

Public Television 19, Inc.

Consolidated Financial Report
June 30, 2024

Contents

Independent auditor's report	1-2
Financial statements	
Consolidated statements of financial position	3
Consolidated statements of activities	4-5
Consolidated statements of functional expenses	6-7
Consolidated statements of cash flows	8
Notes to consolidated financial statements	9-25
Supplementary information	
Statements of activities by department	26-27
Notes to supplementary information	28

Independent Auditor's Report

RSM US LLP

Board of Directors
Public Television 19, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Public Television 19, Inc. and its subsidiary (the Organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, 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 (collectively, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information (statements of activities by department) is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
February 7, 2025

Public Television 19, Inc.

Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 1,542,107	\$ 6,195,048
Receivables:		
Accounts, net of allowance for doubtful accounts of \$10,000 in 2024 and 2023	123,849	251,619
Pledges, net of discount of 2024—\$3,474; 2023—\$24,465	151,887	650,027
Prepaid expenses	100,856	144,238
Investments	5,303,310	5,068,522
New market tax credit loan receivable	8,490,000	8,490,000
Deferred lease asset	1,308,692	1,347,224
Property and equipment, net	19,529,865	16,994,638
	<u>\$ 36,550,566</u>	<u>\$ 39,141,316</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 869,691	\$ 2,066,590
Accrued expenses	621,340	695,909
Deferred revenue	560,839	1,105,332
Line of credit	400,000	-
New market tax credit loan obligation	11,880,000	11,880,000
Long-term debt	4,499,560	5,037,406
	<u>18,831,430</u>	<u>20,785,237</u>
Net assets:		
Without donor restrictions (undesignated)	12,385,826	13,227,630
Without donor restrictions (board-designated)	5,186,568	4,963,777
With donor restrictions	146,742	164,672
	<u>17,719,136</u>	<u>18,356,079</u>
	<u>\$ 36,550,566</u>	<u>\$ 39,141,316</u>

See notes to consolidated financial statements.

Public Television 19, Inc.

**Consolidated Statement of Activities
Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Membership income	\$ 5,914,784	\$ -	\$ 5,914,784
Grants	2,143,449	-	2,143,449
Contributions, bequests and capital grants	1,419,663	-	1,419,663
Contributions, capital campaign	49,658	50,589	100,247
In-kind contributions	125,175	-	125,175
Program and production underwriting	2,548,239	-	2,548,239
Educational services	35,271	-	35,271
Rental income	1,065,125	-	1,065,125
Miscellaneous	4,501	-	4,501
Investment income	542,363	11,997	554,360
Net assets released from restrictions	80,516	(80,516)	-
Total revenues, gains and other support	13,928,744	(17,930)	13,910,814
Expenses:			
Program services	10,683,508	-	10,683,508
Fundraising	1,424,343	-	1,424,343
Management and general	2,439,906	-	2,439,906
Total expenses (including total depreciation of \$1,567,532)	14,547,757	-	14,547,757
Change in net assets	(619,013)	(17,930)	(636,943)
Net assets:			
Beginning	18,191,407	164,672	18,356,079
Ending	<u>\$ 17,572,394</u>	<u>\$ 146,742</u>	<u>\$ 17,719,136</u>

See notes to consolidated financial statements.

Public Television 19, Inc.

**Consolidated Statement of Activities
Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Membership income	\$ 5,406,661	\$ -	\$ 5,406,661
Grants	1,903,871	-	1,903,871
Contributions, bequests and capital grants	1,323,160	-	1,323,160
Contributions, capital campaign	78,676	715,000	793,676
In-kind contributions	772,599	-	772,599
Program and production underwriting	1,161,570	-	1,161,570
Educational services	106,944	-	106,944
Rental income	1,144,237	-	1,144,237
Miscellaneous	158,623	-	158,623
Investment income	482,912	4,745	487,657
Net assets released from restrictions	4,016,379	(4,016,379)	-
Total revenues, gains and other support	16,555,632	(3,296,634)	13,258,998
Expenses:			
Program services	9,045,830	-	9,045,830
Fundraising	2,038,067	-	2,038,067
Management and general	1,911,477	-	1,911,477
Total expenses (including total depreciation of \$339,407)	12,995,374	-	12,995,374
Change in net assets	3,560,258	(3,296,634)	263,624
Net assets:			
Beginning	14,631,149	3,461,306	18,092,455
Ending	<u>\$ 18,191,407</u>	<u>\$ 164,672</u>	<u>\$ 18,356,079</u>

See notes to consolidated financial statements.

Public Television 19, Inc.

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2024**

	Program Services Expense	Fundraising Expense	Management and General Expense	Total Expenses
Operating expenses:				
Salaries and wages	\$ 3,190,382	\$ 756,499	\$ 795,750	\$ 4,742,631
Payroll taxes	235,890	56,531	5,369	297,790
Health benefits	570,499	128,896	98,894	798,289
Retirement	143,756	32,286	17,509	193,551
Equipment rental	19	-	5,687	5,706
Debt service	28,868	-	396,671	425,539
Taxes	-	-	17,827	17,827
Endowment administrative fees	-	-	15,878	15,878
Affiliate payments	1,587,893	-	-	1,587,893
Tower rental	31,863	-	-	31,863
Postage	-	-	363	363
Vehicle	2,701	-	-	2,701
Direct mail	-	8,837	-	8,837
Guide	317,160	-	-	317,160
Printing	45,282	-	-	45,282
Office supplies	547	384	18,775	19,706
Telephone	60,325	-	-	60,325
IT services	249,251	-	40	249,291
Maintenance and repair	395,197	-	122,240	517,437
Travel	62,558	25,636	18,385	106,579
Utilities	106,216	-	146,579	252,795
Studio supplies	28,473	385	-	28,858
Liability insurance	5,300	-	226,669	231,969
Dues and subscriptions	143,110	33,136	41,763	218,009
Premiums	-	132,863	-	132,863
Advertising	124,219	-	-	124,219
Professional services	1,413,371	70,584	417,765	1,901,720
Special projects	321,775	104,792	30,594	457,161
Miscellaneous	51,515	73,514	62,954	187,983
Total expenses before depreciation	9,116,170	1,424,343	2,439,712	12,980,225
Depreciation	1,567,338	-	194	1,567,532
Total expenses	\$ 10,683,508	\$ 1,424,343	\$ 2,439,906	\$ 14,547,757

See notes to consolidated financial statements.

