Cash and cash equivalents, beginning of year	2,160,075	2,054,018
Cash and cash equivalents, end of year	$ 1,310,104	$ 2,160,075
Supplemental disclosure of noncash investing activities		
Purchases of property and equipment included in accounts payable	$ -	$ 60,917
Right of use assets obtained in exchange for operating lease obligations	$ 379,793	$ -

The accompanying notes to financial statements
are an integral part of these statements.

(1) **Summary of Significant Accounting Policies:**

(a) **Organization**—Southern Oregon Public Television, Inc. (the "Station") is a nonprofit, commercial-free, educational, telecommunications organization located in Medford, Oregon that works with various partners to provide diverse cultural and informational programming and services. The Station's activities are for the benefit of the communities served and strive to foster an informed and active citizenry: make knowledge and the creative life of the arts, sciences and humanities available to the widest possible public; reflect positively the diversity of the community and audience, invite a sense of inclusion and better understanding of each other; improve, for all people, access to public media; be a trusted partner to parents and educators providing programming and services which promote the healthy development of children; serve the individual, not just as a spectator, but as a participant able and willing to learn new skills through the Station's programs and services; and work with educators to effectively use the telecommunications resources and capabilities to positively address educational needs of the region.

The Station receives significant funding from federal and state governments/agencies as well as from the Corporation for Public Broadcasting ("CPB"). Reductions in such support have and could have a significant effect on the Station's activities and financial position.

(b) **Basis of accounting**—The accounts of the Station are maintained in conformity with the principles of accounting of not-for-profit accounting and have been prepared on the accrual basis.

(c) **Basis of presentation**—The Station reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Station and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Station and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by laws. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

At June 30, 2023, net assets with donor restrictions included contributions receivable, as they are subject to implied time restrictions. At June 30, 2022, net assets with donor restrictions included contributions receivable subject to implied time restrictions and unspent American Rescue Plan Act Stabilization grant funds, which are restricted to maintain programming and services and preserve the ability of stations to respond to the global pandemic, coronavirus disease "COVID-19".

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Recently adopted accounting guidance**—In February 2016, the Financial Accounting Standards board (FASB) issued ASU 2016-02: *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the

objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Station adopted the new standard effective July 1, 2022, and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Station elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Station recognized on July 1, 2022 an operating lease liability of $379,793, which represents the present value of the remaining operating lease payments of $411,031, discounted using the Station's risk-free interest rate at the application date of 2.88%, and a right of use asset of $379,793.

The standard had a material impact on the Station's statement of financial position but did not have a significant impact on the Station's statements of activities, functional expenses, and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

(e) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include cash and investments with original maturities of three months or less.

(f) **Accounts and contributions receivable**—Accounts and contributions receivable are carried at original amounts billed or pledged, less an estimate for doubtful accounts based on periodic review by management. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to certain types of receivables, primarily membership subscriptions. The allowance for doubtful accounts totaled $2,099 and $3,048 at June 30, 2023 and 2022, respectively. Accounts receivable balance at July 1, 2021, net of valuation allowances was $9,356.

Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. Changes in the allowance for doubtful accounts have not been material to the financial statements. Recoveries of amounts previously written off are recorded when received.

The Station does not require collateral or other security on accounts receivable.

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Property and equipment**—Property and equipment are reported at historical cost. Contributed assets are reported at fair value as of the date received. The Station capitalizes all property and equipment costing $1,000 or more. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation for financial reporting purposes is computed using the straight-line basis over the estimated useful lives of the assets as follows:

	Years
Antennae and tower	5-30
Studio equipment	2-30
Leasehold improvements	5-25
Furniture and fixtures	3-10
Automobiles and trucks	10

Property and equipment are analyzed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no impaired assets at June 30, 2023 and 2022.

(h) **Investments**—Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the accompanying statements of activities. See Note 4 for further information on fair value reporting.

(i) **Leases**—The Station leases land, a building and equipment. The Station determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use (ROU) assets and operating lease liabilities on the Station's statement of financial position.

ROU assets represent the Station's right to use an underlying asset for the lease term and lease liabilities represent the Station's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Station's leases do not provide an implicit rate, the Station uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Station's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Station will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Station's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Station considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

(1) **Summary of Significant Accounting Policies:** (Continued)

The Company has elected to apply the short-term lease exemption to its classes of underlying assets for building and tower rental. In 2023, the Company has only a small number of leases within this class of underlying asset that qualify for the exemption. The short-term lease cost recognized and disclosed for those leases in 2023 is approximately $10,500. The remaining lease payments due in 2024 are approximately $10,500.

(j) **Deferred revenue**—Income received to underwrite programs or facilitate programming not yet broadcasted as of the end of the fiscal year is deferred and recognized over the period in which the programming is aired.

(k) **Revenue recognition**—The Station recognizes support and revenue from a variety of sources, including but not limited to the following:

Contributions, including membership, pledges, and major gifts, are recognized when cash, securities or other assets; an unconditional promise to give or bequest; 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.

