

# **PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA**

**FINANCIAL REPORT  
JUNE 30, 2022**

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA**  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Public Media Group of Southern California

### **Opinion**

We have audited the financial statements of Public Media Group of Southern California (the Organization), which comprise the statement of financial position as of June 30, 2022, the related statements of activities, functional expenses, and cash flows for the year 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 the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Singer Lewak LLP*

December 7, 2022

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30,**

**ASSETS**

	<u>2022</u>	<u>2021</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 17,132,638	\$ 11,328,718
Escrow fund	286,336	543,434
Investments	57,608,356	66,496,124
Grants receivable	4,664,622	3,085,227
Accounts receivable, net	406,055	633,657
Prepaid expenses and other assets	<u>1,313,110</u>	<u>1,017,534</u>
 Total current assets	 <u>81,411,117</u>	 <u>83,104,694</u>
<b>Noncurrent assets</b>		
Grants receivable	3,743,000	-
Beneficial interest in charitable remainder trusts	477,455	520,096
Investment in partnership	10,640	10,640
Investment in SoCal Facilities, LLC	1,529,894	1,019,842
Broadcasting license, net	13,939,575	13,939,575
Other intangible assets, net	1,230,000	1,230,000
Property and equipment, net	5,302,552	6,668,977
Deposits	386,262	379,515
Endowment investments	<u>12,012,560</u>	<u>13,654,774</u>
 Total noncurrent assets	 <u>38,631,938</u>	 <u>37,423,419</u>
 <b>Total assets</b>	 <b><u>\$ 120,043,055</u></b>	 <b><u>\$ 120,528,113</u></b>

See notes to financial statements.

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30,**

**LIABILITIES AND NET ASSETS**

	<u>2022</u>	<u>2021</u>
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 4,298,525	\$ 4,451,568
Notes payable	750,000	750,000
Charitable gift annuities payable	28,821	26,586
Advances	<u>74,439</u>	<u>159,001</u>
Total current liabilities	<u>5,151,785</u>	<u>5,387,155</u>
<b>Noncurrent liabilities</b>		
Notes payable	6,180,694	6,584,162
Charitable gift annuities payable	75,244	89,954
Deferred rent and lease incentive	<u>1,806,818</u>	<u>2,755,239</u>
Total noncurrent liabilities	<u>8,062,756</u>	<u>9,429,355</u>
Total liabilities	<u>13,214,541</u>	<u>14,816,510</u>
<b>Net assets</b>		
Without donor restrictions	77,656,158	87,956,788
With donor restrictions	<u>29,172,356</u>	<u>17,754,815</u>
Total net assets	<u>106,828,514</u>	<u>105,711,603</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 120,043,055</u></b>	<b><u>\$ 120,528,113</u></b>

See notes to financial statements.

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>						
Contributions, grants, and contracts	\$ 30,448,224	\$ 18,355,516	\$ 48,803,740	\$ 33,645,964	\$ 2,110,983	\$ 35,756,947
Facility and other rental income	3,189,643	-	3,189,643	3,008,328	-	3,008,328
Net investment return (loss)	(6,040,459)	(1,679,522)	(7,719,981)	8,274,614	2,212,188	10,486,802
Educational programs	376,538	-	376,538	378,360	-	378,360
Other	883,470	-	883,470	13,761	-	13,761
Net assets released from restrictions	5,258,453	(5,258,453)	-	5,508,129	(5,508,129)	-
Total support and revenue	34,115,869	11,417,541	45,533,410	50,829,156	(1,184,958)	49,644,198
<b>Functional expenses</b>						
Program services						
Programming and production	13,850,584	-	13,850,584	14,338,077	-	14,338,077
Broadcasting	10,947,810	-	10,947,810	10,145,582	-	10,145,582
Underwriting and grant solicitation	3,012,213	-	3,012,213	2,775,152	-	2,775,152
Total program services	27,810,607	-	27,810,607	27,258,811	-	27,258,811
Supporting services						
Fundraising and development	7,485,791	-	7,485,791	7,778,284	-	7,778,284
General and administrative	9,120,101	-	9,120,101	7,969,481	-	7,969,481
Total supporting services	16,605,892	-	16,605,892	15,747,765	-	15,747,765
Total functional expenses	44,416,499	-	44,416,499	43,006,576	-	43,006,576
<b>Change in net assets</b>	(10,300,630)	11,417,541	1,116,911	7,822,580	(1,184,958)	6,637,622
<b>Net assets, beginning of period</b>	87,956,788	17,754,815	105,711,603	80,134,208	18,939,773	99,073,981
<b>Net assets, end of year</b>	<b>\$ 77,656,158</b>	<b>\$ 29,172,356</b>	<b>\$ 106,828,514</b>	<b>\$ 87,956,788</b>	<b>\$ 17,754,815</b>	<b>\$ 105,711,603</b>

See notes to financial statements.