Public Television 19, Inc.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services Expense	Fundraising Expense	Management and General Expense	Total Expenses
Operating expenses:				
Salaries and wages	\$ 3,187,563	\$ 935,466	\$ 747,171	\$ 4,870,200
Payroll taxes	222,103	93,330	48,650	364,083
Health benefits	521,841	152,729	79,680	754,250
Retirement	139,881	39,678	9,742	189,301
Equipment rental	853	-	5,857	6,710
Debt service	-	-	252,332	252,332
Taxes	-	-	6,497	6,497
Endowment administrative fees	-	-	15,783	15,783
Affiliate payments	1,580,163	-	-	1,580,163
Tower rental	28,906	-	-	28,906
Postage	-	-	508	508
Vehicle	10,909	-	-	10,909
Direct mail	-	214,099	-	214,099
Guide	198,457	-	-	198,457
Printing	21,675	2,511	59	24,245
Office supplies	552	-	4,014	4,566
Telephone	65,959	-	-	65,959
IT services	272,902	-	-	272,902
Maintenance and repair	213,517	-	42,107	255,624
Travel	72,031	21,928	14,933	108,892
Utilities	72,198	-	103,862	176,060
Studio supplies	21,055	-	-	21,055
Liability insurance	-	-	97,620	97,620
Dues and subscriptions	159,917	8,131	65,270	233,318
Premiums	-	197,884	-	197,884
Advertising	724,226	-	-	724,226
Professional services	965,050	154,727	363,902	1,483,679
Special projects	222,634	205,580	27,788	456,002
Miscellaneous	4,243	12,004	25,490	41,737
Total expenses before depreciation	8,706,635	2,038,067	1,911,265	12,655,967
Depreciation	339,195	-	212	339,407
Total expenses	\$ 9,045,830	\$ 2,038,067	\$ 1,911,477	\$ 12,995,374

See notes to consolidated financial statements.

Public Television 19, Inc.

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (636,943)	\$ 263,624
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Investment income	(538,483)	(471,839)
Depreciation	1,567,532	339,407
Contributions and grants restricted for capital acquisition and construction	(488,781)	(1,107,000)
Decrease (increase) in operating assets:		
Accounts receivable	127,770	(175,906)
Pledges receivable	498,140	499,283
Prepaid expenses	43,382	22,096
Deferred lease asset	38,532	(79,869)
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	(1,271,468)	1,426,677
Deferred revenue	(544,493)	151,016
Net cash (used in) provided by operating activities	(1,204,812)	867,489
Cash flows from investing activities:		
Purchases of property and equipment	(4,102,759)	(11,563,050)
Contribution to investments	(2,492,950)	(151,987)
Withdrawal from investments	2,796,645	231,525
Net cash used in investing activities	(3,799,064)	(11,483,512)
Cash flows from financing activities:		
Principal payments on long-term debt	(537,846)	(466,707)
Proceeds from line of credit	400,000	-
Proceeds from contributions and grants restricted for capital acquisition and construction	488,781	1,107,000
Net cash provided by financing activities	350,935	640,293
Decrease in cash and cash equivalents	(4,652,941)	(9,975,730)
Cash and cash equivalents:		
Beginning	6,195,048	16,170,778
Ending	<u>\$ 1,542,107</u>	<u>\$ 6,195,048</u>
Supplemental disclosures of cash flow information:		
Construction in process in accounts payable at year-end	<u>\$ -</u>	<u>\$ 1,423,231</u>
Cash paid during the year for interest	<u>\$ 425,539</u>	<u>\$ 252,332</u>

See notes to consolidated financial statements.

Public Television 19, Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of the Station and Summary of Significant Accounting Policies

Description of the Station: Public Television 19, Inc. (the Station/Organization) is a nonprofit corporation that operates a noncommercial public television station (KCPT) and an AAA Public Radio Station (KTBG) in Kansas City that serves numerous cities and towns in Missouri and Kansas. The Station is organized under the general not-for-profit laws of the state of Missouri.

Principles of consolidation: The consolidated financial statements (collectively, the financial statements) include the accounts and transactions of the Station and its subsidiary, KCPT ESC, (collectively referred to as the Station), including the following:

- KCPT Expansion Supporting Corporation (KCPT ESC), was established in October 2021 as a nonprofit corporation, and a Type 1 supporting organization of Public Television 19, Inc. KCPT ESC was formed to support the operations of Public Television 19, Inc., including operating as a Qualified Active Low-Income Community Business (QALICB) as defined by the Internal Revenue Code (IRC) for new markets tax credit compliance.

New market tax credits: Effective March 15, 2022, KCPT ESC closed on a New Market Tax Credit (NMTC) financing transaction. In connection with this transaction, the parties involved in the transaction were as follows:

- Enterprise Bank and Trust (Enterprise) is the tax credit investor and the owner of EBT Investment Fund V (investment fund).
- Public Television 19, Inc. is the leverage lender and provided a loan to the investment fund.
- The investment fund invested the proceeds of the loan from Public Television 19, Inc. and certain capital contributions provided by Enterprise, in Enterprise Sub-CDE 29, LLC (the Sub-CDE).
- KCPT ESC as the QALICB and the owner of the building, received certain QALICB loans from the Sub-CDE.

