Valley Public Television, Inc. DBA ValleyPBS
Fresno, CA

Financial Statements

For the Year Ended June 30, 2024

PRICE PAIGE & COMPANY
Certified Public Accountants

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PRICE PAIGE & COMPANY
Certified Public Accountants

The Place to Be

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Valley Public Television, Inc. DBA ValleyPBS
Fresno, California

Opinion

We have audited the accompanying financial statements of Valley Public Television, Inc. DBA ValleyPBS (the Station), a nonprofit organization, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Station and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt about the Station's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Station will continue as a going concern. As discussed in Note 21 to the financial statements, the Station has suffered recurring losses from operations and negative cash flows. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 21. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

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

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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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

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

Price Paige & Company

Clovis, California
March 11, 2025

FINANCIAL STATEMENTS

ASSETS		
Current assets:		
Cash and cash equivalents:		
Unrestricted	$	206,818
Restricted		7,000
Total cash and cash equivalents		213,818
Contracts receivable, net		14,803
Pledges receivable, net		62,403
Investments		79,926
Inventory		44,476
Prepaid expenses		80,533
Total current assets		495,959
Right-of-use assets		104,487
Property and equipment, net		945,918
Total assets	$	1,546,364
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$	384,721
Accrued liabilities		71,296
CPB payable		-
Deferred revenue		7,000
Line of credit		204,179
Notes payable, current portion		32,139
Total current liabilities		699,335
Lease liability		108,315
Notes payable, less current portion		481,033
Total liabilities		1,288,683
Net assets:		
Without donor restrictions:		(90,299)
With donor restrictions		347,980
Total net assets		257,681
Total liabilities and net assets	$	1,546,364

Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions:			
Cash and other financial assets	$ 1,495,109	$ -	$ 1,495,109
Nonfinancial assets	420,182	-	420,182
Grants:			
Community service grants	908,191	-	908,191
Ready to Learn grants	1,000	-	1,000
Other grants	12,000	-	12,000
Underwriting	319,460	100,000	419,460
Other production income	49,886	-	49,886
Special events, net of direct expenses of $8,895	75,064	-	75,064
Investment income, net	5,550	9,378	14,928
Other revenue	7,857	-	7,857
Total revenues and support before net assets released from restrictions	3,294,299	109,378	3,403,677
Net assets released from restrictions	52,812	(52,812)	-
Total revenues and support after reclassification of net assets released from restrictions	3,347,111	56,566	3,403,677
Costs and expenses:			
Program services:			
Programming and production	1,128,284	-	1,128,284
Broadcast operations	554,604	-	554,604
Program information and outreach	904,184	-	904,184
Supporting services:			
Fundraising and membership	765,065	-	765,065
Management and general	914,330	-	914,330
Total costs and expenses	4,266,467	-	4,266,467
Changes in net assets	(919,356)	56,566	(862,790)
Net assets, beginning of year	829,057	291,414	1,120,471
Net assets, end of year	$ (90,299)	$ 347,980	$ 257,681

	Program Services			Supporting Services		
	Programming and Production	Broadcast Operations	Program Information and Outreach	Fundraising and Membership	Management and General	Total
Costs and expenses:						
Advertising and promotion	$ -	$ -	$ 12,315	$ -	$ 2,500	$ 14,815
Audit fees	-	-	-	-	34,500	34,500
Bad debt	-	-	56,778	-	-	56,778
Bank charges	-	-	18	34,824	14,852	49,694
Board/staff/donor relations	-	-	1,162	-	3,983	5,145
Bulk mail postage	-	-	-	42,278	-	42,278
Closed captioning	8,754	131	113	-	-	8,998
Custom programming expense	51,950	-	-	-	-	51,950
Depreciation	48,092	51,142	46,553	65,519	35,226	246,532
Direct mail	-	-	-	109,376	-	109,376
Donated materials, services and facilities	-	-	420,182	-	-	420,182
Dues and subscriptions	6,053	3,195	9,787	25,648	19,330	64,013
Food and beverage	106	58	1,935	522	4,198	6,819
Insurance	-	-	-	-	80,035	80,035
Interest expense	8,091	8,604	7,832	11,023	5,926	41,476
Maintenance contracts	-	140,583	-	-	7,810	148,393
Materials and supplies	953	1,148	30,185	1,204	8,444	41,934
Other expenses	-	-	6,486	-	944	7,430
Other programming costs	79,319	-	-	-	-	79,319
PBS programming costs	768,484	-	-	-	-	768,484
Personnel recruitment	-	-	-	-	18,700	18,700
Postage	-	811	120	1,321	-	2,252
Premium expense	-	-	-	68,648	310	68,958
Professional services	-	3,600	13,534	34,819	73,655	125,608
Props and sets	-	-	1,661	-	-	1,661
Regular printing	-	-	2,433	53,298	707	56,438
Rental equipment	-	14,204	-	100	6,834	21,138
Repairs and maintenance	906	16,873	2,164	-	18,351	38,294
Salaries and benefits	152,715	227,609	288,381	313,026	455,561	1,437,292
Taxes and licenses	-	-	-	-	11,855	11,855
Telephone charges	-	-	-	169	15,199	15,368
Tower and equipment lease	-	3,000	-	-	-	3,000
Travel and training	2,861	2,215	2,545	3,290	6,475	17,386
Utilities	-	81,431	-	-	88,935	170,366
Total costs and expenses	$ 1,128,284	$ 554,604	$ 904,184	$ 765,065	$ 914,330	$ 4,266,467