**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2022**  
**(Summarized Information for the Year Ended June 30, 2021)**

	Program Services				Supporting Services			Totals	
	Programming and Production	Broadcasting	Underwriting and Grant Solicitation	Total Program Services	Fundraising and Development	General and Administrative	Total Supporting Services	2022	2021
Wages, taxes, and benefits	\$ 5,961,357	\$ 1,524,092	\$ 1,935,223	\$ 9,420,672	\$ 1,695,812	\$ 4,353,653	\$ 6,049,465	\$ 15,470,137	14,744,830
On air programming	1,324,949	5,021,410	2,565	6,348,924	175,680	-	175,680	6,524,604	6,085,664
Professional fees	1,678,802	962,631	242,435	2,883,868	1,110,230	1,148,128	2,258,358	5,142,226	4,966,460
Rental	1,341,339	935,699	423,960	2,700,998	472,997	697,434	1,170,431	3,871,429	4,294,376
Depreciation and amortization	887,586	711,543	166,688	1,765,817	417,780	281,967	699,747	2,465,564	2,325,368
General office supplies and equipment	450,510	104,082	43,837	598,429	933,760	156,247	1,090,007	1,688,436	2,103,838
Mail processing and printing	13,961	-	5,667	19,628	1,720,506	1,999	1,722,505	1,742,133	1,723,212
Other	325,679	45,463	35,999	407,141	760,710	64,489	825,199	1,232,340	1,303,972
Utilities	351,297	562,136	75,498	988,931	130,606	114,549	245,155	1,234,086	1,271,889
Contracted production services	837,829	-	-	837,829	-	-	-	837,829	1,034,633
Advertising	51,841	-	762	52,603	-	1,646,415	1,646,415	1,699,018	1,012,734
Engineering infrastructure	456,710	517,200	-	973,910	1,800	-	1,800	975,710	807,494
Insurance	2,926	-	104	3,030	-	464,521	464,521	467,551	406,288
Interest	-	346,533	-	346,533	-	-	-	346,533	386,567
Repairs and maintenance	54,910	184,901	17,712	257,523	19,291	28,628	47,919	305,442	357,465
Travel	110,888	32,120	61,763	204,771	46,619	162,071	208,690	413,461	181,786
	<u>\$ 13,850,584</u>	<u>\$ 10,947,810</u>	<u>\$ 3,012,213</u>	<u>\$ 27,810,607</u>	<u>\$ 7,485,791</u>	<u>\$ 9,120,101</u>	<u>\$ 16,605,892</u>	<u>\$ 44,416,499</u>	<u>\$ 43,006,576</u>

See notes to financial statements.

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,116,911	\$ 6,637,622
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation and amortization of property and equipment	2,465,564	2,325,368
Provision for doubtful accounts	9,784	49,900
Amortization of discount on note payable – CCCD	346,532	365,744
Net realized and unrealized (gain) loss on investments	9,322,541	(9,240,426)
Contributions received in the form of investments	1,976,982	156,919
Change in value of split-interest agreements	(12,475)	(12,535)
Gain on extinguishment of PPP note payable	-	(2,296,200)
Impairment of fractional interest in land	-	420,000
(Increase) decrease in:		
Escrow fund	257,098	402,072
Grants receivable	(5,322,395)	(488,709)
Accounts receivable	217,818	194,236
Note receivable	-	843,765
Prepaid expenses and other current assets	(295,576)	5,059
Deposits	(6,747)	23,075
Increase (decrease) in:		
Accounts payable and accrued expenses	(153,043)	(448,608)
Advances	(84,562)	17,732
Deferred rent and lease incentive	(948,421)	(782,359)
Net cash flows provided by (used in) operating activities	<u>8,890,011</u>	<u>(1,827,345)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,099,139)	(1,484,131)
Investments in SoCal Facilities, LLC	(510,052)	(898,384)
Reinvestment of investment income	(1,559,919)	(1,508,510)
Purchases of investments	(22,644,958)	(34,288,151)
Sales of investments	<u>23,477,977</u>	<u>28,777,087</u>
Net cash flows used in investing activities	<u>(2,336,091)</u>	<u>(9,402,089)</u>

See notes to financial statements.

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2022 and 2021**

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	<u>2022</u>	<u>2021</u>
<b>Cash flows from financing activities</b>		
Principal payments on note payable – Coast Community College District (CCCD)	<u>\$ (750,000)</u>	<u>\$ (750,000)</u>
Net cash flows used in financing activities	<u>(750,000)</u>	<u>(750,000)</u>
<b>Net change in cash and cash equivalents</b>	5,803,920	(11,979,434)
<b>Cash and cash equivalents, beginning of the year</b>	<u>11,328,718</u>	<u>23,308,152</u>
<b>Cash and cash equivalents, end of the year</b>	<u><b>\$ 17,132,638</b></u>	<u><b>\$ 11,328,718</b></u>
<b>Supplemental disclosure for cash flows information</b>		
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ 20,823</u></u>

See notes to financial statements.