A summary of significant accounting policies is as follows:

Basis of presentation: The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Station presents its financial statements based on Accounting Standards Codification (ASC) 958, Presentation of Financial Statements.

Net assets without donor restrictions: Net assets without donor restrictions are not subject to donor-imposed restrictions but may be subject to board designations. Earnings on investments are reported as increases in net assets without donor restrictions unless their use is limited by donor stipulation or by laws.

Net assets with donor restrictions: Net assets with donor restrictions include gifts for which donor-imposed restrictions have not been met, deferred gifts and pledges receivable. Also included within this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Station that require that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Notes to Consolidated Financial Statements

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

Restricted and unrestricted revenue and support: Contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. Donor-restricted support whose restrictions are satisfied in the same reporting period in which the contributions are received is classified as increases to net assets with donor restrictions and then also released from restrictions.

The Station reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Station reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grant revenue: Grant revenues are recognized when program expenses are incurred in accordance with program guidelines.

Program and production underwriting and educational services: For these revenue streams, the Station recognizes revenue in accordance with ASC 606, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as performance obligations are satisfied.

Revenues generated from these sources includes television airtime that is paid for in advance of airing. The related performance obligation is satisfied at a point in time when the television spots are aired. The revenue is recognized as the applicable services are provided and all criteria are met. At June 30, 2024, 2023 and 2022, gross program, production underwriting and educational services was \$2,583,510, \$1,268,514 and \$1,120,377, respectively. Payments received in advance of satisfying the related performance obligations are classified as deferred revenue on the consolidated statements of financial position. At June 30, 2024, 2023 and 2022, there was \$70,563, \$430,607 and \$72,262, respectively, of deferred revenue related to program, production underwriting and educational services. Associated accounts receivable for program, production underwriting and educational services as of June 30, 2024, 2023 and 2022, were \$133,849, \$261,919 and \$85,713, respectively, and allowance for doubtful accounts for program, production underwriting and educational services was \$10,000 at June 30, 2024, 2023 and 2022.

Memberships: In applying ASC 606, Revenue from Contracts with Customers, management evaluated benefits offered to members and concluded that this has characteristics more consistent with contributions. Therefore, revenue is recognized at the time the donor's commitment is received.

In-kind contributions: In-kind contributions and in-kind services expense are recorded in the accompanying financial statements. In-kind contributions consist of donated broadcasting by commercial stations, services provided in exchange for underwriting services, and services that require specialized skills that are provided by individuals possessing those skills and would typically be purchased if not provided by donation. These donations are recorded at fair value.

Public Television 19, Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable are carried at original invoice less an estimate for doubtful accounts based on a review of all outstanding amounts on a quarterly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history. Receivables are written off when deemed uncollectible. A receivable is considered to be past due if the balance is outstanding after 30 days. Interest is not charged on past-due accounts.

Pledges receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

The Station also receives conditional promises to give from donors, which are not recognized as revenue or included in receivables until such time as the conditions are substantially met. As of June 30, 2024 and 2023, the Station had \$0, of outstanding conditional promises to give.

New market tax credit loan receivable: In March 2022, the Station loaned \$8,490,000 to the investment fund, see additional information in Note 13, as part of the new market tax credit transaction, which is anticipated to be netted against the new market tax credit loan obligation of \$11,880,000 to the Sub-CDE at the end of seven years with the exercise of the put option. The note receivable bears interest at 1.0%. Interest is due quarterly and principal is due March 15, 2048. Interest income of \$41,952 and \$34 was earned for the years ended June 30, 2024 and 2023, respectively.

Allowance for credit losses and doubtful accounts: The Station adopted ASC 326, Financial Instruments—Credit Losses as of July 1, 2023 with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit loss under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include trade receivables, contract assets and non-current receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. The allowance for credit losses as of June 30, 2024, and change in the allowance for credit losses during the year ended June 30, 2024, was not material to the financial statements.

Prior to adoption of ASC 326, the Station maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts as of June 30, 2023, was not material to the financial statements.

Donated personal services of volunteers: Due to the nature of donated services, no amounts have been reflected in the financial statements for such services, since the services do not require specialized skills. The estimated fair value of donated personal services of volunteers incurred in connection with the annual auction and pledge drives, based upon standard valuation rates and job classifications developed by the Corporation for Public Broadcasting, was \$28,266 and \$19,859 for the years ended June 30, 2024 and 2023, respectively.

Notes to Consolidated Financial Statements

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

Deferred revenue: Grants received for programs that will be aired principally in the next fiscal year are included as deferred revenue. As the programs are telecast, the deferred revenue will be recognized as revenue. The Station also receives various down payments on operating lease income. The Station amortizes the payments over the life of the lease.

Deferred lease asset and rental income: The Station has an operating lease with annual rent increases. The Station recognizes rent revenue ratably over the term of the lease, with rent revenue based on the total payments received under the lease agreement recognized on a straight-line basis over the lease term. The deferred lease asset represents rent revenue in excess of cash payments received to date.

Property and equipment: Property and equipment is recorded at cost or, if donated, at the approximate fair value at date of donation. Major renewals and betterments are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are charged against net assets in the current period. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to 40 years.

The Station periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Income tax status: The Station is exempt from federal income taxes under section 501(c)(3) of the IRC; however, the Station is subject to income taxes on any net income from unrelated business activities. Uncertain tax positions, if any, are recorded in accordance with ASC 740, Income Taxes (previously FIN 48). ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more likely than not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded as of June 30, 2024 and 2023.

