

**CONNECTICUT PUBLIC BROADCASTING, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Connecticut Public Broadcasting, Inc. and Subsidiaries
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Connecticut Public Broadcasting, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Public Broadcasting, Inc. and Subsidiaries 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 Connecticut Public Broadcasting, Inc. and Subsidiaries 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.

Change in Accounting Principle

As discussed in Note 1, during the year ended June 30, 2023, Connecticut Public Broadcasting, Inc. and Subsidiaries adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Connecticut Public Broadcasting, Inc. and Subsidiaries ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

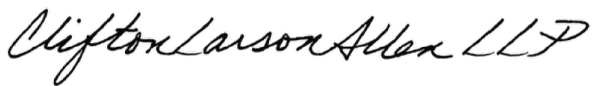
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 Connecticut Public Broadcasting, Inc. and Subsidiaries 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Connecticut Public Broadcasting, Inc. and Subsidiaries 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities – without donor restrictions are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

West Hartford, Connecticut
October 27, 2023

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 424,344	\$ 164,249
Investments	148,520	1,509,378
Accounts Receivable, Net	4,811,320	4,667,410
Production Costs	291,199	302,043
Prepaid Expenses and Deposits	812,523	774,023
Total Current Assets	<u>6,487,906</u>	<u>7,417,103</u>
OTHER ASSETS		
Investments Held for Property and Equipment	86,387	132,443
Investments - Endowment	52,695,238	53,187,623
Intangibles, Net	124,400	186,600
Other Investments	175,998	128,045
Right-of-Use Assets, Net	3,283,669	-
Total Other Assets	<u>56,365,692</u>	<u>53,634,711</u>
PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS		
Land and Improvements	834,216	786,710
Building	14,182,516	14,182,516
Equipment	43,088,788	40,410,576
Leasehold Improvements	382,510	382,510
Total	<u>58,488,030</u>	<u>55,762,312</u>
Accumulated Depreciation and Amortization	(45,118,532)	(43,473,585)
Construction in Progress	1,049,697	592,201
Net Property, Equipment, and Leasehold Improvements	<u>14,419,195</u>	<u>12,880,928</u>
Total Assets	<u><u>\$ 77,272,793</u></u>	<u><u>\$ 73,932,742</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit	\$ 552,207	\$ -
Accounts Payable and Accrued Expenses	5,535,668	6,010,555
Deferred Revenue	1,771,742	1,727,301
Lease Liabilities	910,656	-
Total Current Liabilities	<u>8,770,273</u>	<u>7,737,856</u>
NONCURRENT LIABILITIES		
Deferred Other	149,769	101,815
Long-Term Lease Liabilities	2,430,085	-
Total Noncurrent Liabilities	<u>2,579,854</u>	<u>101,815</u>
NET ASSETS		
Without Donor Restrictions	63,684,404	63,450,865
With Donor Restrictions	2,238,262	2,642,206
Total Net Assets	<u>65,922,666</u>	<u>66,093,071</u>
Total Liabilities and Net Assets	<u><u>\$ 77,272,793</u></u>	<u><u>\$ 73,932,742</u></u>

See accompanying Notes to Financial Statements.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Underwriting Support	\$ 8,098,211	\$ -	\$ 8,098,211
Subscription and Membership Income	6,695,192	286,546	6,981,738
Annual Spending Distribution	2,837,957	-	2,837,957
Corporation for Public Broadcasting	1,783,976	-	1,783,976
Video Services	1,075,531	-	1,075,531
Planned Gifts and Bequests	502,840	-	502,840
Contributed In-Kind Support	188,344	-	188,344
Nonbroadcasting Services	175,466	-	175,466
Miscellaneous	44,643	-	44,643
Donated Personal Services of Volunteers	31,848	-	31,848
Release from Restrictions	752,891	(752,891)	-
Total Revenues	22,186,899	(466,345)	21,720,554
EXPENSES			
Program Services:			
Programming and Production	14,135,082	-	14,135,082
Broadcasting	1,200,573	-	1,200,573
Contributed In-Kind Support	185,434	-	185,434
Program Information	1,447,424	-	1,447,424
Total Program Services	16,968,513	-	16,968,513
Supporting Services:			
Fundraising and Membership Development:			
Membership Development	2,895,434	-	2,895,434
Other Fundraising Expenses	1,073,565	-	1,073,565
Contributed In-Kind Support	2,910	-	2,910
Donated Personal Services of Volunteers	31,848	-	31,848
Management and General	3,971,986	-	3,971,986
Total Supporting Services	7,975,743	-	7,975,743
Reorganization Costs	546	-	546
Video Services:			
Cost of Production	869,203	-	869,203
General and Administrative	76,200	-	76,200
Total Video Services	945,403	-	945,403
Total Expenses	25,890,205	-	25,890,205
CHANGE IN NET ASSETS BEFORE OTHER ACTIVITIES	(3,703,306)	(466,345)	(4,169,651)
OTHER ACTIVITIES			
Contributions Restricted for Capital Additions	-	1,620,695	1,620,695
Income from Licensing of Intangible Assets	1,849,504	-	1,849,504
Investment Return, Net	5,186,670	108,593	5,295,263
Release of Restricted Assets for Capital Additions	2,758,258	(2,758,258)	-
Transfer of Funds	(1,091,371)	1,091,371	-
Interest Expense	(221,112)	-	(221,112)
Depreciation and Amortization	(1,707,147)	-	(1,707,147)
Annual Spending Distribution	(2,837,957)	-	(2,837,957)
Net Other Activities	3,936,845	62,401	3,999,246
CHANGE IN NET ASSETS	233,539	(403,944)	(170,405)
Net Assets - Beginning of Year	63,450,865	2,642,206	66,093,071
NET ASSETS - END OF YEAR	<u>\$ 63,684,404</u>	<u>\$ 2,238,262</u>	<u>\$ 65,922,666</u>