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – GENERAL**

Public Media Group of Southern California (“PMGSC” or the “Organization”) owns and operates the primary PBS channels in the region: PBS SoCal (KOCE 50.1) and KCET (28.1), as well as the national satellite channel LINK TV.

PMGSC channels are the home of the award winning original local arts, culture and news programming, along with PBS programming. The Organization delivers the entire PBS schedule, including popular and acclaimed hit drama series and crucial educational resources. Through PMGSC’s satellite and streaming platform, Link TV, it provides content from around the world on DIRECTV, Dish Network and Over-The-Top (OTT) on its website.

The Organization is an important cultural and educational institution for the community. Its mission is to strengthen the fabric of our communities and enrich the lives of all Southern Californians by delivering MEDIA for the PUBLIC GOOD. It delivers on this mission by providing distinctive PBS programming, locally produced award-winning programs such as Artbound, Lost LA, SoCal Wanderer and Variety: Actors on Actors, as well as person-to-person experiences in the classroom and in the community, diverse cultural and community partnerships, and content that is for, about and by Southern Californians.

PMGSC manages 8 channels (7 local, 1 National) that reach nearly 19 million people across six diverse counties – Los Angeles, Orange, Riverside, San Bernardino, Ventura and Santa Barbara – across all distribution platforms including: broadcast (Over-the-air), OTT streaming devices (Roku, FireTV), PBS Passport app and digitally through our websites and YouTube. The Organization’s LinkTV platform is available in approximately 21 million homes across the country.

PMGSC is a locally operated non-profit organization committed specifically to serving the Southern California community, and its primary sources of revenue are contributions from membership of local individuals, as well as grants and contributions from foundations, corporations, and the Corporation for Public Broadcasting (CPB).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The accompanying financial statements include the statements of financial position that present amounts for each of the two classes of net assets: without donor restrictions and with donor restrictions. These net assets are classified based on the existence or absence of donor-imposed restrictions and statement of activities that reflects the changes in those categories of net assets.

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation (Continued)

Net assets without donor restrictions are either not restricted by donors or the donor-imposed restrictions have been fulfilled. Net assets with donor restrictions include those assets whose use by the Organization has been limited by donors to later periods of time, in perpetuity, or for specified purposes. The investment return from assets held in perpetuity may be used for purposes as specified by the donor or, if the donor has not specified a purpose, for purposes approved by the board of trustees.

Prior-year Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributions, Revenue Recognition and Change in Accounting Principle

The Organization records as revenue the following types of contributions under FASB ASC 958-605 when they are received unconditionally at their estimated fair value: cash, promises to give (pledges in the form of grants and contracts), and gifts of long-lived and other assets. Contributions received are recorded as with or without restrictions depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period the condition is met. Such contributions are required to be reported as donor restricted support and are reclassified to net assets without donor restrictions upon expiration of the restriction, usually when the funds are spent. Pledges for future contributions are recognized and recorded as receivables at their estimated realizable value in the year for which they are promised to the Organization.

Conditional promises to give that are conditioned upon future events or future matching are not recorded until the condition has been satisfied. If funds are received from such gifts, they are recorded as refundable advances until the condition is satisfied. When the condition has been satisfied, the gift is recognized as either with or without donor restrictions depending on the intent of the donor.

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowments or other long-term purposes are excluded from this definition.

Grants Receivable

Grants receivable consist primarily of monies due for grants. There was no allowance established at June 30, 2022 and 2021, as all outstanding grants were deemed collectible by management.

Accounts Receivable

Accounts receivable consist primarily of monies due for underwriting services. An allowance for uncollectible receivables of \$72,217 and \$62,433 as of June 30, 2022 and 2021, respectively, has been established based on historical collections.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statement of activities as increases or decreases in net assets without donor restrictions.

Dividend and interest income are accrued when earned. Interest and investment income and dividends are presented net of related investment expenses.

The Organization also holds an ownership interest in land, which is reflected on the statement of financial position at fair value at the date of donation. The Organization reviews interest in land for impairments whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying value of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the year ended June 30, 2021, the land had been on the market for sale and the Organization received further details on the development limitations with the land that affects the marketability of the land and limits the number of potential buyers. After considering these facts, management determined the carrying value of the land may not be recoverable and an impairment of \$420,000 was recorded during the year ended June 30, 2021.

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Intangible Asset – Broadcast License

The Organization owns several public broadcast licenses, which management has determined all have indefinite lives. One such license was acquired on November 1, 2004 and stated at fair market value at the date of acquisition. As of June 30, 2022 and 2021, the broadcast license, net of purchase price allocation discounts of \$10,261,660, amounted to \$16,238,339, respectively. Through June 30, 2010, the Organization applied the amortization guidance in U.S. GAAP to their license and recorded accumulated amortization of \$2,298,764. Effective July 1, 2010, the Organization conformed with a change in U.S. GAAP and stopped amortizing their license. Other public broadcast licenses were obtained at no cost and no value has been attributed to them.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the donation, less accumulated depreciation. Depreciation and amortization is computed, using the straight-line method over the estimated useful lives of the various classes of assets as follows:

Leasehold improvements	Lesser of useful life or term of lease
Broadcasting equipment	5 to 20 years
Office furniture, fixtures, production equipment and automobiles	5 to 10 years

Contributions received that contain donor restrictions for capital projects are classified as net assets with donor restrictions; those restrictions expire when the capital projects are placed in service.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the change in net assets.