Investments: The Station has investments held with Bank of America, which are recorded at fair value. During the fiscal year ended June 30, 2023, and in the current year before all investments were transferred to Bank of America, the Station was invested in pooled funds at the Greater Kansas City Community Foundation. A portion of this balance represents money market funds, which are reported at cost, which approximates fair value.

Cash and cash equivalents: The Station considers investments purchased with an original maturity of three months or less to be cash equivalents. The Station holds cash deposits with banks in excess of federally insured limits. The Station utilizes a large bank to minimize the risk to funds in excess of federal limits. The Station has not experienced any losses on these accounts.

Use of estimates: The preparation of financial statements in accordance 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 and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Functional expense allocations: Certain expenses, such as depreciation, interest, building services and personnel, are allocated among program and supporting services based primarily on direct payroll charges, equipment usage, or space occupied and on estimates made by the Station's management.

Notes to Consolidated Financial Statements

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

Fundraising: The Station participates in various fundraising activities, such as direct mail campaigns, membership development and special events. The expenses related to these fundraising activities are recorded in fundraising in the consolidated statements of activities and aggregated \$1,424,343 and \$2,038,067 for the years ended June 30, 2024 and 2023, respectively.

Advertising: The Station expenses advertising costs as incurred. Advertising expense was \$124,219 and \$724,226 for the fiscal years ended June 30, 2024 and 2023, respectively, of which \$22,450 and \$684,276 are related to allocation of in-kind contributions, respectively.

Leases (the Station as Lessor): The Station leases primarily tower space, building space, and various equipment to several unrelated parties. These leases may contain extension and termination options that are predominantly at the sole discretion of the lessee, provided certain conditions are satisfied.

ASC 842 provides lessors a practical expedient, applicable by class of underlying asset, to not separate nonlease components from the associated lease component if certain criteria are met. An underlying asset is an asset that is the subject of a lease for which a right to use that asset has been conveyed to a lessee.

Lease components are elements of an arrangement that provide the customer with the right to use an identified asset. Nonlease components are distinct elements of a contract that are not related to securing the use of the leased asset and revenue is recognized in accordance with ASC 606, Revenue from Contracts with Customers. The Station has no nonlease components noted as of June 30, 2024.

The Station assessed and concluded that the timing and pattern of transfer for nonlease components and the associated lease component are the same. The Station determined that the predominant component was the lease component and as such its leases will continue to be accounted for as operating leases and the Station has made a policy election to account for and present the lease component and the nonlease component as a single component in the revenue section of the consolidated statements of activities within rental income.

In addition, under ASC 842, lessors will only capitalize incremental direct leasing costs. As a result, starting July 1, 2022, the Station no longer capitalizes nonincremental direct costs. These costs are expensed as incurred and are included within management and general expenses on the statements of activities.

Notes to Consolidated Financial Statements

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

Uncollectible lease receivables and allowances for uncollectible lease receivables: The Station may carry current and deferred rent receivables net of allowances for amounts that may not be collected. There were no lease receivables recorded as of June 30, 2024 or 2023. These allowances are increased or decreased through rental income, and determination of the adequacy of the Station's allowances for lease receivables includes an assessment of whether or not substantially all of the amounts due under a tenant's lease agreement are probable of collection. Such assessment involves using a methodology that incorporates a specific identification analysis and an aging analysis and considers the current economic and business environment. This determination requires significant judgment and estimates about matters that are uncertain at the time the estimates are made, including the creditworthiness of specific lessees, specific industry trends and conditions, and general economic trends and conditions. For leases that are deemed probable of collection, revenue continues to be recorded on a straight-line basis over the lease term. For leases that are deemed not probable of collection, revenue is recorded as the lessor of (i) the amount which would be recognized on a straight-line basis or (ii) cash that has been received from the lessee, including deferred revenue, with any lease receivable balances charged as a direct write-off against rental income in the period of the change in the collectibility determination. If the collectibility determination subsequently changes to being probable of collection for leases for which revenue is recorded based of cash received from the lessee, the Station resumes recognizing revenue, including deferred revenue, on a straight-line basis and recognize incremental revenue related to the reinstatement of cumulative deferred lease receivable and deferred revenue balances, as if revenue had been recorded on a straight-line basis since the inception of the lease.

For deferred lease receivables associated with leases whose rent are deemed probable of collection, the Station may record an allowance under other generally accepted accounting principles using a methodology that incorporates a specific identification analysis and an aging analysis and considers the current economic and business environment. This determination requires significant judgment and estimates about matters that are uncertain at the time the estimates are made, including the creditworthiness of specific lessees, specific industry trends and conditions, and general economic trends and conditions. Tenant and deferred lease receivables deemed probable of collection are carried net of allowances for uncollectible accounts with increases or decreases in the allowances recorded through rental income on the Station's consolidated statements of activities.

Current lease receivables may consist primarily of amounts due for contractual lease payments and reimbursements of certain expenses, property taxes, and other costs recoverable from lessees. With respect to the allowance for uncollectible lease receivables, the specific-identification methodology analysis relies of factors such as the age and nature of the receivables, the payment history and financial condition of the lessee, the Station's assessment of the lessee's ability to meet its lease obligations, and the status of negotiations of any disputes with the lessee, There was no allowance for lease receivables recorded as of June 30, 2024 or 2023.

Deferred rent receivables (presented as deferred lease asset on the statement of financial position) represent the amount by which the cumulative straight-line rental revenue recorded to date exceeds cash rents billed to date under the lease agreement. With respect to the allowance for deferred lease receivables, given the longer-term nature of these receivables, the specific-identification methodology analysis evaluates each of the station's significant lessees and any lessees on the Station's internal watchlist and relies of factors such as each lessee's financial condition and its ability to meet its lease obligations. The Station evaluated reserve levels quarterly based of changes in the financial condition of lessees and assessment of the lessee's ability to meet its lease obligations, overall economic conditions and the current business environment.