See accompanying Notes to Financial Statements.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Underwriting Support	\$ 7,500,293	\$ -	\$ 7,500,293
Subscription and Membership Income	7,016,612	517,471	7,534,083
Annual Spending Distribution	2,750,000	-	2,750,000
Corporation for Public Broadcasting	2,684,020	-	2,684,020
Video Services	1,003,212	-	1,003,212
Planned Gifts and Bequests	249,586	-	249,586
Contributed In-Kind Support	173,234	-	173,234
Nonbroadcasting Services	170,254	-	170,254
Miscellaneous	44,054	-	44,054
Donated Personal Services of Volunteers	32,031	-	32,031
Release from Restrictions	699,900	(699,900)	-
Total Revenues	22,323,196	(182,429)	22,140,767
EXPENSES			
Program Services:			
Programming and Production	11,730,358	-	11,730,358
Broadcasting	1,203,992	-	1,203,992
Contributed In-Kind Support	169,429	-	169,429
Program Information	1,937,634	-	1,937,634
Total Program Services	15,041,413	-	15,041,413
Supporting Services:			
Fundraising and Membership Development:			
Membership Development	2,708,496	-	2,708,496
Other Fundraising Expenses	1,156,113	-	1,156,113
Contributed In-Kind Support	3,805	-	3,805
Donated Personal Services of Volunteers	32,031	-	32,031
Management and General	3,629,169	-	3,629,169
Total Supporting Services	7,529,614	-	7,529,614
Reorganization Costs	628,957	-	628,957
Video Services:			
Cost of Production	932,507	-	932,507
General and Administrative	71,958	-	71,958
Total Video Services	1,004,465	-	1,004,465
Total Expenses	24,204,449	-	24,204,449
CHANGE IN NET ASSETS BEFORE OTHER ACTIVITIES	(1,881,253)	(182,429)	(2,063,682)
OTHER ACTIVITIES			
Contributions Restricted for Capital Additions	-	716,481	716,481
Income from Licensing of Intangible Assets	1,849,503	-	1,849,503
Investment Return, Net	(6,804,604)	(133,118)	(6,937,722)
Release of Restricted Assets for Capital Additions	1,196,258	(1,196,258)	-
Transfer of Funds	(481,040)	481,040	-
Gain on Sale of Property and Equipment	325	-	325
Interest Expense	(33,265)	-	(33,265)
Depreciation and Amortization	(1,665,394)	-	(1,665,394)
Annual Spending Distribution	(2,750,000)	-	(2,750,000)
Net Other Activities	(8,688,217)	(131,855)	(8,820,072)
CHANGE IN NET ASSETS	(10,569,470)	(314,284)	(10,883,754)
Net Assets - Beginning of Year	74,020,335	2,956,490	76,976,825
NET ASSETS - END OF YEAR	<u>\$ 63,450,865</u>	<u>\$ 2,642,206</u>	<u>\$ 66,093,071</u>

See accompanying Notes to Financial Statements.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Fundraising	Management and General	Total
Payroll and Benefits	\$ 9,020,265	\$ 2,634,883	\$ 1,952,340	\$ 13,607,488
Program Acquisition and Network				
Affiliation Fees	2,988,507	-	-	2,988,507
Other Professional Services	1,015,209	912,215	653,340	2,580,764
Occupancy and Utilities	897,654	98,410	701,302	1,697,366
Depreciation and Amortization	1,176,449	261,515	269,183	1,707,147
Other	314,714	18,427	533,570	866,711
Membership Benefits	504,150	218,590	666	723,406
Production	2,279,715	-	3,388	2,283,103
Equipment Rental and Maintenance	558,181	19,992	145,109	723,282
Travel, Meetings, and Special Events	263,367	63,555	92,656	419,578
Interest Expense	152,375	33,872	34,865	221,112
	<u>\$ 19,170,586</u>	<u>\$ 4,261,459</u>	<u>\$ 4,386,419</u>	<u>\$ 27,818,464</u>
Total Expenses	<u>\$ 19,170,586</u>	<u>\$ 4,261,459</u>	<u>\$ 4,386,419</u>	<u>\$ 27,818,464</u>

See accompanying Notes to Financial Statements.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Fundraising	Management and General	Total
Payroll and Benefits	\$ 8,918,588	\$ 2,392,293	\$ 1,866,095	\$ 13,176,976
Program Acquisition and Network				
Affiliation Fees	3,079,811	9,125	-	3,088,936
Other Professional Services	1,365,794	940,128	620,926	2,926,848
Occupancy and Utilities	868,246	118,650	620,347	1,607,243
Depreciation and Amortization	1,142,366	265,965	257,063	1,665,394
Other	405,874	122,828	434,523	963,225
Membership Benefits	564,299	243,682	-	807,981
Production	777,196	12,779	11,700	801,675
Equipment Rental and Maintenance	470,650	4,226	157,574	632,450
Travel, Meetings, and Special Events	152,419	21,766	24,930	199,115
Interest Expense	29,751	-	3,514	33,265
	<u>\$ 17,774,994</u>	<u>\$ 4,131,442</u>	<u>\$ 3,996,672</u>	<u>\$ 25,903,108</u>
Total Expenses	<u>\$ 17,774,994</u>	<u>\$ 4,131,442</u>	<u>\$ 3,996,672</u>	<u>\$ 25,903,108</u>