Underwriting revenues are contributions to the Station to support its programming or activities in the form of underwriting credit. Nothing of commensurate value is exchanged for underwriting credit, and the Station provides refunds for any underwriting revenues collected if the spots are not aired. Therefore, underwriting revenues contain a barrier to overcome and a right of return or a right of release of the obligation, and are recognized as revenue when the related underwriting credits are aired.

Grants for specific projects and activities are recognized as revenue when awarded and all conditions have been met. The Station receives cost-reimbursable grants where the contracts require a right of return or right of release of the obligation for any unspent funds. Revenue on conditional cost-reimbursable grants is recognized to the extent of costs incurred.

Revenues from production contracts, lease agreements, other rentals and services are recognized in the period earned or stipulated in the agreement, as performance obligations are satisfied.

(l) **In-kind contributions**—Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Station reports gifts of equipment, professional services, materials and other nonmonetary contributions as support in the accompanying statements of activities.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Pledges and contributions—**The Station engages in periodic fundraising campaigns manifested by offering special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions, including unconditional promises to give and membership receipts, are recognized as revenue in the period received or given. Collected contributions and pledges are components of net assets without donor restrictions inasmuch as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges. Contributions receivable are a component of net assets with donor restrictions as they are subject to implied time restrictions.

Conditional promises to give are considered conditional if the terms of the agreement include both a right of return of assets received/promised and a barrier to entitlement. Conditional agreements are not recognized as pledges receivable until the conditions and barriers on which they depend are met.

(n) **Corporation for Public Broadcasting Community Service Grants—**The CPB is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants ("CSG") to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions mainly pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as increases in net assets without donor restrictions, provided they are spent in the same fiscal year they are received.

(o) **Income taxes**—The Station is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Station files income tax returns in the U.S. Federal and state jurisdictions. The Station's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. The Station has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Station.

(1) **Summary of Significant Accounting Policies:** (Continued)

(p) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain personnel, office, and building costs have been allocated across functional groups based on salaries and benefits per functional classification.

The following program and supporting services are included in the accompanying financial statements:

Program services include:

Programming and production—provides for the creation and distribution of the locally produced educational and informational media that is central to the Station's mission.

Technology and operations—allows for the maintenance of and improvements to the technology that is required to provide the Station's diverse cultural and informational programming and services.

Supporting services include:

Development and underwriting—provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations. Development and underwriting activities include contribution drives, memberships and related events and major donor solicitations.

Management and general—includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Station's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration; and manage the Station's financial and budgetary responsibilities.

(q) **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, results could differ from those estimates.

(r) **Advertising costs** — Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2023 and 2022 was $8,244 and $3,871, respectively.

(s) **Subsequent events**—The Station has evaluated events and transactions through January 5, 2024, the date the financial statements were available to be issued. No subsequent events have been identified or disclosed.

(t) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2023. The Station has considered the new pronouncements that altered accounting principles generally accepted in the United States of America and does not believe that any new or modified principles will have a material impact on the Station's reported financial position or operations in the near term.

(2) **Liquidity and Availability:**

Financial assets available for general expenditure, that is, without donor restrictions, or internal board designations limiting their use, within one year of the balance sheet date, comprise the following:

	2023	2022
Financial assets available within one year, at year end		
Cash	$ 1,310,104	$ 2,160,075
Accounts receivable, net	18,611	11,814
Contributions receivable, net	8,096	4,987
Less those unavailable for general expenditures within one year, due to		
Board designations	(359,308)	(681,296)
Financial assets available to meet cash needs for general expenditures within one year	$ 977,503	$ 1,495,580

The contributions receivable are subject to implied time restrictions but are expected to be collected within one year. The Station has funds that the board designated. Board designated funds consists of amounts held in a money market account and a cash account and are allocated for future working capital needs. Additionally, the Station has investments of $331,430 at June 30, 2023. Although the Station does not intend to liquidate assets other than as part of its annual budget process, these amounts could be made available if necessary. See Note 4 for additional information regarding investments.

(3) **Investment in Partnership:**

Investment in partnership represents an approximate five-percent interest in a limited partnership, Mt. Baldy Communication, LLC, which is engaged in broadcasting related activities. The investment is accounted for using the equity method. Under the equity method, the investment was recorded initially at cost, and subsequent adjustments are run through the statement of activities annually for the Station's share of post-acquisition profits and losses.

(4) **Investments and Fair Value Measurements:**

The Station invests in various securities primarily based on its investment policy and liquidity needs.

Net investment return on the statements of activities is comprised of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Dividends	$ 6,430	$ -
Unrealized gains/(losses), net	(13)	-
Investment return, net	$ 6,417	$ -

(4) **Investments and Fair Value Measurements:** (Continued)

The fair value measurement accounting literature provides the 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 and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Station has the ability to access.