Public Television 19, Inc.**Notes to Consolidated Financial Statements**

Note 2. Pledges Receivable

Included in pledges receivable at June 30, 2024 and 2023, are the following unconditional promises to give:

	2024	2023
Restricted to future periods:		
Building renovations	\$ 40,000	\$ 330,000
Content Excellence Fund	34,219	233,000
Core operating systems—technology	10,124	10,125
General use	71,018	101,367
	<u>\$ 155,361</u>	<u>\$ 674,492</u>
Unconditional promises to give before unamortized discount	\$ 155,361	\$ 674,492
Less unamortized discount	(3,474)	(24,465)
	<u>\$ 151,887</u>	<u>\$ 650,027</u>
Amounts due in:		
One to five years	\$ 155,361	\$ 674,492
	<u>\$ 155,361</u>	<u>\$ 674,492</u>

Pledges receivable are considered contributions with donor restrictions due to timing, as well as restrictions specified by the donor, since the funds from such contributions are not available for use until received by the Station.

Note 3. Investments

The Board of Directors authorized two special trust funds established at the Greater Kansas City Community Foundation (the Foundation), an unrelated third party. These trust funds were established for the benefit of the Station in the future with no variance power being granted to the Foundation. The assets held at the Foundation are directed by the Station's Board of Directors, except for the Helmkamp Fund, which is donor-restricted. The Public Television 19, Inc Fund invests only in the Foundation's pooled funds and is designated for general operations in the future and had a balance of \$4,963,777 at June 30, 2023. The Caroline and George Helmkamp Fund invests in the Foundation's pooled funds. The fund is designated for Emerging Journalist Program and had a balance of \$104,745 at June 30, 2023. Balances held at the Greater Kansas City Community Foundation as of June 30, 2023 were \$5,068,522.

Individual investments within the Greater Kansas City Community Foundation Pooled Fund in 2023 comprise the following:

	2023
Public Television 19, Inc. Fund:	
Fixed-income mutual fund pool	\$ 1,653,747
Equity mutual fund pool	3,299,348
Money market fund pool	10,682
	<u>\$ 4,963,777</u>

Public Television 19, Inc.

Notes to Consolidated Financial Statements

Note 3. Investments (Continued)

	2023
Caroline and George Helmkamp Fund:	
Fixed-income mutual fund pool	\$ 69,623
Equity mutual fund pool	34,897
Money market fund pool	225
	<u>\$ 104,745</u>

In March 2024, the Station transferred their funds held at the Foundation to a bank financial institution. The assets held are directed by the Station's Board of Directors, except for the invested assets from the Helmkamp endowment donation, which is donor-restricted. The Station invests in equities, money markets, and fixed income investments and is designated for general operations in the future and had a balance of \$5,186,568 at June 30, 2024. The Caroline and George Helmkamp endowment assets invest in same type of investments as noted above. Helmkamp endowment assets are designated for Emerging Journalist Program and has a balance of \$116,742 at June 30, 2024. Balances held at Bank of America as of June 30, 2024 were \$5,303,310.

Individual investments held at Bank of America in 2024 comprise the following:

	2024
Public Television 19, Inc:	
Fixed-income	\$ 1,594,865
Equities	3,373,185
Money market	218,518
	<u>\$ 5,186,568</u>
	2024
Caroline and George Helmkamp:	
Fixed-income	\$ 35,898
Equities	75,925
Money market	4,919
	<u>\$ 116,742</u>

The change in value of investments as of June 30, 2024 and 2023, is:

	2024	2023
Interest and dividends	\$ 204,534	\$ 109,337
Net realized and unrealized gains	349,826	378,320
	<u>\$ 554,360</u>	<u>\$ 487,657</u>

Public Television 19, Inc.**Notes to Consolidated Financial Statements****Note 4. Property and Equipment**

Property and equipment consisted of the following at June 30, 2024 and 2023:

	2024	2023
Land and land improvements	\$ 297,216	\$ 297,216
Buildings	15,568,457	2,026,165
Broadcast equipment	9,403,436	5,798,188
Transmission tower	2,684,661	2,589,831
Furniture and fixtures	1,011,990	441,318
Construction in progress	30,733	13,741,017
	<u>28,996,493</u>	<u>24,893,735</u>
Less accumulated depreciation	(9,466,628)	(7,899,097)
Property and equipment, net	<u>\$ 19,529,865</u>	<u>\$ 16,994,638</u>

Note 5. Pledged Assets, Line of Credit and Long-Term Debt

Effective March 2022, the Station has a \$500,000 revolving credit note with Enterprise secured by property and other assets. Interest is due monthly at a variable rate equal to *The Wall Street Journal* Prime Rate (8.50% at June 30, 2024). At June 30, 2024 and 2023, \$400,000 and \$0 was outstanding on this line of credit, respectively.

Long-term debt consists of the following at June 30, 2024 and 2023:

	2024	2023
Enterprise NMTC Term Loan A due March 15, 2027; interest at 4.75%. Monthly interest payments; annual principal payment of \$400,000.	\$ 1,700,000	\$ 2,100,000
Enterprise NMTC Term Loan B due March 15, 2029; interest at 4.75%. Monthly interest payments, monthly principal begins March 2024 with monthly payments of \$30,767.	2,129,078	2,195,000
Radio loan due March 15, 2027; interest at 4.0%; secured by all assets; payable in monthly interest and principal payments of \$8,399, of which principal is \$6,823.	670,482	742,406
	<u>\$ 4,499,560</u>	<u>\$ 5,037,406</u>

Aggregate maturities of long-term debt outstanding at June 30, 2024, are as follows:

Years ending June 30:	
2025	\$ 748,809
2026	765,336
2027	1,218,259
2028	816,004
2029	951,152
	<u>\$ 4,499,560</u>

Public Television 19, Inc.