See accompanying Notes to Financial Statements.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (170,405)	\$ (10,883,754)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation and Amortization	1,707,147	1,665,394
Change in Provision for Accounts Receivable	(42,848)	3,984
Contributions Restricted for Capital Additions	(1,620,695)	(716,481)
Gain on Sale of Property and Equipment	-	(325)
Net Realized and Unrealized Loss (Gain) on Investments	(5,295,263)	6,937,722
Noncash Lease Expense	57,072	
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	(101,062)	149,904
Grants and Other Receivables	-	54,588
Production Costs	10,844	(140,494)
Prepaid Expenses and Deposits	(38,500)	(419,411)
Accounts Payable and Accrued Expenses	(474,887)	2,254,114
Deferred Revenue	44,441	(500,223)
Deferred Other	47,954	30,423
Net Cash Used by Operating Activities	(5,876,202)	(1,564,559)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Securities	(1,849,504)	(2,099,089)
Sales of Securities	8,996,113	3,720,076
Proceeds from Sale of Property and Equipment	-	325
Property, Equipment, and Leasehold Improvement Additions	(3,183,214)	(1,162,867)
Net Cash Provided by Investing Activities	3,963,395	458,445
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	552,207	-
Contributions Restricted for Capital Additions	1,620,695	716,481
Net Cash Provided by Financing Activities	2,172,902	716,481
NET CHANGE IN CASH AND CASH EQUIVALENTS	260,095	(389,633)
Cash and Cash Equivalents - Beginning of Year	164,249	553,882
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 424,344</u>	<u>\$ 164,249</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	<u>\$ 221,112</u>	<u>\$ 33,265</u>

See accompanying Notes to Financial Statements.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Connecticut Public Broadcasting, Inc., is a nonprofit organization which provides nonprofit and noncommercial television and radio services to serve the needs of the Connecticut community and contributes to the advancement of educational programs. Connecticut Public Broadcasting, Inc.'s wholly owned for-profit subsidiary, MediaVision Productions, Inc., provides television and radio equipment and services to third parties.

On November 30, 2015, a wholly owned nonprofit subsidiary was established, Connecticut Public Broadcasting Real Estate Holding Company, Inc. A majority of the real estate holdings held by Connecticut Public Broadcasting was transferred to the newly formed company.

On November 30, 2015, a wholly owned nonprofit subsidiary was established, Connecticut Public Broadcasting Endowment, Inc. There have been no assets transferred to this new subsidiary. The intent is to transfer the endowment investments into the endowment company.

The consolidated financial statements as of June 30, 2023 and 2022 include the activities of Connecticut Public Broadcasting, Inc., Connecticut Public Broadcasting Real Estate Holding Company, Inc., Connecticut Public Broadcasting Endowment, Inc., and MediaVision Productions, Inc. (collectively, the Company). All material intercompany balances and transactions have been eliminated from the consolidated financial statements.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Most prominent of 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 consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available.

The Company has elected to adopt the package of practical expedients available in the year of adoption. The Company has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Company's ROU assets.

The Company elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, 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.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

In addition, the Company elected the hindsight practical expedient to determine the lease term for existing leases. The election of the hindsight practical expedient did not result in any changes to existing lease terms.

As a result of the adoption of the new lease accounting guidance, the Company recognized on July 1, 2022 a lease liability of \$2,079,205, which represents the present value of the remaining operating lease payments of \$2,204,571, discounted using the risk free rate of return between 2.66% and 3.01%, and a right-of-use asset of \$2,079,205.

The standard had a material impact on the consolidated statements of financial position but did not have an impact on the consolidated statements of activities, nor consolidated statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the Company's accounting for finance leases remained substantially unchanged.

Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. The Company reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. They are described as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the board of trustees. Each year, the board of trustees designates a portion of net assets without donor restrictions for the purpose of funds functioning as an endowment. For the years ended June 30, 2023 and 2022, the board has designated \$51,563,405 and \$52,164,248, respectively, to function as endowment.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent 1) contributions that are restricted by the donor as to purpose or time of expenditure, 2) contributions that require that the principal be maintained in perpetuity but permit the Company to expend the income earned thereon, and 3) the accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Company's gains and losses on investments bought and sold as well as held during the year.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangibles

On July 1, 2015, MediaVision Productions, Inc., entered into an agreement with a related party which resulted in a lease agreement and the purchase of certain intangibles. The agreement required a monthly payment of \$30,000 for the use of the building, certain equipment and access to customer lists. The acquisition was valued by a third party. The intangibles were valued at \$641,000, resulting in bargain purchase income of \$257,500.

Amortization expense is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for financial reporting purposes are as follows:

Customer Relations	10 Years
Trade Name	2.2 Years

Allowances for Receivables

Allowances for accounts receivable are determined by management based on assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party. Receivables are written off only when management believes amounts will not be collected. Receivables are considered past due based on the invoice date.

Property, Equipment, and Leasehold Improvements

The Company capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over their estimated useful lives. Amortization of leasehold improvements is computed using the straight-line method over the shorter of useful life or the remaining lease term. Estimated lives for financial reporting purposes are as follows:

Building	30 Years
Equipment	3 to 10 Years
Leasehold Improvement	5 Years

Primarily all depreciation and amortization expense is associated with assets necessary to operate program services. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Leases

The Company leases certain operating facilities. The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) operating lease assets and ROU operating lease liabilities on the statement of financial position for the year ended June 30, 2023.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Company 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 lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position.

The Company has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

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

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. The risk-free discount rates used were between 2.66% and 3.90% and were the U.S Treasury Rates as of the inception of the lease for the remaining term of each lease.

Subscription and Membership Income

The Company recognizes subscription and membership income on the date the individual membership gift is received.

Income from Licensing of Intangible Assets

The Company recognizes income from licensing of intangible assets over the life of each respective agreement on a straight-line basis.

Donated Personal Services of Volunteers

Donated personal services of volunteers who possess special skills and meet the required criteria under accounting standards are recorded as revenue and expense in the accompanying consolidated financial statements at their estimated fair value based on standard valuation rates and job classifications found at the website developed by Independent Sector.

All other donated services from volunteers for various programs have not been recognized in the accompanying consolidated statements of activities because the criteria for recognition of such volunteer effort have not been satisfied in accordance with the standards.