Impairment of Long-lived Assets

Impairment losses are recorded on long-lived assets and intangible assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management has determined that no indicators of impairment have occurred during the years ended June 30, 2022 and 2021.

**PUBLIC MEDIA GROUP OF  
SOUTHERN CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Advances

Amounts collected in advance of services to be provided by the Organization are reflected as advances in the accompanying statement of financial position.

Production Costs and Grants

Production costs are expensed as incurred. Direct production costs are funded by grants from individuals, corporations, and federal, state, and other governmental agencies. Amounts received under governmental grants related to production are recorded as advances and recognized as revenue as the related costs are incurred. Grants from individuals and corporations are recorded as contributions and are accounted for as described above.

Amounts received under these arrangements are reported in the accompanying statements of activities as contributions, grants, and contracts, along with other contributions received by the Organization.

Contributed Goods and Services

Contributed goods, services and other noncash contributions are reflected in the accompanying statements at their estimated fair market value in the period received. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by individuals possessing those skills. Other volunteer services that do not meet the criteria are not recognized in the financial statements, as there is no objective basis of deriving their value.

Split-interest Agreements

The Organization is the beneficiary of charitable remainder trusts, for which its beneficial interest is expressed as either a percentage or a dollar amount of the trusts' assets' fair value. Trust assets are recorded at net present value, discounted using a market interest rate at each year end and an annual yield over the remaining life expectancy of the donors.

The Organization is also the beneficiary of charitable gift annuities, which the Organization records as assets, although these assets are held in a custodial account at a financial institution. The Organization records these assets, which are held as investments, at fair value at each year end, and records an annuity payment liability for an amount equal to the present value of the estimated future cash flows to be distributed to the income beneficiaries over their expected lives. The difference between the fair value of the assets received and the annuity payment liability is recognized as revenue.



**PUBLIC MEDIA GROUP OF  
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NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred Rent and Lease Incentive

The Organization recognizes the benefits of tenant improvement allowances and escalating rent provisions on a straight-line basis over the term of the lease. The Organization accounts for its lease incentives as a deferred liability. The deferred liability is then amortized on a straight-line basis over the lease term as a reduction in rent expense.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, repairs and maintenance, general office equipment rentals and purchases, office supplies, professional services, utilities, depreciation and amortization, which are allocated based on an employee head count as of a specific date, typically at the mid-point of the fiscal year.

Advertising Costs

The Organization expenses advertising and promotional costs as incurred.

Income Taxes

The Organization is exempt from taxation under Internal Revenue Code §501(c)(3) and California Revenue and Taxation Code §23701(d) and is generally not subject to federal or state income taxes.

However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption; the Organization does engage in certain activities that are statutorily defined as unrelated business.

U.S. GAAP clarifies the accounting for uncertainty in income taxes. U.S. GAAP prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. U.S. GAAP requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. U.S. GAAP also provides guidance related to derecognition, classification, interest and penalties, accounting in interim periods and disclosure. During the years ended June 30, 2022 and 2021, the Organization performed an evaluation of uncertain tax positions and did not have any matters that require recognition in the financial statements or which may have an effect on its tax-exempt status.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for years beginning after December 15, 2021, including interim periods within those years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842)—Targeted Improvements*, which provides entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption consistent with the preparers' requests. Consequently, an entity's reporting for the comparative periods presented in the financial statements, in which it adopts the new leases standard, will continue to be in accordance with *Topic 840, Leases*. An entity that elects this additional (and optional) transition method must provide the required *Topic 840* disclosures for all periods that continue to be in accordance with *Topic 840*. The effective date and transition requirements for these amendments to ASU 2016-02 are the same as the effective date of ASU 2016-02. The adoption of ASU 2016-02 will have a material impact on the Organization's financial statements.

**NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS**

As defined in FASB Accounting Standards Codification ("ASC") Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses the market or income approach. Based on this approach, the Organization utilizes certain assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and the reliability of the information used to determine fair values.

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**NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace

Level 3 – Unobservable inputs which are supported by little or no market activity

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Following are descriptions of the valuation methodologies used for assets measured at fair value:

Equity, Money Market, Public Equity and Fixed Income Securities – Government Bonds

The fair value of equity, money market, public equity and government bonds is the market value based on quoted prices for identical assets in an active market. They are classified within Level 1 of the fair value hierarchy.

Mutual Funds

The fair value of mutual funds is at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Fixed Income Securities – Corporate Bonds

The fair value of corporate bonds is generally priced by independent pricing services and are based on observable market inputs rather than market quotes. They are classified within Level 2 of the fair value hierarchy.