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from members, grantors, customers, and other support	$ 3,151,756
Cash paid to vendors and employees	(3,601,838)
Interest and investment income received	14,928
Interest expense	(41,476)
Net cash provided by (used in) operating activities	(476,630)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(122,453)
Proceeds from maturity of certificate of deposit	112,259
Net cash provided by (used in) investing activities	(10,194)
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowing from endowment	110,000
Advance on line of credit	115,000
Principal payments on line of credit	(44,000)
Principal payments on notes payable	(32,040)
Net cash provided by (used in) financing activities	148,960
Net increase (decrease) in cash	(337,864)
Cash and cash equivalents, beginning of year	551,682
Cash and cash equivalents, end of year	$ 213,818
Reconciliation to statement of financial position:	
Unrestricted cash	$ 206,818
Restricted cash	7,000
Total cash and cash equivalents	$ 213,818

Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	$	(862,790)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		246,532
Credit losses		56,778
Donated stock		(20,215)
(Gain)/Loss on investments		(5,450)
Reduction in basis of right of use assets		18,565
Increase (decrease) in operating assets and liabilities:		
Accounts receivable		174,765
Pledges receivable		25,412
Inventory		(8,679)
Prepaid expenses		18,233
Accounts payable		290,517
Accrued liabilities		(70,541)
CPB payable		(294,457)
Deferred revenue		(28,000)
Lease liabilities		(17,300)
Net cash provided by (used in) operating activities	$	(476,630)
Supplemental schedule of non-cash investing and financing activities:		
Donated services	$	420,182

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – NATURE OF OPERATIONS

Valley Public Television, Inc. DBA ValleyPBS (the Station) is a nonprofit corporation incorporated in 1977 under the laws of the State of California. Its purpose is to enrich the lives of Central Valley residents through programs and services that foster citizenship, celebrate culture, encourage exploration, and leverage the joy of learning and the power of diverse perspectives. The Station is supported primarily through individual contributions, corporate underwriting, and grants supporting programming, local productions, and educational outreach services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement

In June 2016, the FASB issued guidance FASB ASU 2016-13 – *Financial Instruments – Credit Losses* which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through change in net assets or net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the Station's exposure to credit risk and the measurement of credit losses. Financial assets held by the Station that are subject to the guidance in FASB ASU 2016-13 were accounts receivable.

The Station adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures.

Basis of Accounting

The financial statements of the Station have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the Station have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires the Station to report information regarding its financial position and activities according to the following net asset classifications:

> *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Station. These net assets may be used at the discretion of the Station's management and the Board of Directors.
>
> *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Station or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues and gains and losses on investments are reported as changes in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Contributions without donor restrictions are reported as revenues which increase net assets without donor restrictions. Expirations of donor restrictions on contributions whose restrictions are met in the same reporting period have been reported as without donor restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Station considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially subject the Station to concentrations of credit risk consist principally of cash and contribution receivables. The Station does not generally require collateral for these receivables and operations are dependent upon these contributions. The Station's contributors are primarily located within seven counties in the Central Valley from Merced to Bakersfield and are dependent upon the economy of the broadcast areas. The Station maintains its cash and cash equivalents in multiple bank deposit accounts which, at times, exceed the $250,000 per depositor Federal Deposit Insurance Corporation insured limits. There were no cash and cash equivalents exceeding federally insured limits at June 30, 2024.