See Note 11 for further information regarding donated personal services of volunteers.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Programming and Production

In-kind contributions of services, rental of equipment and office space, programs, fundraising support, and other similar services are recorded as revenue and expense in the accompanying consolidated financial statements at their estimated fair value based on discounts provided and documented by independent third-party vendors.

See Note 11 for further information regarding contributed programming and production.

Contributions, Donor-Restricted Gifts, and Restricted Grants

For financial statement purposes, the Company distinguishes between contributions of net assets without donor restrictions and net assets with donor restrictions.

Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The Company reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying consolidated statements of financial position.

There were no conditional contributions as of June 30, 2023.

Measure of Operations

The consolidated statements of activities present revenue from operations separately from nonoperating activities. For purposes of the consolidated statements of activities, operations are defined as revenue and expenses (other than depreciation) from programming, production and broadcasting activities, membership and subscriptions, corporate underwriting, and revenue from grants to operate certain programs throughout the year, along with the general and administrative expenses incurred to operate the Company. Realized and unrealized gains and losses on the investments without donor restrictions as well as earned income, net of the spending rule allocation, on investments without donor restrictions and with donor restrictions are reported as nonoperating revenue. All other revenue and expenses (primarily investment results, income from licensing of intangible assets, and depreciation) are classified as nonoperating activities. This basis of presentation reflects the Company's management philosophy throughout the year.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Internal Revenue Service (IRS) has ruled that Connecticut Public Broadcasting, Inc., is exempt from income taxes on related income under the applicable section of the Internal Revenue Code (IRC). Once qualified, it is required to operate in conformity with the IRC to maintain its tax-exempt status. Connecticut Public Broadcasting, Inc., is not aware of any course of action or series of events that have occurred that might adversely affect its tax-exempt status.

MediaVision Productions, Inc., is a C corporation and thus state and federal income taxes are accounted for under an asset and liability method, which recognizes deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the tax and financial reporting basis of certain assets and liabilities.

At June 30, 2023, MediaVision Productions, Inc., has available federal net operating loss carryforwards of approximately \$256,582 with no expiration, and state net operating loss carryforwards of approximately \$172,882 expiring through 2037. Deferred tax assets aggregated \$95,796 and \$104,693 at June 30, 2023 and 2022, respectively, all of which have been offset by a valuation allowance. As a result of the utilization of net operating loss carryforwards, there is no provision for current income taxes in 2023 or 2022. In addition, as a result of the decrease in the valuation allowance of \$8,897 and increase in the valuation allowance of \$11,065 during 2023 and 2022, respectively, there is no provision for deferred income taxes.

Revenue Recognition

The Company recognizes revenue at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer.
2. Identify the performance obligation(s) in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when (or as) the Company satisfies a performance obligation.

See Note 2 for details on how the above five-step process is applied to the Company's contracts with customers.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the consolidated statements of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied and determined by management. The expenses that are allocated based upon time and effort include payroll and benefits, production, other professional services, membership benefits, equipment rental and maintenance, travel, meetings, depreciation and amortization, interest, and other expenses. Occupancy and utilities are allocated based upon square footage.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Company has evaluated subsequent events through October 27, 2023, which is the date the consolidated financial statements were available to be issued.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Contract Balances

The Company enters into contracts with underwriters and other third-party customers to provide noncommercial television and radio programs and services, video and nonbroadcasting services, and the leasing of certain of its intangible assets. The payment terms and conditions in each contract vary based on the services provided, payment plan, and the duration of the contract.

When the timing of the Company's delivery of services is different from the timing of the invoices and/or payments made by customers, the Company recognizes a contract liability (invoice/payment precedes performance) until the performance obligations are satisfied. Contracts with payment in arrears are recognized as receivables.

The opening and closing balances of the Company's contract liabilities and receivables are as follows:

	Contract Balances	
	Receivables	Contract Liability
Opening (July 1, 2021)	\$ 2,440,580	\$ 1,345,318
Closing (June 30, 2022)	2,402,447	1,316,734
Decrease	<u>\$ (38,133)</u>	<u>\$ (28,584)</u>
Opening (July 1, 2022)	\$ 2,402,447	\$ 1,316,734
Closing (June 30, 2023)	2,530,149	1,378,049
Increase	<u>\$ 127,702</u>	<u>\$ 61,315</u>

The amount of revenue recognized in the period that was included in the opening contract liability balances was \$1,316,734 and \$1,345,318 for the years ended June 30, 2023 and 2022, respectively.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Performance Obligations

At contract inception, the Company assesses the programs and services promised in its contracts with underwriters and other customers and identifies the performance obligations for each contract. Contracts are for specific services and transaction prices are fixed at inception.

The Company has determined that the following types of revenue contain distinct performance obligations:

Underwriting Support – Underwriting support revenue includes revenue from underwriters that support the Company's production of programs and noncommercial advertising. Revenues from underwriting support are recognized over the term of the related underwriting contract as performance obligations are satisfied. When the Company enters into contracts where underwriters provide production support, performance obligations are satisfied when the program is aired, or in the case of a series, when the initial episode of the series is aired. When the Company enters into contracts to provide noncommercial advertising, performance obligations are satisfied throughout the contract term and revenue is recognized over time as the Company meets each contractual obligation. The Company recognized revenue for these services over time of \$8,098,211 and \$7,500,293 as of June 30, 2023 and 2022.

Video Services – Revenue from video services includes commercial production, graphic design, and animation services. Video services are provided to customers based upon established contracts. Revenue is recognized upon satisfying the performance obligations in the contract as the service is completed and delivered to the customer. The Company recognized revenue for these services at a point in time of \$1,075,531 and \$1,003,212 as of June 30, 2023 and 2022.

Nonbroadcasting Services – Nonbroadcasting revenue services include revenue from the Company's uplink services business. Uplink services are provided to a customer based upon an established master contract and services are requested by the customer as needed. Revenue is recognized upon satisfying the performance obligation as the uplink service is completed. The Company recognized revenue for these services at a point in time of \$175,466 and \$170,254 as of June 30, 2023 and 2022.