Level 2 – Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation of 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.

The asset's 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.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes to the methodology used at June 30, 2023 and 2022.

Mutual funds – Valued at quoted market prices in active markets.

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 Station believes its valuation method is 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 summarizes the investments of the Station.

	Fair Value Measurements as of June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 331,430	$ -	$ -	$ 331,430

There were no investments measured at fair value as of June 30, 2022.

(5) **Property and Equipment:**

A summary of property and equipment at June 30, 2023 and 2022, is as follows:

	2023	2022
Studio equipment	$ 3,717,164	$ 3,555,759
Antennae and tower	741,080	527,353
Land and leasehold improvements	245,798	243,052
Furniture and fixtures	149,825	149,825
Automobiles and trucks	18,235	18,235
Total property and equipment	4,872,101	4,494,224
Less: Accumulated depreciation	4,063,884	3,946,915
Property and equipment, net	$ 808,218	$ 547,309

For the years ended June 30, 2023 and 2022, depreciation expense for property and equipment was $116,969 and $118,593, respectively.

(6) **Contributed Nonfinancial Assets:**

In-kind contributions included in the statement of activities for the years ended June 30, 2023 and 2022, are comprised of services. Services recognized comprise professional and advertising services and are valued using current rates of the professional firm and advertising company.

In-kind contributions are not restricted. The Station does not sell in-kind contributions and uses the contributed in-kind items in management and general and development and underwriting activities.

(7) **Operating Lease Commitments:**

For the year ended June 30, 2022, prior to the implementation of ASU 2016-02: *Leases* (Topic 842), the Station leased office facilities under an operating lease for approximately $75,000 per year. The Station also leased office equipment classified under an operating lease requiring basic monthly payments of approximately $89 with a lease term expiring in 2027. Lease expense under the office equipment lease agreement totaled approximately $1,000 for the fiscal year ended June 30, 2022. Additionally, three other tower sites are leased under operating lease arrangements with lease payments totaling approximately $900 per month or approximately $11,000 annually.

For the year ended June 30, 2023, the Station has operating leases for office facilities and equipment, which have remaining lease terms expiring in fiscal year 2028. As of June 30, 2023, assets recorded under operating leases were $379,793, and accumulated amortization associated with these operating leases was $65,892.

The operating lease cost for the year ended June 30, 2023 was $75,965.

The operating leases have remaining lease terms of approximately 5 years and a discount rate of 2.88% for the year ended June 30, 2023.

(7) **Operating Lease Commitments:** (Continued)

Future minimum lease payments under non-cancellable leases as of June 30, 2023 were as follows:

Years Ending June 30:	Operating
2024	$ 75,965
2025	75,965
2026	75,965
2027	75,518
2028	31,206
Total future minimum payments	334,619
Less: Imputed interest	20,718
Total lease liabilities	$ 313,901

(8) **Other Leasing Arrangements:**

The Station leases space for the installation of antennas for an annual lease cost of approximately $10,500 and charges this amount to building and tower rental expense in the statement of activities. The leases are cancellable at the option of the lessor or lessee (the Station). Due to cancellable nature of the lease, the leases are classified as short-term, and the Station has elected to apply the short-term lease exemption on these leases.

(9) **Significant Concentrations:**

Information related to significant concentrations of revenues and credit risk for financial instruments owned by the Station, except as otherwise disclosed, is as follows:

(a) **Cash and cash equivalents**—The Station maintains its cash accounts at financial institutions which at times may exceed federally insured limits. The Station has not experienced any losses in such accounts. As of June 30, 2023 and 2022, uninsured cash balances totaled $1,081,390 and $1,610,287, respectively.

(b) **Revenues**—The CPB provided approximately 37% and 33% of the Station's revenue during the fiscal years ended June 30, 2023 and 2022, respectively.

(10) **Community Service Grants:**

The Station receives a CSG from the CPB annually. The CSGs received and expended during the most recent fiscal years were as follows:

Years of Grant	Grants Received	Expended			Uncommitted Balance at June 30, 2023
		2020-21	2021-22	2022-23	
2022-23	$ 724,911	$ -	$ -	$ 724,911	$ -
2021-22	702,931	-	702,931	-	-
2020-21	671,124	671,124	-	-	-

(11) **Risks and Uncertainties:**

The Station is exposed to various risks of loss arising from litigation and claims in the normal course of business. The Station maintains insurance coverage to provide for risks of loss.

(12) **Nonfederal Financial Support:**

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on nonfederal financial support ("NFFS"). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A "contribution" is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station.

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state or local government or agency thereof, or an educational institution; (2) the form of the payment must be an appropriation or contract payment in exchange for specific materials or services related to public broadcasting; (3) the purpose must be for services or materials with respect to the provision of educational or instructional television or radio programs; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station.

Reported NFFS for the Station was $1,307,756 and $1,506,275 for the years ended June 30, 2023 and 2022, respectively.