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**NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

Beneficial Interests in Charitable Remainder Trusts

The Organization's beneficial interest in charitable remainder trusts is expressed as either a percentage or a dollar amount of the trusts' assets' fair value. The present value of the remainder is revalued each year end based on the trusts' assets, current fair market value, current market interest rate (3.6% and 1.2% as of June 30, 2022 and 2021, respectively), and an annual yield of 7% over the remaining life expectancy of the donors.

Beneficial interests in charitable remainder trusts are classified within Level 3 of the fair value hierarchy.

Charitable Gift Annuities

For charitable gift annuities, Organization's future payment liability is recorded in the statement of financial position as charitable gift annuities payable. Corresponding assets are held and recorded as investments, with any contribution in excess of the initial liability recognized as contribution revenue. The liability for each gift annuity is revalued each year under actuarial tables and market interest rates.

The current market interest rate used at June 30, 2022 and 2021 was 3.6% and 1.2%, respectively. Charitable gift annuities payable are classified within Level 3 of the fair value hierarchy.

The Organization received \$117,476 under charitable gift annuities in prior years and these investments have a carrying amount of \$179,222 and \$210,972 as of June 30, 2022 and 2021, respectively. In accordance with the terms of the agreements, the Organization pays annual annuities of approximately \$28,000 to the donors during the remainder of their lives. As of June 30, 2022 and 2021, the annuities payable totaled \$104,065 and \$116,540, respectively.

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

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**NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

The following tables set forth, by level within the fair value hierarchy, the Organization's investment assets at fair value as of June 30, 2022. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>				
Money market funds	\$ 32,867	\$ -	\$ -	\$ 32,867
Equity securities	3,428,236	-	-	3,428,236
Fixed income securities				
- government bonds	19,579,673	-	-	19,579,673
Fixed income securities				
- corporate bonds	-	5,376,646	-	5,376,646
Mutual funds	74,445	-	-	74,445
Public equity	<u>31,334,952</u>	<u>-</u>	<u>-</u>	<u>31,334,952</u>
 Total investments at fair value	<u>54,450,173</u>	<u>5,376,646</u>	<u>-</u>	<u>59,826,819</u>
 <b>Other financial assets</b>				
Beneficial interest in charitable remainder trust	<u>-</u>	<u>-</u>	<u>477,455</u>	<u>477,455</u>
 <b>Total assets</b>	<b><u>\$ 54,450,173</u></b>	<b><u>\$ 5,376,646</u></b>	<b><u>\$ 477,455</u></b>	<b><u>\$ 60,304,274</u></b>
 <b>Financial liabilities</b>				
Charitable gift annuities payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (104,065)</u>	<u>\$ (104,065)</u>
 <b>Total liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (104,065)</u></b>	<b><u>\$ (104,065)</u></b>

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**NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

The following tables set forth, by level within the fair value hierarchy, the Organization's investment assets at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>				
Money market funds	\$ 49,461	\$ -	\$ -	\$ 49,461
Equity securities	30,302,156	-	-	30,302,156
Fixed income securities				
- government bonds	31,954,583	-	-	31,954,583
Fixed income securities				
- corporate bonds	-	4,537,276	-	4,537,276
Mutual funds	<u>4,863,541</u>	<u>-</u>	<u>-</u>	<u>4,863,541</u>
 Total investments at fair value	 <u>67,169,741</u>	 <u>4,537,276</u>	 <u>-</u>	 <u>71,707,017</u>
 <b>Other financial assets</b>				
Beneficial interest in charitable remainder trust	<u>-</u>	<u>-</u>	<u>520,096</u>	<u>520,096</u>
 <b>Total assets</b>	 <b><u>\$ 67,169,741</u></b>	 <b><u>\$ 4,537,276</u></b>	 <b><u>\$ 520,096</u></b>	 <b><u>\$ 72,227,113</u></b>
 <b>Financial liabilities</b>				
Charitable gift annuities payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(116,540)</u>	\$ <u>(116,540)</u>
 <b>Total liabilities</b>	 <b><u>\$ -</u></b>	 <b><u>\$ -</u></b>	 <b><u>\$ (116,540)</u></b>	 <b><u>\$ (116,540)</u></b>

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**NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

The following table summarizes the Organization’s financial assets which are valued using the fair value practical expedient of net asset value as of June 30, 2022.