Income from Licensing of Intangible Assets – Income from licensing of intangible assets relate to the leasing of the Company's educational broadband services licenses to a third party under individual contracts. The Company recognizes income from the licenses over the life of each respective agreement on a straight-line basis as its performance obligations are satisfied. The Company recognized revenue for these services over time in the amount of \$1,849,504 and \$1,849,503 as of June 30, 2023 and 2022.

Transaction Price

The Company enters into service contracts for underwriting, video services, nonbroadcasting services and licensing of intangible assets. The contracts are for specific services and the transaction price is fixed at inception.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or 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. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies used for financial instruments measured at fair value:

Mutual Funds – Mutual funds are valued at the quoted price of shares reported in an active market in which the mutual funds are traded.

Multi-Asset Fund – The fund invests in exchange-traded funds, open-end mutual funds and private investment funds, subject to the limits of the Investment Company Act of 1940. These funds are required to publish their daily net asset value and to transact at that price.

Fixed Income – These items are valued at the closing price reported in the active market in which the bonds are traded. Certain bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Financial Instruments Measured at Fair Value (Continued)

Hedge Funds – This includes investments in long and short global equities. Interests in hedge funds are valued using net asset values as determined by the investment manager of the fund. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date.

There have been no changes in the methodologies used at June 30, 2023 and 2022.

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 Company 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.

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

2023					
Fair Value Measurements at Report Date Using					
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value (a)
Investments:					
Mutual Funds:					
Equity	\$ 33,620,232	\$ 33,620,232	\$ -	\$ -	\$ -
Fixed Income	9,866,866	9,866,866	-	-	-
Balanced	2,196,549	2,196,549	-	-	-
Hedge Fund	4,822,145	-	-	-	4,822,145
Bonds - Fixed Income:					
Government	66,988	66,988	-	-	-
Total Assets at Fair Value	50,572,780	45,750,635	-	-	4,822,145
Cash and Cash Equivalents Held by Portfolio Managers	2,357,365	2,357,365	-	-	-
Total Investments	<u>\$ 52,930,145</u>	<u>\$ 48,108,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,822,145</u>

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Financial Instruments Measured at Fair Value (Continued)

		2022			
		Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value (a)
Investments:					
Mutual Funds:					
Equity	\$ 35,448,923	\$ 35,448,923	\$ -	\$ -	\$ -
Fixed Income	12,179,618	12,179,618	-	-	-
Closed End	282,413	282,413	-	-	-
Hedge Fund	4,498,814	-	-	-	4,498,814
Bonds - Fixed Income:					
Government	255,945	255,945	-	-	-
High Yield	141	141	-	-	-
Total Assets at Fair Value	52,665,854	48,167,040	-	-	4,498,814
Cash and Cash Equivalents Held by Portfolio Managers	2,163,590	2,163,590	-	-	-
Total Investments	<u>\$ 54,829,444</u>	<u>\$ 50,330,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,498,814</u>

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Investments in Entities that Calculate Net Asset Value per Share

The fair values of the investments in hedge funds have been estimated using the net asset value per share as provided by the hedge fund managers. The investments are subject to a redemption restriction of quarterly liquidation with 60 days' notice after a one-year lock-up period. The fund's investment objective is to seek capital appreciation by allocating its assets among a select group of private investment funds (commonly known as hedge funds) that utilize a variety of alternative investment strategies that seek to produce an attractive absolute return on invested capital, largely independent of the various benchmarks associated with traditional asset classes.

There were no unfunded commitments for these funds as of June 30, 2023 and 2022.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INTANGIBLE ASSETS

Intangible assets comprise the following as of June 30:

	2023	2022
Customer Relations	\$ 622,000	\$ 622,000
Trade Name	19,000	19,000
Total	641,000	641,000
Less: Accumulated Amortization	516,600	454,400
Intangibles, Net	<u>\$ 124,400</u>	<u>\$ 186,600</u>

A schedule of future estimated amortization expense for intangible assets at June 30, 2023 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	62,200
2025	62,200
Total	<u>\$ 124,400</u>

Amortization expense charged to operations was \$62,200 for the years ended June 30, 2023 and 2022.

NOTE 5 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Company's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

	2023	2022
Cash and Cash Equivalents	\$ 424,344	\$ 164,249
Investments	148,520	1,509,378
Accounts Receivable, Net	4,811,320	4,667,410
Total Financial Assets Available		
Within One Year	5,384,184	6,341,037
Less Amounts Unavailable for General Expenditures		
Within One Year, Due to:		
Restricted by Donors with Purpose Restrictions	(730,706)	(1,197,051)
Appropriation from Board-Designated Endowment for		
General Expenditures in Subsequent Years	2,578,170	2,833,559
Total Financial Assets Available to Management		
for General Expenditure Within One Year	<u>\$ 7,231,648</u>	<u>\$ 7,977,545</u>

Liquidity Management

The Company's endowment funds consist of donor-restricted endowments and funds designated by the board of trustees to function as endowments. Income from donor-restricted endowments is restricted for specific purposes, and, therefore, is not available for general expenditure. As described in Note 7, the board-designated endowment has a spending rate of 5% of the fair value of endowments total market value as of the previous year-end. As of June 30, 2023 and 2022, \$2,578,170 and \$2,833,559, respectively, of appropriations from the board-designated endowment will be available within the next 12 months.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity Management (Continued)

To help manage unanticipated liquidity needs, the Company maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Company has a line of credit with an available balance of \$2,447,793 and \$3,000,000 as of June 30, 2023 and 2022, that it could draw upon at any time. Additionally, the Company has a board-designated endowment in the amount of \$51,563,405 and \$52,164,248 as of June 30, 2023 and 2022, respectively. The Company does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, but amounts from its board-designated endowment could be made available if necessary.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

The following is the composition of the Company's net assets with donor restrictions at June 30:

	2023	2022
Endowment:		
Restricted in Perpetuity: Income Use Unrestricted	\$ 480,544	\$ 480,544
Accumulated Gains Subject to Endowment Spending		
Policy and Appropriation	651,288	542,831
Total Endowment	1,131,832	1,023,375
Other Net Assets With Donor Use Restrictions:		
Restricted for Capital Additions	375,724	421,780
Restricted for Various Programs and Activities	730,706	1,197,051
Total Net Assets With Donor Restrictions	<u>\$ 2,238,262</u>	<u>\$ 2,642,206</u>

The Company released \$2,758,258 and \$1,196,258 of net assets with donor restrictions in 2023 and 2022, respectively, for capital additions. For the years ended June 30, 2023 and 2022, the Company released \$752,891 and \$699,900, respectively, of net assets with donor restrictions as a result of fulfilling obligations related to programs supported by donors.

NOTE 7 ENDOWMENT

The Company's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law

The board of trustees of the Company has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Company classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanent endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Company in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, the Company considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Company and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Company
- The investment policies of the Company

Endowment net asset composition by type of fund as of June 30:

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 51,563,405	\$ -	\$ 51,563,405
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	480,544	480,544
Accumulated Gains Subject to Endowment Spending Policy and Appropriation	-	651,289	651,289
Total	<u>\$ 51,563,405</u>	<u>\$ 1,131,833</u>	<u>\$ 52,695,238</u>

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 ENDOWMENT (CONTINUED)

June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 52,164,248	\$ -	\$ 52,164,248
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	480,544	480,544
Accumulated Gains Subject to Endowment Spending Policy and Appropriation	-	542,831	542,831
Total	<u>\$ 52,164,248</u>	<u>\$ 1,023,375</u>	<u>\$ 53,187,623</u>

Endowment Net Assets

Endowment net asset composition by type of fund and changes in endowment net assets as of and for the years ended June 30, 2023 and 2022 were as follows:

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 52,164,248	\$ 1,023,375	\$ 53,187,623
Investment Return:			
Interest and Dividends, Net	1,104,385	22,853	1,127,238
Net Appreciation (Realized and Unrealized)	4,061,097	85,605	4,146,702
Total Investment Loss	5,165,482	108,458	5,273,940
Additions to Endowment	1,849,504	-	1,849,504
Appropriation of Endowment Assets for Expenditure	(7,615,829)	-	(7,615,829)
Endowment Net Assets - End of Year	<u>\$ 51,563,405</u>	<u>\$ 1,131,833</u>	<u>\$ 52,695,238</u>

June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 59,506,939	\$ 1,155,239	\$ 60,662,178
Investment Return:			
Interest and Dividends, Net	1,161,762	23,221	1,184,983
Net Appreciation (Realized and Unrealized)	(7,853,542)	(155,085)	(8,008,627)
Total Investment Return	(6,691,780)	(131,864)	(6,823,644)
Additions to Endowment	2,099,089	-	2,099,089
Appropriation of Endowment Assets for Expenditure	(2,750,000)	-	(2,750,000)
Endowment Net Assets - End of Year	<u>\$ 52,164,248</u>	<u>\$ 1,023,375</u>	<u>\$ 53,187,623</u>

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Company has an annual endowment spending policy that is specifically designed to assist in funding annual programming objectives and to preserve the value of the investment portfolio over time. In 2023 and 2022, the spending policy was 5% of the fair value of

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 ENDOWMENT (CONTINUED)

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

endowment assets as of June 30, 2022 and 2021. In establishing this policy, the Company considered the long-term expected return on its endowment. Accordingly, over the long term, the Company expects the current spending policy to allow its endowment to grow and maintain its value to support operations in the future. The Company has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws.

To meet these objectives, the Company utilizes a total return investment approach which emphasizes total investment return, consisting of investment income and realized and unrealized gains or losses and, accordingly, invests in equities, fixed income, and money market accounts. The annual spending distribution for operating purposes was \$2,837,957 and \$2,750,000 in fiscal years 2023 and 2022, respectively.

NOTE 8 LINE OF CREDIT

The Company has an unsecured operating line of credit (the Line) of \$3,000,000, which expires on June 27, 2027. The interest rate is a fluctuating rate per annum equal to the prime rate minus 0.50%. As of June 30, 2023 and 2022, the balance bears an interest rate of 8% and 4.10%. There was an outstanding balance of \$552,207 and \$-0- as of June 30, 2023 and 2022.

Interest expense incurred on the Line was \$128,842 and \$3,882 as of June 30, 2023 and 2022, respectively.

NOTE 9 LEASES – ASC 842

The Company leases certain operating facilities under noncancelable operating leases expiring at various times through December 31, 2027. Additionally, the agreements generally require the Company to pay insurance, taxes and maintenance on its prorated share of the facility.

The following table provides quantitative information concerning the Company's leases:

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 LEASES – ASC 842 (CONTINUED)

	<u>2023</u>
Lease Cost	
Operating Lease Cost	\$ 888,023
Other Information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	831,924
Right-of-use assets obtained in exchange for new operating lease liabilities:	4,003,805
Weighted-average remaining lease term - operating leases	3.8 years
Weighted-average discount rate - operating leases	3.36%

The Company classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>2023</u>
2024	\$ 984,729
2025	893,752
2026	767,174
2027	723,666
2028	195,751
Undiscounted cash flows	3,565,072
(Less) Imputed interest	(224,331)
Total present value	<u>\$ 3,340,741</u>

NOTE 10 LEASES – ASC 840

The Company elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through 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 Company leases certain operating facilities under noncancelable operating leases expiring at various times through July 31, 2027. Rental expense associated with leases was \$420,503 for the year ended June 30, 2022.