Notes to Consolidated Financial Statements

Note 6. Lease Commitments (the Station as Lessor)

The Station rents a portion of its broadcasting tower to a cell phone provider. The lease calls for a base rent in the amount of \$32,756 per month, with rent increasing yearly by the Consumer Price Index (CPI). The lease is for 10 years but also has one remaining option to renew the lease for 10-year renewal term.

The Station rents a portion of its premises for the operation and communications equipment to the federal government. The lease calls for base rent of \$6,692 per month, which escalates by 3% for each renewal period. The lease is for one year but has nine optional one-year renewal terms.

The Station rents a portion of its broadcasting tower to a radio station. The lease calls for a base rent in the amount of \$3,051 per month. The lease is for five years but has three optional five-year renewal terms. One renewal term was elected in August of 2023.

The Station rents a portion of building space to a radio station. The lease calls for a base rent in the amount of \$7,153 per month. The lease is for five years but has three optional five-year renewal terms. The space has been renewed two times.

The Station rents a portion of its broadcasting tower to a cell phone provider. The lease calls for a base rent in the amount of \$31,062 per month. The lease is for 30 years, but as a one-time option to extend the lease another 30 years.

The Station's air tower, building space, and various equipment to various tenants, as described above, are operating leases with initial term expiration dates ranging from 2027 to 2041. The Station's investment in assets held under operating leases in which the Station is the lessor by major class of assets in property and equipment is as follows as of June 30, 2024 and 2023:

	2024	2023
Buildings	\$ 15,568,457	\$ 2,026,165
Transmission tower	2,684,661	2,589,831
	18,253,118	4,615,996
Less accumulated depreciation	2,855,486	2,099,895
	<u>\$ 15,397,632</u>	<u>\$ 2,516,101</u>

The Station's rental income is primarily composed of payments defined under each lease agreement and are subject to scheduled fixed increases. Rental income for the years ended June 30, 2024 and 2023, is \$1,065,125 and \$1,144,237, respectively.

Future undiscounted cash flows to be received for each of the next five years and thereafter are as follows as of June 30, 2024:

Years ending June 30:	
2025	\$ 1,032,730
2026	1,047,773
2027	983,981
2028	583,283
2029	564,394
Thereafter	6,821,922
Total lease payments	<u>\$ 11,034,083</u>

Public Television 19, Inc.

Notes to Consolidated Financial Statements

Note 7. Liquidity and Availability of Resources

The Station regularly monitors liquidity required to meet its annual operating needs and other contractual requirements while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2024 and 2023, the following financial assets are available to meet annual operating needs of the 2025 and 2024 fiscal years, respectively:

	2024	2023
Assets at year-end:		
Cash and cash equivalents	\$ 1,542,107	\$ 6,195,048
Accounts receivable, net	123,849	251,619
Pledge receivables, net	151,887	650,027
Prepaid expenses	100,856	144,238
Investments	5,303,310	5,068,522
New market tax credit loan receivable	8,490,000	8,490,000
Deferred lease asset	1,308,692	1,347,224
Property and equipment, net	19,529,865	16,994,638
Total assets	36,550,566	39,141,316
Assets not available to be used:		
Pledge receivables for restricted gift, net	(151,887)	(650,027)
Prepaid expenses	(100,856)	(144,238)
Endowment investment	(116,742)	(104,745)
New market tax credit loan receivable	(8,490,000)	(8,490,000)
Deferred lease asset	(1,308,692)	(1,347,224)
Property and equipment, net	(19,529,865)	(16,994,638)
Total assets not available to be used	(29,698,042)	(27,730,872)
Financial assets available to meet general expenditures within one year	\$ 6,852,524	\$ 11,410,444

The Station has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit. The Station's investments at Bank of America are primarily board-designated and can be withdrawn at any time with Board approval and, therefore, could be used as another source of liquidity, if needed. Note 5 discusses the Station's Enterprise Credit Agreement for information about the Station's line of credit.

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2024 and 2023, were available for the following:

	2024	2023
Content Excellence Fund	\$ 30,000	\$ 10,000
Emerging Journalists Program	116,742	104,745
Core operating systems—technology	-	49,927
	\$ 146,742	\$ 164,672

Public Television 19, Inc.

Notes to Consolidated Financial Statements

Note 9. Board-Designated Net Assets (Without Donor Restrictions)

The Station reports Board-designated net assets (without any donor restrictions) for the balance of the investments owned by the Greater Kansas City Community Foundation, as these investments are directed by the Board, except the original grant funds received for the Content Excellence, which are donor-restricted. The Board-designated net asset balance as of June 30, 2024 and 2023, was \$5,186,568 and \$4,963,777, respectively.

Note 10. Net Assets Released From Donor Restriction

Net assets were released from restriction for the years ended June 30, 2024 and 2023, for the following purpose:

	2024	2023
Content excellence programs	\$ 10,000	\$ 230,000
Building renovations	20,589	3,416,892
Core operating systems—technology	49,927	369,487
	<u>\$ 80,516</u>	<u>\$ 4,016,379</u>

Note 11. Retirement Plan

The Station maintains a defined contribution retirement plan for all its employees. The plan provisions call for the Station to make discretionary contributions to the plan equal to each employee's contributions, up to a stated maximum of 5%. Station contributions to the plan are made on a biweekly basis. Employer contributions for the years ended June 30, 2024 and 2023, were \$193,551 and \$189,301, respectively.

Note 12. Significant Concentrations

A substantial portion of the Station's programming is made possible through an agreement with the Public Broadcasting Service (PBS). Programs obtained from PBS constituted approximately 54% and 55% of the Station's airtime during the years ended June 30, 2024 and 2023, respectively.