Inventory

Inventory consists of membership thank you gifts and books and supplies for Ready to Learn educational workshops. Inventory is stated at the lower of cost or fair market value under the first-in, first-out method of valuation.

Property and Equipment

Property and equipment in excess of $2,500 are capitalized and are stated at cost or, if donated, at fair market value at the date of receipt. The Station provides for depreciation over the estimated useful lives of the assets using the straight-line method. The estimated lives of these assets range from 3 to 32 years. Maintenance and repairs are charged to expense as incurred. Renewals and betterments which extend the useful lives of assets are capitalized.

Equipment purchased with grant funds from the National Telecommunications and Information Administration is to revert to that agency if the Station wishes to dispose of the equipment within 10 years from the date of the grant, which varies for each piece of equipment depending upon when the grant was funded to purchase the equipment.

Leases

The Station determines if an arrangement is or contains a lease at inception. Leases are included in right-of use (ROU) assets and lease liabilities in the Statement of Financial Position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Station does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Lease terms may include options to extend or terminate certain leases. The value of a lease option is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease.

Operating leases are included in right-of-use assets and long-term liabilities in the Statement of Financial Position. Finance leases are included in property and equipment and long-term liabilities in the Statement of Financial Position.

Programming Rights

Programming broadcast rights in excess of $3,000 are capitalized and expensed on a pro-rata basis over the period covered by the contract. All Public Broadcasting Service (PBS) program rights and other contracts less than $3,000 are expensed annually as purchased.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Unconditional contributions are generally recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recorded when the conditions on which they depend are substantially met. Unconditional promises to give (pledges) are recognized as revenues after the initial payment on a membership or capital campaign pledge has been received. The receivable for the remaining payments and the corresponding revenue are recognized concurrently.

Receivable balances are stated as unpaid balance, less an allowance for doubtful accounts. The Station provides for losses on receivable balance using the allowance method. This method is based on experience and other circumstances which may affect the collectability of the balance. Uncollectible receivables are charged off when management determines the receivable will not be collected.

The Station receives substantially all of its grant and contract revenue from foundations; businesses and non-profit organizations; Corporation for Public Broadcasting, and some direct state and local revenues. The Station recognizes contract revenue (up to the contract ceiling) from its contracts, either on a cost reimbursement basis or on a production basis depending on how performance is defined by the respective contracts. Revenue recognition depends on the contract.

Contract revenue that has not yet been expended for the purpose of the grant/contract is recorded as deferred revenue.

Sustainer Giving Program

The Station has a sustainer membership program that enables donors to sign up to donate an ongoing set monthly amount and their membership will automatically renew each year unless the donor chooses to stop or change their membership at any time. These contributions qualify as intentions to give under FASB ASC 958-605 and are recognized as revenues upon receipt.

Certain sustainer memberships may include an initial pledge for an annual amount paid in monthly installments for one year, to fulfill the initial pledge, and then continuing the same monthly contributions until the donor chooses to stop or change the amount. The initial one-year pledge qualifies as a promise to give under FASB ASC 958-605 and is recognized at the time of the pledge. The continuing contributions taking place after the fulfillment of the initial pledge revert to regular sustainer memberships and qualify as intentions to give under FASB ASC 958-605 and are recognized as revenues upon receipt.

Contributed Nonfinancial Assets

The Station reports the fair market values of 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 that specify 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.

Land and assets that are contributed to the Station will be either sold or utilized based on the current needs of the Station. The Station assigns values based on fair market value of the land or asset.

Contributed services comprise of professional services that would otherwise be purchased. Contributed services are valued and reported at the estimated fair value based on current rates for similar services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Expenses

The Station uses advertising to promote its programs and fundraising events, and the costs of the advertising are expensed as incurred. Total advertising costs were $14,815 for the year ended June 30, 2024.

Use of Estimates

The presentation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing the Station's various charitable and general services have been summarized on a functional basis in the statement of functional expenses. Accordingly, direct and indirect expenses have been allocated to program services or other activities based on their specific identification or the personnel resources utilized in the function. Supporting services consist principally of general, administrative and management costs and fundraising activities not directly allocable to program services.