Future minimum annual rental payments for the five years subsequent to June 30, 2022 and, thereafter, are as follows:

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 LEASES – ASC 840 (CONTINUED)

<u>Year Ending June 30,</u>	<u>2022</u>
2023	\$ 434,720
2024	449,261
2025	345,413
2026	200,674
2027	140,154
Thereafter	1,550
Total	<u>\$ 1,571,772</u>

NOTE 11 CONTRIBUTED IN-KIND SUPPORT AND DONATED PERSONAL SERVICES OF VOLUNTEERS

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized in the statements of activities included:

	Revenue Recognized 2023	Revenue Recognized 2022	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Rent	\$ 185,434	\$ 169,429	Programs	No associated donor restrictions	Value was based upon rental agreement rates and square footage.
Legal Services	2,910	3,805	General and Administrative	No associated donor restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
Personal Services of Volunteers	31,848	32,031	General and Administrative, Fundraising	No associated donor restrictions	Values were based on actual volunteer hours and the current estimated national value of volunteer hours

NOTE 12 RETIREMENT PLANS

The Company provides a defined contribution retirement plan for eligible employees who elect to participate in the plan. Eligible employees may contribute a percentage of their salary to the plan. The Company contributes an amount equal to employees' contributions up to a limit as determined annually by the Company. Retirement contributions charged to operations were \$447,516 and \$357,560 for the years ended June 30, 2023 and 2022, respectively.

In addition to the plan, the Company also provides two nonqualified deferred compensation plans for certain management personnel. Discretionary contributions of \$68,726 and \$65,380 were made to the plans for the years ended June 30, 2023 and 2022, respectively.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 LIENS

The National Telecommunications and Information Administration (NTIA) provides funding to public broadcasting entities for the acquisition of equipment. NTIA retains a financial interest, as defined in the statute, in its pro rata share of the cost of the equipment for a period of ten years and must be notified upon disposition of the equipment. The Company did not receive any NTIA funds during the years ended June 30, 2023 and 2022.

NOTE 14 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company conducts business with other organizations whose executives are members of the Company's board of trustees. Revenue transactions, including corporate underwriting revenue and other support, amounted to \$1,761,279 and \$1,914,298 for the years ended June 30, 2023 and 2022, respectively. Purchases and other services received amounted to \$608,283 and \$606,777 for the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, included in the accounts receivable balance was \$1,774,178 and \$1,332,664, respectively. In addition, included in the accounts payable balance was \$62,798 and \$85,869 at June 30, 2023 and 2022, respectively.

NOTE 15 CONCENTRATIONS

The Company receives substantial revenues from governmental agencies, Corporation for Public Broadcasting, related parties and the public; a significant reduction in the level of this support may have an adverse effect on the Company's programs and activities. Significant programming services are provided to the Company by the Public Broadcasting Service. Operations include charges for such services of \$1,567,412 and \$1,722,214 in 2023 and 2022, respectively.

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Company maintains its cash and cash equivalents with high credit-quality financial institutions. At times, such amounts may exceed federally insured limits.

The Company's investments are in high-quality marketable securities placed within a wide array of institutions with high credit ratings. This investment policy limits the Company's exposure to concentrations of credit risk. Concentrations of credit risk with respect to accounts receivable are limited to contractual agreements with various underwriters. The Company evaluates the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

NOTE 16 CONTINGENCIES

The Company is subject to various claims and legal proceedings arising in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or change in net assets of the Company.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES –
WITHOUT DONOR RESTRICTIONS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Connecticut Public Broadcasting, Inc.	Real Estate Holding Company Inc.	MediaVision Productions Inc.	Total	Eliminations	Consolidated
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 387,314	\$ -	\$ 37,030	\$ 424,344	\$ -	\$ 424,344
Investments	148,520	-	-	148,520	-	148,520
Accounts Receivable, Net	4,529,559	-	281,761	4,811,320	-	4,811,320
Intercompany Receivable	710,328	-	-	710,328	(710,328)	-
Production Costs	291,199	-	-	291,199	-	291,199
Prepaid Expenses and Deposits	799,180	-	13,343	812,523	-	812,523
Total Current Assets	6,866,100	-	332,134	7,198,234	(710,328)	6,487,906
OTHER ASSETS						
Investment in MediaVision	(355,717)	-	-	(355,717)	355,717	-
Investments Held for Property and Equipment	86,387	-	-	86,387	-	86,387
Investments - Endowment	52,695,238	-	-	52,695,238	-	52,695,238
Intangibles, Net	-	-	124,400	124,400	-	124,400
Other Investments	175,998	-	-	175,998	-	175,998
Right-of-Use Assets, Net	3,283,669	-	-	3,283,669	-	3,283,669
Total Other Assets	55,885,575	-	124,400	56,009,975	355,717	56,365,692
PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS						
Land and Improvements	834,216	-	-	834,216	-	834,216
Building	-	14,182,516	-	14,182,516	-	14,182,516
Equipment	43,088,788	-	-	43,088,788	-	43,088,788
Leasehold Improvements	382,510	-	-	382,510	-	382,510
Total	44,305,514	14,182,516	-	58,488,030	-	58,488,030
Accumulated Depreciation and Amortization	(37,148,979)	(7,969,553)	-	(45,118,532)	-	(45,118,532)
Construction in Progress	1,049,697	-	-	1,049,697	-	1,049,697
Net Property, Equipment, and Leasehold Improvements	8,206,232	6,212,963	-	14,419,195	-	14,419,195
Total Assets	\$ 70,957,907	\$ 6,212,963	\$ 456,534	\$ 77,627,404	\$ (354,611)	\$ 77,272,793
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Line of Credit	\$ 552,207	\$ -	\$ -	\$ 552,207	\$ -	\$ 552,207
Accounts Payable and Accrued Expenses	5,439,745	-	95,923	5,535,668	-	5,535,668
Intercompany Payable	-	-	710,328	710,328	(710,328)	-
Deferred Revenue	1,765,742	-	6,000	1,771,742	-	1,771,742
Lease Liabilities	910,656	-	-	910,656	-	910,656
Total Current Liabilities	8,668,350	-	812,251	9,480,601	(710,328)	8,770,273
NONCURRENT LIABILITIES						
Deferred Other	149,769.00	-	-	149,769	-	149,769
Long-Term Lease Liabilities	2,430,085	-	-	2,430,085	-	2,430,085
Total Noncurrent Liabilities	2,579,854	-	-	2,579,854	-	2,579,854
NET ASSETS (DEFICIT)						
Common Stock	-	-	1,000	1,000	(1,000)	-
Accumulated Deficit	-	-	(356,717)	(356,717)	356,717	-
Net Assets Without Donor Restrictions	57,471,441	6,212,963	-	63,684,404	-	63,684,404
Net Assets With Donor Restrictions	2,238,262	-	-	2,238,262	-	2,238,262
Total Net Assets (Deficit)	59,709,703	6,212,963	(355,717)	65,566,949	355,717	65,922,666
Total Liabilities and Net Assets (Deficit)	\$ 70,957,907	\$ 6,212,963	\$ 456,534	\$ 77,627,404	\$ (354,611)	\$ 77,272,793