Note 13. New Market Tax Credit

On March 15, 2022, the Station entered into a financing transaction with Enterprise Bank & Trust related to capital improvements and renovation work at the Station. Enterprise Bank & Trust made a capital contribution and Public Television 19, Inc. made a loan to the Investment Fund under a qualified NMTC program.

In connection with the financing transaction, Enterprise Bank & Trust served as the source lender, and executed two Bridge Loans with Public Television, 19, Inc. as the leverage lender. One of the Bridge Loans has an unsecured borrowing amount of \$2,195,000 (Term Loan B, due in seven years with a 4.75% interest rate), and the other Bridge Loan is secured with donor pledges in an amount of \$2,500,000 (Term Loan A, due in five years with a 4.75% interest rate). Public Television, 19, Inc. then served as a leverage lender and loaned \$8,490,000 to the Investment Fund in exchange for a 1% note due March 2048, which is recognized in the accompanying consolidated statements of financial position as the new market tax credit loan receivable.

Notes to Consolidated Financial Statements

Note 13. New Market Tax Credit (Continued)

Simultaneously, Enterprise Bank & Trust, as the investor in the Investment Fund, contributed \$3,510,000 to the Investment Fund and, as such, is entitled to substantially all of the benefits derived from the NMTCs. The Enterprise Bank & Trust contribution has been included in the Station's financial statements as a liability (excluding \$120,000 of administration fees). This transaction also includes a put provision, whereby the Station may be obligated to repurchase the interest in the investment fund for \$1,000. If the put provision is not exercised by Enterprise Bank & Trust, the Station may choose to repurchase the equity interest of Enterprise Bank & Trust for an amount equal to the fair market value (call option). The Station believes that Enterprise Bank & Trust will exercise the put option in March 2029 at the end of the recapture period. The value attributed to the put is de minimis. Additionally, the NMTC is subject to 100% recapture for a period of seven years as provided in the IRC.

The Investment Fund then contributed these combined loan proceeds of \$12,000,000 to the Sub-CDE, which in turn loaned the funds on similar terms (as QLICI Loan A of \$8,490,000 and QLICI Loan B of \$3,390,000) to KCPT ESC, as financing for the renovation project. The proceeds of the loan from the Sub-CDE, including loans representing the capital contribution made by Enterprise Bank & Trust, are available only for use on the capital improvements and renovation project. Both loans have a term of 30 years and a 1.4724% interest rate, and the payment terms during the seven-year compliance period are quarterly interest only payments. In addition to the loans from the Sub-CDE, Public Television 19, Inc. made a contribution to KCPT ESC for \$835,000.

Note 14. Endowment

Investments include endowment consisting of donor-restricted endowment, which were invested in the Greater Kansas City Community Foundation and then moved to Bank of America during fiscal year 2024 with the Station's other investments. The endowment is used for the emerging journalist program. Net assets associated with endowment funds, including funds designated by management to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: Management of the Station interpreted the Missouri Uniform Prudent Management of Institutional Funds Act (MO UPMIFA) 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 Station classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment fund. The remaining portion of the donor-restricted endowment funds, if any, that is not classified in net assets restricted in perpetuity is classified as restricted in time or purpose until those amounts are appropriated for expenditure by the Station in a manner consistent with the standard of prudence prescribed by MO UPMIFA. In accordance with MO UPMIFA, the Station considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment funds
- The purposes of the Station and the donor-restricted endowment funds
- 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 Station
- The investment policies of the Station

Public Television 19, Inc.

Notes to Consolidated Financial Statements

Note 14. Endowment (Continued)

Endowment net assets composition by type is as follows as of June 30, 2024 and 2023:

	2024	2023
	With Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	\$ 116,742	\$ 104,745

Changes in endowment net assets are as follows for the years ended June 30, 2024 and 2023:

	2024	2023
	With Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 104,745	\$ -
Interest and dividends	1,779	2,109
Realized and unrealized gains (losses), net	10,452	1,301
Investment fees	(234)	(276)
Withdrawals	-	1,611
Additions	-	100,000
Endowment net assets, end of year	\$ 116,742	\$ 104,745

Funds with deficiencies: From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or MO UPMIFA requires the Station to retain as a fund of perpetual duration. There were no deficiencies of this nature for the years ended June 30, 2024.

Return objectives and risk parameters: The Station has adopted investment and spending policies for endowment funds that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment funds. Endowment funds include those assets of donor-restricted endowment funds that the Station must hold in perpetuity. The Station's endowment funds are invested at a third-party bank. The endowment targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The endowment invests in equities, debt securities, and cash equivalents with the primary objective being preservation of the Station's purchasing power, seeking a balance between long-term appreciation and current income with relatively low tolerance for risk. The objective of the endowment will be, at a minimum, to achieve an investment return equal to the Endowment's Annual Spending Limit plus inflation.

Spending policy: The Station's spending policy with respect to its endowment funds in KCPBS may spend up to 5% of the three-year average of restricted funds on an annual basis, beginning on July 1 following the third year after the fund is endowed.

Public Television 19, Inc.

Notes to Consolidated Financial Statements

Note 15. Fair Value Measurements

The Station has adopted the provisions of ASC 820, Fair Value Measurements, for assets and liabilities measured and reported at fair value. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Level 2 investments include pooled investments that do not have any significant redemption restrictions that would cause liquidation and report date values to be significantly different, if redemption were requested at report date.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following tables summarize the assets measured at fair value on a recurring basis, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

June 30, 2024				
	Total	Level 1	Level 2	Level 3
Investments:				
Fixed-income				
U.S Treasury	\$ 1,398,947	\$ -	\$ 1,398,947	\$ -
International bonds	231,816	-	231,816	-
Equities				
Common stock	2,919,009	2,919,009	-	-
International equities	530,101	530,101	-	-
	5,079,873	\$ 3,449,110	\$ 1,630,763	\$ -
Money market	223,437			
	<u>\$ 5,303,310</u>			

Public Television 19, Inc.