Expenses that are allocated included the following:

Expenses	Method of Allocation
Depreciation	Time and effort
Interest expense	Time and effort
Materials and supplies	Time and effort
Salaries and benefits	Time and effort
Telephone	Time and effort
Utilities	Time and effort

Income Taxes

The Station is exempt from income taxes under the provisions of the Internal Revenue Code (IRC) Section 501(c)(3) and from franchise taxes under the provisions of the California Revenue and Taxation Code Section 23701d, except as they may be levied for unrelated business income. After they are filed, the Station's income tax returns remain subject to examination by taxing authorities, generally three years for federal returns and four years for state returns. In addition, the Station has been determined not to be a private foundation within the meaning of Section 509(a) of the IRC.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The Station's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Financial assets at year end:	
Cash and cash equivalents	$ 213,818
Accounts receivable	14,803
Pledges receivable, net	62,403
	291,024
Less amounts not available to be used in one year:	
Net assets with donor restriction	347,980
Financial assets available to meet general expenditures within one year	$ (56,956)

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

NOTE 4 – PLEDGES RECEIVABLE, NET

Pledges receivable expected to be received in one year or less consisted of the following at June 30, 2024:

Pledges receivable	$ 73,415
Less estimated uncollectible pledges	(11,012)
Pledges receivable, net	$ 62,403

NOTE 5 – RESTRICTED CASH

Restricted cash consisted of cash available for grant funds of $7,000 at June 30, 2024.

NOTE 6 – INVESTMENTS

Investments, at fair value, for the year ended June 30, 2024, consisted of Equities of $79,926.

The components of investment return for the year ended June 30, 2024, are as follows:

Interest and dividends	$ 9,478
Unrealized gains (losses)	5,450
Total investment income, net	$ 14,928

NOTE 6 – INVESTMENTS (Continued)

In accordance with generally accepted accounting principles, fair value is defined as the price that the Station would receive upon selling an asset or paying to transfer a liability at the reporting date. Generally accepted accounting principles established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability, developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and fair value is determined through the use of other valuation methodologies.

Level 3 – Valuations based on inputs that are not observable and significant to the overall fair value measurement, including an organization's own assumptions in determining the fair value of assets or liabilities.

The following is a summary of the inputs used as of June 30, 2024 in valuing the Station's assets carried at fair value:

Asset Description	Level 1	Level 2	Level 3	Total
Equity funds	$ 79,926	$ -	$ -	$ 79,926
Total investment securities	$ 79,926	$ -	$ -	$ 79,926

NOTE 7 – BROADCAST LICENSES

Broadcast licenses consist of legal fees incurred to establish or renew broadcast licenses. The costs to acquire the licenses were capitalized and amortized over the license periods. As of June 30, 2015, the licenses were fully amortized.

NOTE 8 – PROPERTY AND EQUIPMENT

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

Land	$ 217,653
Bakersfield Channel 18	585,104
Building	1,652,641
Tower equipment	2,332,296
Broadcast equipment	2,571,757
Production equipment	1,379,036
Office furniture and equipment	299,897
Vehicles and related equipment	125,216
Total property and equipment	9,163,600
Less accumulated depreciation	8,217,682
Total property and equipment, net	$ 945,918

Depreciation expense totaled $246,532 for the year ended June 30, 2024.

NOTE 9 – LEASES

Right-of-use assets represent the Station's right to use underlying assets for the lease term, and the lease liabilities represent the Station's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms.

The Station entered into a lease for use of a tower in December 2021. The term of the lease is ten years with variable monthly rent ranging from $1,044 - $1,362 over the term of the lease. The lease asset and liability were calculated utilizing the incremental borrowing discount rate (4%). The Station also leases equipment for administrative purposes under operating leases expiring on various dates through 2026. The lease asset and liability were calculated utilizing the risk-free discount rate (5.4%)

The following operating lease payments are expected to be paid for each of the following years ending June 30:

2025	$ 18,086
2026	17,806
2027	15,290
2028	14,741
2029	15,183
Thereafter	39,920
Total	121,026
Less discount	(12,711)
Total	$ 108,315

Lease expense for the year ended June 30, 2024 was $22,409.