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES –
WITHOUT DONOR RESTRICTIONS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Connecticut Public Broadcasting, Inc.	Real Estate Holding Company, Inc.	MediaVision Productions Inc.	Total	Eliminations	Consolidated - Without Donor Restrictions
REVENUES						
Underwriting Support	\$ 8,098,211	\$ -	\$ -	\$ 8,098,211	\$ -	\$ 8,098,211
Subscription and Membership Income	6,695,192	-	-	6,695,192	-	6,695,192
Annual Spending Distribution	2,837,957	-	-	2,837,957	-	2,837,957
Corporation for Public Broadcasting	1,783,976	-	-	1,783,976	-	1,783,976
Video Services	-	-	1,075,531	1,075,531	-	1,075,531
Planned Gifts and Bequests	502,840	-	-	502,840	-	502,840
Contributed In-Kind Support	188,344	-	-	188,344	-	188,344
Nonbroadcasting Services	175,466	-	-	175,466	-	175,466
Miscellaneous	44,643	-	-	44,643	-	44,643
Donated Personal Services of Volunteers	31,848	-	-	31,848	-	31,848
Release from Restriction	752,891	-	-	752,891	-	752,891
Total Revenues	21,111,368	-	1,075,531	22,186,899	-	22,186,899
EXPENSES						
Program Services:						
Programming and Production	14,135,082	-	-	14,135,082	-	14,135,082
Broadcasting	1,200,573	-	-	1,200,573	-	1,200,573
Contributed In-Kind Support	185,434	-	-	185,434	-	185,434
Program Information	1,447,424	-	-	1,447,424	-	1,447,424
Total Program Services	16,968,513	-	-	16,968,513	-	16,968,513
Supporting Services:						
Fundraising and Membership Development:						
Membership Development	2,895,434	-	-	2,895,434	-	2,895,434
Other Fundraising Expenses	1,073,565	-	-	1,073,565	-	1,073,565
Contributed In-Kind Support	2,910	-	-	2,910	-	2,910
Donated Personal Services of Volunteers	31,848	-	-	31,848	-	31,848
Management and General	3,971,986	-	-	3,971,986	-	3,971,986
Total Supporting Services	7,975,743	-	-	7,975,743	-	7,975,743
Reorganization Costs	546	-	-	546	-	546
Video Services:						
Cost of Production	-	-	869,203	869,203	-	869,203
General and Administrative	-	-	76,200	76,200	-	76,200
Total Video Services	-	-	945,403	945,403	-	945,403
Total Expenses	24,944,802	-	945,403	25,890,205	-	25,890,205
Equity in Net Loss of Consolidated Subsidiary	130,128	-	-	130,128	(130,128)	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE OTHER ACTIVITIES	(3,703,306)	-	130,128	(3,573,178)	(130,128)	(3,703,306)

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES –
WITHOUT DONOR RESTRICTIONS (CONTINUED)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Connecticut Public Broadcasting, Inc.	Real Estate Holding Company, Inc.	MediaVision Productions Inc.	Total	Eliminations	Consolidated - Without Donor Restrictions
OTHER ACTIVITIES						
Income from Licensing of						
Intangible Assets	\$ 1849,504	\$ -	\$ -	\$ 1849,504	\$ -	\$ 1849,504
Investment Return, Net	5,186,670	-	-	5,186,670	-	5,186,670
Release of Restricted Assets for						
Capital Additions	2,758,258	-	-	2,758,258	-	2,758,258
Transfer of Funds	(109,137)	-	-	(109,137)	-	(109,137)
Gain on Sale of Property and Equipment	-	-	-	-	-	-
Interest Expense	(221,112)	-	-	(221,112)	-	(221,112)
Depreciation and Amortization	(123,159)	(475,554)	(62,200)	(1,769,347)	62,200	(1,707,147)
Annual Spending Distribution	(2,837,957)	-	-	(2,837,957)	-	(2,837,957)
Transfer of Assets	-	-	-	-	-	-
Net Other Activities	<u>4,412,399</u>	<u>(475,554)</u>	<u>(62,200)</u>	<u>3,874,645</u>	<u>62,200</u>	<u>3,936,845</u>
CHANGE IN NET ASSETS	709,093	(475,554)	67,928	301,467	(67,928)	233,539
Net Assets Without Donor						
Restrictions - Beginning of Year	<u>56,762,348</u>	<u>6,688,517</u>	<u>(424,645)</u>	<u>63,026,220</u>	<u>424,645</u>	<u>63,450,865</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	<u>\$ 57,471,441</u>	<u>\$ 6,212,963</u>	<u>\$ (356,717)</u>	<u>\$ 63,327,687</u>	<u>\$ 356,717</u>	<u>\$ 63,684,404</u>