Notes to Consolidated Financial Statements

Note 15. Fair Value Measurements (Continued)

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Pooled funds at the Foundation:				
Fixed-income mutual fund pool	\$ 1,688,643	\$ -	\$ 1,688,643	\$ -
Equity mutual fund pool	3,368,971	-	3,368,971	-
	5,057,614	\$ -	\$ 5,057,614	\$ -
Money market fund pool	10,908			
	<u>\$ 5,068,522</u>			

Assets recorded at fair value on a recurring basis: A description of the valuation methodologies used for assets on a recurring basis is set forth below:

Investments: The Station's investments are an investment in fixed income, money market and equities. The Station invests in equities and money market, which consist of all Level 1 investments. Bank of America values its individual securities as follows: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Valuation inputs utilized by the independent pricing service for those U.S. Treasury securities under Level 2 include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications. Also included are data from the vendor trading platform.

Pooled funds at the Foundation: The Station's investments are an investment in the funds held by the Foundation. The Station invests in the Foundation's fixed-income and equity mutual fund pools, which consist of all Level 1 investments; however, since the Station's investment is in the Foundation, not the individual investments, all of the Station's investment in the Foundation is classified as Level 2. The Foundation values its individual securities as follows: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow.

The Station does not have assets and liabilities recorded at fair market value on a nonrecurring basis.

The fair value estimates presented are based on pertinent information available to management at June 30, 2024 and 2023. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have been comprehensively revalued for purposes of the financial statements since that date; therefore, current estimates of fair value may differ significantly from the amounts presented herein.

Note 16. Subsequent Events

Management has evaluated and disclosed subsequent events up to and including February 7, 2025, the date the financial statements were available to be issued.

In November 2024, the Station entered into a \$2.2 million line of credit with the Bank of America secured by investments held at Bank of America, excluding donor restricted endowments. Interest is due monthly at a variable rate equal to the Daily Secured Overnight Financing Rate plus the Applicable Margin of 2.0%. The agreement expires June 30, 2027.

Note 16. Subsequent Events (Continued)

In January 2025, multiple executive orders were issued, that could potentially impact federal funding for organizations that receive direct federal funding and pass-through federal funding. Management has concluded there is no significant impact expected to the financial statements for the year ended June 30, 2024, as there are no significant receivables pending from any federal or pass-through agencies as of June 30, 2024. The implications of these executive orders are not fully known at the date the financial statements are available to be issued, nor the long-term impact this could have on future funding for the Station.

Public Television 19, Inc.

**Statement of Activities by Department
Supplementary Information
Year Ended June 30, 2024**

	KTBG	KCPT	Total
Revenues, gains and other support:			
Membership income	\$ 388,394	\$ 5,526,390	\$ 5,914,784
Grants	117,430	2,026,019	2,143,449
Contributions, bequests and capital grants	-	1,419,663	1,419,663
Contributions, capital campaign	-	100,247	100,247
In-kind contributions	39,440	85,735	125,175
Program and production underwriting	362,426	2,185,813	2,548,239
Educational services	-	35,271	35,271
Rental income	-	1,065,125	1,065,125
Miscellaneous	-	4,501	4,501
Investment income	-	554,360	554,360
Total revenues, gains and other support	907,690	13,003,124	13,910,814
Expenses:			
Program services	899,188	9,784,320	10,683,508
Fundraising	22,806	1,401,537	1,424,343
Management and general	-	2,439,906	2,439,906
Total expenses (including depreciation of \$78,123 and \$1,489,409 for KTBG and KCPT, respectively)	921,994	13,625,763	14,547,757
Changes in net assets	(14,304)	(622,639)	(636,943)
Net assets (deficit):			
Beginning	(1,015,674)	19,371,753	18,356,079
Ending	<u>\$ (1,029,978)</u>	<u>\$ 18,749,114</u>	<u>\$ 17,719,136</u>

See notes to supplementary information.

Public Television 19, Inc.

**Statement of Activities by Department
Supplementary Information
Year Ended June 30, 2023**

	KTBG	KCPT	Total
Revenues, gains and other support:			
Membership income	\$ 386,770	\$ 5,019,891	\$ 5,406,661
Grants	90,818	1,813,053	1,903,871
Contributions, bequests and capital grants	500	1,322,660	1,323,160
Contributions, capital campaign	-	793,676	793,676
In-kind contributions	25,038	747,561	772,599
Program and production underwriting	311,958	849,612	1,161,570
Educational services	-	106,944	106,944
Rental income	-	1,144,237	1,144,237
Miscellaneous	-	158,623	158,623
Investment income	-	487,657	487,657
Total revenues, gains and other support	815,084	12,443,914	13,258,998
Expenses:			
Program services	791,259	8,254,571	9,045,830
Fundraising	67,764	1,970,303	2,038,067
Management and general	-	1,911,477	1,911,477
Total expenses (including depreciation of \$78,597 and \$260,810 for KTBG and KCPT, respectively)	859,023	12,136,351	12,995,374
Changes in net assets	(43,939)	307,563	263,624
Net assets (deficit):			
Beginning	(971,735)	19,064,190	18,092,455
Ending	<u>\$ (1,015,674)</u>	<u>\$ 19,371,753</u>	<u>\$ 18,356,079</u>

See notes to supplementary information.

Public Television 19, Inc.

Notes to Supplementary Information

In addition to the basic financial statements, the Station presents a statement of activities for two departments of the Station. Brief explanations of the departments are as follows:

KTBG: This department is used to account for the operating activity of the radio station acquired and operated by the Station.

KCPT: This department is used to account for all other operations of the Station.