Investment	Number of Investments	Fair Value	Redemption Frequency	Redemption Notice Period
Hedge funds	2	\$ 6,933,040	(a)	(a)
Private equity	6	1,995,950	(b)	(b)
Other pooled investment funds	2	<u>865,107</u>	(c)	(c)
Total		<u><b>\$ 9,794,097</b></u>		

- (a) The fair value of hedge funds has been estimated using net asset values per share of the investments and can be redeemed annually on January 1 or quarterly/annually depending on share class with a 65-day, 90-day or 91-day notice period, respectively. Restrictions include full redemption over four quarters (1 year) and full redemption over twelve quarters (3 years).
- (b) The fair value of private equity investments without a readily determinable fair value, are generally valued at net asset value per share, or its equivalent, such as member units or an ownership interest in partner’s capital, as a practical expedient. Investments in private equity companies are not readily redeemable; however, a secondary market does exist. Distributions normally are received through the liquidation of the underlying assets in the fund.
- (c) The fair value of other pooled investment funds (i.e., limited partner or non-managing member interests (“LP/LLC Interests”)) without a readily determinable fair value, are generally valued at net asset value per share, or its equivalent, such as member units or an ownership interest in partner’s capital, as a practical expedient. Investments in other pooled investment funds are not readily redeemable; however, a secondary market does exist. Distributions normally are received through the liquidation of the underlying assets in the fund.

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**NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

Investments consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Endowment investments	\$ 12,012,560	\$ 13,654,774
Investments available for general operations	57,429,134	66,285,152
Charitable gift annuities	<u>179,222</u>	<u>210,972</u>
	<b><u>\$69,620,916</u></b>	<b><u>\$ 80,150,898</u></b>

For the years ended June 30, 2022 and 2021, the change in investments and related liabilities classified as Level 3 are as follows:

	<u>Beneficial Interest in Charitable Remainder Trust</u>	<u>Charitable Gift Annuities Payable</u>
Balance, June 30, 2020	\$ 420,117	\$ 129,075
Payments	-	(17,491)
Change in value	<u>99,979</u>	<u>4,956</u>
Balance, June 30, 2021	520,096	116,540
Payments	-	(15,736)
Change in value	<u>(42,641)</u>	<u>3,261</u>
<b>Balance, June 30, 2022</b>	<b><u>\$ 477,455</u></b>	<b><u>\$ 104,065</u></b>

The following table represents the Organization's Level 3 financial instruments for the year ended June 30, 2022, the valuation technique used to measure the fair value of the financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:



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**NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Range</u>
Beneficial interest in charitable remainder trust	\$ 477,455	Income Approach	Discount Rate	7%
Charitable gift annuities payable	\$ 104,065	Disbursement Approach	Discount Rate	3.6%

**NOTE 4 – CONCENTRATIONS OF RISK**

Concentration of Credit Risk

Certain financial instruments held by the Organization potentially subject the Organization to concentrations of credit risk. Financial instruments which potentially subject the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents, investments, grants receivable, accounts receivable and contribution revenues. Cash and cash equivalents and investments are placed with high-credit, quality financial institutions.

Cash and Cash Equivalents

The Organization maintains its cash and cash equivalent balances in several financial institutions that, from time to time, exceed amounts insured by the Federal Deposit Insurance Corporation. Deposits held in noninterest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category and the combined total insured up to at least \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Organization maintains its investments in several financial institutions that, from time to time, exceed amounts covered by the Securities Investor Protection Corporation ("SIPC"). The limit of SIPC protection is \$500,000, which includes a \$250,000 limit in cash. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

Contribution Revenue

The Organization receives grants from individuals, corporations, and federal, state, and local governmental agencies. The Organization has developed long-term relationships with many of its grantors and continually evaluates their financial position to determine the risk of uncollectible grants. In recent history, uncollectible grants have not been significant to the financial position of the Organization.

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**NOTE 5 – PROPERTY AND EQUIPMENT**

As of June 30, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 14,635,970	\$ 14,450,652
Broadcasting equipment	14,740,013	14,657,631
Office furniture, fixtures, production equipment and automobiles	<u>7,176,502</u>	<u>6,432,380</u>
	36,552,485	35,540,663
Less accumulated depreciation and amortization	<u>(31,376,391)</u>	<u>(29,008,037)</u>
Net depreciable property and equipment	5,176,094	6,532,626
Construction-in-process	<u>126,458</u>	<u>136,351</u>
<b>Total</b>	<b><u>\$ 5,302,552</u></b>	<b><u>\$ 6,668,977</u></b>

**NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

As of June 30, 2022 and 2021, accounts payable and accrued expenses consisted of the following:

	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 1,926,930	\$ 1,563,339
Accrued vacation	986,150	921,883
Accrued payroll	786,626	1,087,854
Lease abandonment liability	450,753	751,255
Other accrued expenses	<u>148,066</u>	<u>127,237</u>
<b>Total</b>	<b><u>\$ 4,298,525</u></b>	<b><u>\$ 4,451,568</u></b>

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**NOTE 7 – LINE OF CREDIT**

In June 2021, the Organization entered into a secured revolving line of credit agreement with a bank, to borrow up to \$5,000,000 with no stated maturity date. The line of credit is secured by the investments without donor restrictions held at the same bank, which totaled \$13,378,604 as of June 30, 2022. Outstanding balances bear interest at 1.50% plus Secured Overnight Financing Rate (SOFR). The prevailing SOFR rate as of June 30, 2022 was 1.50%. As of June 30, 2022, there was no outstanding balance on the line of credit.