NOTE 10 – DEFERRED REVENUE

Deferred revenue consists of advances received but not yet disbursed or used in operating activities and of grant or other funds received for pending projects. Revenue is deferred when cash, receivables, or other assets are realized prior to the services being completed. Deferred revenue totaled $7,000 as of June 30, 2024.

NOTE 11 – NOTES PAYABLE

Notes payable consisted of the following as of June 30, 2024:

Notes payable to Bank of the Sierra, interest at 5% for the first 7 years with monthly principal and interest payments of $3,533, then the prime rate plus 1.25% for the remaining term with monthly principal and interest payments of $3,602, secured by a first deed of trust, maturing in June 2042.	$	498,883
Note payable to PG&E, interest at 0% with monthly principal payments of $1,299, maturing in March 2025.		14,289
Total notes payable		513,172
Less current portion		32,139
Total notes payable, less current portion	$	481,033

The following is a schedule of five-year maturities as of June 30, 2024:

2025	$	32,139
2026		18,763
2027		19,723
2028		20,673
2029		21,790
Thereafter		400,084
Total	$	513,172

NOTE 12 – LINES OF CREDIT

Spectrum Repack

As required by the Federal Communications Commission (FCC) as part of the Spectrum Auction Repack, the Station is currently in the process of moving to a new channel assignment. The Spectrum Act requires the FCC to reimburse costs reasonably incurred by licensees that are reassigned to new channels. The Station is in Phase 1 of the FCC Spectrum Repack and transitioned to the new channel on October 15, 2018.

During 2018, in conjunction with Spectrum Repack the Station secured a commercial equity line of credit from Bank of the Sierra in the amount of $498,000. Advances have an interest rate of 4.625%. The line of credit is secured by the real property at 1544 Van Ness Ave, Fresno, California. The balance due on the line of credit was $133,179 at June 30, 2024. The line of credit was paid in full in December 2024 and closed.

The Station has a $115,000 line of credit from American Express maturing April 2025 and advances have an interest rate of 16.43%. As of June 30, 2024, the line of credit had an outstanding balance of $60,650.

NOTE 13 – GRANTS

The following are types of other grants received during the year ended June 30, 2024:

Development grants	$	7,000
Other educational service grants		5,000
Total	$	12,000

NOTE 14 – CORPORATION FOR PUBLIC BROADCASTING GRANTS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit, grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby enhance the quality of programming and expand the scope of public broadcasting services.

Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. Each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients. The Station uses these funds for purposes relating primarily to production and acquisition of programming. Also, the CSGs may be used to sustain activities begun with CSGs awarded in prior years.

The CSGs are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the CSGs to maintain eligibility and compliance requirements.

These guidelines pertain to the use of CSG funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission. The Station recognized CSG grants as revenue in the amount of $871,165 for the year ended June 30, 2024. The Station recognized Interconnect grants as revenue in the amount of $15,000 for the year ended June 30, 2024. The Station recognized Universal Service Support grants as revenue in the amount of $22,026 for the year ended June 30, 2024.

NOTE 15 – NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2024:

Subject to expenditure for specific purpose:		
Chevron Engineer It Girl	$	100,000
Subject to spending policy and appropriation:		
Endowment interest		31,752
Not subject to appropriation or expenditure:		
Original donor-restricted endowment gifts required to be retained in perpetuity		216,228
Total net assets with donor restrictions	$	347,980

NOTE 16 – ENDOWMENT FUND

Endowment

During 2018, the Station established an endowment fund that holds investments that are subject to restrictions of gift instruments which require that the principal be invested in perpetuity and that the investment income, including net realized gains and losses, be used to support the mission of the endowment fund which is to fund program development. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (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 permanently restricted net assets (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 permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Station in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Station and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Station, and (7) the investment policies of the Station.

Prior to the establishment of the Endowment Fund, the Station had previously received $4,503 to fund an endowment and the Board had designated $11,623 to fund an endowment.

During the year ended June 30, 2024, the Station resolved to advance $98,377 from the endowment to fund a tower repair. Valley PBS is committed to restoring the endowment corpus through a structured repayment plan. Beginning in March 2025, the Station will make monthly payments of $5,000 until the full amount is repaid.