**NOTE 8 – NOTES PAYABLE**

In connection with the purchase of the KOCE Station's broadcasting license and related equipment in November 2004, KOCE paid \$1,300,000 in cash and acquired financing from a financial institution for \$6,700,000. The remaining balance was financed by Coast Community College District (CCCD) through a secured, noninterest bearing note payable in the amount of \$20,000,000. Imputed interest on the note payable amounts to \$10,261,660 based on the equivalent financing rate available to KOCE at the time of acquisition of LIBOR (2.02% on November 1, 2004) plus 2.75%. For the years ended June 30, 2022 and 2021, the Organization amortized \$346,532 and \$365,744 of the discount to interest expense, respectively. The note is payable in quarterly cash payments of \$187,500 until the note is paid off on August 1, 2034.

Future minimum annual payments under these notes payable are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 750,000
2024	750,000
2025	750,000
2026	750,000
2027	750,000
Thereafter	<u>5,438,500</u>
Total future payments	9,188,500
Less total discount on CCCD note payable	<u>(2,257,806)</u>
Total	6,930,694
Less current portion	<u>(750,000)</u>
<b>Long-term portion</b>	<b><u>\$ 6,180,694</u></b>

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**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2022 and 2021, net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purposes:		
Productions	\$ 14,353,510	\$ 3,473,478
Education	2,234,408	-
Beneficial interest in charitable remainder trust	477,455	520,096
Charitable gift annuities, net	<u>94,423</u>	<u>106,467</u>
Total	<u>17,159,796</u>	<u>4,100,041</u>
Gifts subject to restrictions in perpetuity:		
General operations	10,042,269	10,042,269
Unappropriated endowment earnings	<u>1,970,291</u>	<u>3,612,505</u>
Total	<u>12,012,560</u>	<u>13,654,774</u>
<b>Total assets with donor restrictions</b>	<b><u>\$ 29,172,356</u></b>	<b><u>\$ 17,754,815</u></b>

During the years ended June 30, 2022 and 2021, respectively, net assets released from donor restrictions by incurring expenses satisfying the restricted purposes are as follows:

	<u>2022</u>	<u>2021</u>
Productions	\$ 3,838,625	\$ 3,554,550
Education	1,404,092	1,936,088
Charitable gift annuities	<u>15,736</u>	<u>17,491</u>
<b>Total</b>	<b><u>\$ 5,258,453</u></b>	<b><u>\$ 5,508,129</u></b>

**NOTE 10 – ENDOWMENT INVESTMENTS**

Endowment investments are comprised of funds established by donors to provide funding for the Organization's general operations. The earnings of the endowment funds support the mission of the Organization.

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**NOTE 10 – ENDOWMENT INVESTMENTS (Continued)**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions, but there were no such deficiencies as of June 30, 2022 and 2021.

As of June 30, 2022 and 2021, the Organization had the following endowment net asset composition by type of fund:

	<u>2022</u>	<u>2021</u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 10,042,269	\$ 10,042,269
Accumulated investment gains	<u>1,970,291</u>	<u>3,612,505</u>
	<b><u>\$ 12,012,560</u></b>	<b><u>\$ 13,654,774</u></b>

During the years ended June 30, 2022 and 2021, respectively, the donor-restricted endowment funds had the following activity:

Balance at June 30, 2020	\$ 11,595,711
Net investment return	<u>2,059,063</u>
Balance at June 30, 2021	13,654,774
Net investment loss	<u>(1,642,214)</u>
<b>Balance at June 30, 2022</b>	<b><u>\$ 12,012,560</u></b>

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's endowment spending policy is based on the trailing market value of its endowment. The total annual distribution to be made from the fund each year shall not exceed 5% of the total fair market value of the fund, less all liabilities and accrued expenses of the fund. The spending rate will be applied to a twelve-quarter rolling average fair market value of the fund. After consultation with the Organization's finance committee and investment committee, the administrator may decide not to make a distribution from the fund.

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**NOTE 10 – ENDOWMENT INVESTMENTS (Continued)**

Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued)

The spending policy is reviewed by the finance committee and investment committee of the board of trustees periodically. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts. The Organization considers the following factors in making a determination to appropriate funds for distribution:

1. The duration and preservation of the fund
2. The purposes of the donor-restricted endowment funds
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Return Objectives and Risk Parameters

As delegated authority by the full board, the finance committee and investment committee of the board has adopted investment policies that govern the management and oversight of the endowment funds and other investments. The policies set forth the objectives for the investments of the Organization, the strategies to achieve the objectives, procedures for monitoring and control, and the delineation of responsibilities for the finance committee, investment committee, consultant, investment managers, staff, and custodian in relation to the portfolio. The policies are intended to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while at the same time setting forth reasonable risk control parameters that a prudent person would take in the execution of the investment program. Investment assets are managed on a total return basis, with emphasis on both preservation of capital and acceptance of investment risk necessary to achieve favorable performance on a risk-adjusted basis.

Investment Policy

The Organization's primary investment objective is to provide for distributions and to preserve capital, adjusted for the rate of inflation as determined by the Consumer Price Index. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization has chosen a diversified asset allocation that targets 60% of equity-based investments and 40% of cash and fixed-income investments. Within the equity-based portion of the portfolio, the Organization has additionally allocated investments between large-capitalization and small/mid-capitalization investments, between growth and value objectives, and between domestic and international investments.

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**NOTE 11 – AVAILABLE RESOURCES AND LIQUIDITY**

The following table reflects the Organization’s financial assets as of June 30, 2022 and 2021, that are without donor or other contractual restrictions limiting their use and are available to meet general expenditures within one year of the date of the statement of financial position.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 17,132,638	\$ 11,328,718
Investments available for general operations	57,608,356	66,496,124
Less alternative investments that have redemption restrictions	(9,794,097)	(8,443,881)
Less charitable gift annuities	(179,222)	(210,972)
Accounts receivable, net	<u>406,055</u>	<u>633,657</u>
Financial assets available to meet cash needs for general expenditures within one year	<b><u>\$ 65,173,730</u></b>	<b><u>\$ 69,803,646</u></b>

In addition, the Organization has access to the \$5,000,000 unused line of credit the Organization could use in the event of cash shortfalls.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

When establishing the budget for each year, the Organizations' management and directors evaluate financial assets available to meet general expenditures over the next twelve months and the following sources of earned revenue:

Individual giving revenues:	Estimated on historical giving data
Grant revenues:	Estimated grants awarded and to be awarded from historical data
Corporate Sponsorship:	Estimated from historical data
Facility and other rental income:	Estimated based off on signed contracts

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

Lease Commitments

The Organization leases certain transmission sites, equipment and facilities under noncancelable lease agreements. The leases expire on various dates through December 2031 and require minimum monthly payments of \$421,625.

Future minimum payments under noncancelable leases with initial terms of one year or more at June 30, 2022 are as follows:

Year Ending June 30,	Transmitter Leases	Equipment Leases	Facilities Leases	Total
2023	\$ 443,516	\$ 307,571	\$ 4,374,825	\$ 5,125,912
2024	339,295	273,205	2,237,200	2,849,700
2025	290,718	189,679	-	480,397
2026	147,859	142,751	-	290,610
2027	-	148,234	-	148,234
Thereafter	-	554,475	-	554,475
<b>Total</b>	<b><u>\$ 1,221,388</u></b>	<b><u>\$ 1,615,915</u></b>	<b><u>\$6,612,025</u></b>	<b><u>\$9,449,328</u></b>

For the years ended June 30, 2022 and 2021, total transmission sites, equipment and facilities and equipment rent expense amounted to \$3,871,429 and \$4,294,376, respectively.

The Organization also leases airspace and subleases facilities and transmitters under noncancelable lease agreements. The leases expire on various dates through August 2038 and require minimum monthly payments to the Organization of \$117,728.

Future minimum payments due from lessees and sublessees under noncancelable leases with initial terms of one year or more at June 30, 2022 were as follows:

Year Ending June 30,	Airspace Lease	Transmitter Subleases	Facilities Subleases	Total
2023	\$ 717,222	\$ 824,798	\$ 1,800,983	\$ 3,343,003
2024	59,769	840,000	919,147	1,818,916
2025	-	855,734	-	855,734
2026	-	449,868	-	449,868
2027	-	36,000	-	36,000
Thereafter	-	402,000	-	402,000
<b>Total</b>	<b><u>\$ 776,991</u></b>	<b><u>\$ 3,408,400</u></b>	<b><u>\$2,720,130</u></b>	<b><u>\$6,905,521</u></b>



**PUBLIC MEDIA GROUP OF  
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NOTES TO FINANCIAL STATEMENTS**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

Lease Commitments (Continued)

For the years ended June 30, 2022 and 2021, total airspace, transmitter, and facilities rental income amounted to \$3,189,643 and \$3,008,328, respectively.

Reimbursement of Shared Costs

The Organization subleases bandwidth from their broadcasting license to an unrelated third party. The Organization is reimbursed by the third party for all direct and certain indirect costs incurred for the use of the bandwidth. During the years ended June 30, 2022 and 2021, the Organization received \$163,807 and \$171,639, respectively, in reimbursed costs, which are recorded as an offset to broadcasting expenses in the accompanying statements of activities.

Litigation

The Organization, from time to time, is involved in certain legal matters which arise in the normal course of operations. Management believes that the resolution of such matters will not have a material adverse effect on the financial position of the Organization.

**NOTE 13 – RETIREMENT PLAN**

All employees are able to participate in the Teachers' Insurance and Annuity Association and College Retirement Equity Fund defined-contribution plan, which includes an employer match. For the years ended June 30, 2022 and 2021, the Organization's contribution expenses amounted to \$398,551 and \$347,923, respectively.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated all activity through December 7, 2022 (the issuance date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.