NOTE 16 – ENDOWMENT FUND (Continued)

Endowment net assets consist of the following at June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 198,178	$ 198,178
Accumulated gains (losses) on endowment funds		49,802	49,802
Outstanding advance on endowment	(98,377)	-	(98,377)
Total endowed net assets	$ (98,377)	$ 247,980	$ 149,603

The following is a reconciliation of the beginning and ending balances of the donor-restricted endowment for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2023	$ 11,623	$ 238,602	$ 250,225
Interest and dividends	-	9,378	9,378
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(11,623)	-	-
(Advance) remittance on endowment	(98,377)	-	-
Balance at June 30, 2024	$ (98,377)	$ 247,980	$ 149,603

NOTE 17 – CONTRACTS WITH CUSTOMERS

Revenue from performance obligations satisfied at a point in time consists of underwriting and production revenue. The total amount of revenue recognized from contracts with customers during the year ended June 30, 2024 was $469,346.

Contract assets include receivables arising from contracts from customers in the amount of $69,157 and $235,334 at June 30, 2024.

NOTE 18 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statement of activities included various marketing, promotion and other professional services for Program Information and Outreach totaling $420,182 during the year ended June 30, 2024.

NOTE 19 – RETIREMENT PLAN

The Station has a 403(b) plan in which employees are eligible to participate upon hire, and employees then become eligible for a discretionary employer match after they have been employed for 90 days by the Station. Employees must work a minimum of 1,000 hours per year to be eligible to defer earnings to the plan. The employer match for the year ended June 30, 2024 totaled $13,081.

NOTE 20 – COMMITMENTS AND CONTINGENCIES

Certain funds received by the Station come with donor restrictions or compliance requirements. Funding sources may, from time to time, request a return of funds. It is the Station's policy, as an organization exempt under IRC Section 501(c)(3), that upon satisfaction of donor restrictions or compliance requirements, such gifts are irrevocable.

Corporation for Public Broadcasting Audit

The Office of the Inspector General for the Corporation for Public Broadcasting conducted an audit for the period of July 1, 2019 through June 30, 2021. In the report dated January 26, 2023, the audit found that the Station was overpaid $214,340 in Community Service Grant funds. The Station has responded to the findings outlined in the report. The potential overpayment was included as a liability as of June 30, 2022. During the year ended June 30, 2023, an additional overpayment of $80,117 was found to be owed. The full amount of grant funds owed to the Corporation for Public Broadcasting is $294,457. This amount is included on the Statement of Financial Position at June 30, 2023. The amount of $80,117 was paid directly to CPB in October 2023 while the remainder of the amount owed was deducted from the grant proceeds allocated to the Station for the year ended June 30, 2024.

NOTE 21 – GOING CONCERN

The accompanying financial statements have been prepared assuming the Station will continue as a going concern. The Station incurred an operating loss of approximately $860,000 for the year ended June 30, 2024 and had limited cash to fund operations of approximately $200,000 as of that date. Additionally, the Station borrowed approximately $100,000 from restricted endowment funds, which will require replenishment in the future.

These factors raise substantial doubt about the Station’s ability to continue as a going concern. Management is actively pursuing various strategies to improve liquidity and financial performance, including seeking additional funding sources through fundraising efforts and expanding corporate sponsorships. Management is also implementing cost reduction measures and evaluating programming and operational efficiencies to reduce costs while maintaining service quality. Additionally, the Station is working to replenish the borrowed restricted endowment funds. The Board of Directors actively oversees financial management and has agreed to formally document the use of restricted funds. Future policy updates will establish guidelines for borrowing against the endowment corpus and define financial safeguards to ensure long-term stability.

Management believes that these actions will allow the Station to continue operating and meet its obligations as they come due. However, there is no assurance that these strategies will be successful. The financial statements do not include any adjustments that might be necessary if the Station is unable to continue as a going concern.

NOTE 22 – SUBSEQUENT EVENTS

In December 2024, the Station entered into a loan agreement with Bank of Sierra for $100,000 with an annual interest rate of 8.125% and monthly payments of $1,568. The loan matures in November 2031.

In February 2025, the Station received insurance proceeds in the amount of approximately $1,675,000 for the loss of a tower in a fire. The Station will utilize approximately $827,000 for the lease of a new tower and the remainder will be available for use in operations.

Management has evaluated and concluded that there are no subsequent events that have occurred from June 30, 2024 through the date the financial statements were available to be issued at March 11, 2025 that would require additional disclosure or adjustment.