

**Rhode Island PBS Foundation
and The Public's Radio**

Financial Statements

June 30, 2024 and 2023

Independent Auditors' Report

Board of Directors Rhode Island PBS Foundation and The Public's Radio

Opinion

We have audited the accompanying financial statements of Rhode Island PBS Foundation and The Public's Radio (the "Foundation"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 3 to the financial statements, effective May 1, 2024, the Public's Radio merged with Rhode Island PBS Foundation. 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Foundation'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 Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of discrete information for Corporation for Public Broadcasting community service grantees consolidated in the statement of activities, as required by the Corporation for Public Broadcasting, 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 audit 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.

PKF O'Connor Davies, LLP

November 22, 2024, except as to our report on
supplementary information for which the date
is January 8, 2025

Rhode Island PBS Foundation and The Public's Radio

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,458,709	\$ 506,815
Pledges receivable	5,530	3,706
Grants receivable	83,296	-
Accounts receivable	555,503	416,981
Contribution receivable, use of facility	24,631	23,895
Prepaid expenses and other current assets	232,201	103,123
Total Current Assets	2,359,870	1,054,520
Investments	106,648,121	100,630,564
Contribution receivable, use of facility	179,677	204,308
Property and equipment, net	4,896,350	4,080,468
Right-of-use asset, operating lease	2,226,343	1,278,050
Licenses	2,800,000	-
Program rights, net	764,088	765,264
	<u>\$ 119,874,449</u>	<u>\$ 108,013,174</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of note payable	\$ 318,000	\$ 318,000
Current portion of operating lease liabilities	192,619	175,631
Current portion of trade liability	62,000	-
Accounts payable	668,901	393,079
Accrued expenses	497,302	380,427
Unearned revenue	130,130	70,082
Total Current Liabilities	1,868,952	1,337,219
Notes payable, net of current portion	767,062	1,084,037
Operating lease liabilities, net of current portion	2,079,562	1,109,532
Trade liability, net of current portion	106,800	-
Total Liabilities	4,822,376	3,530,788
Net Assets		
Without donor restrictions		
Undesignated	110,584,074	99,675,563
Board designated for strategic plan	2,506,065	3,332,181
Board designated for scholarships	1,206,614	1,166,439
Total Without Donor Restrictions	114,296,753	104,174,183
With donor restrictions	755,320	308,203
Total Net Assets	115,052,073	104,482,386
	<u>\$ 119,874,449</u>	<u>\$ 108,013,174</u>

See Notes to Financial Statements

Rhode Island PBS Foundation and The Public's Radio

Statements of Activities

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Subscription and membership	\$ 719,217	\$ -	\$ 719,217	\$ 697,750	\$ -	\$ 697,750
Auction and special events, net of direct donor benefits of \$107,875 and \$76,208	90,080	-	90,080	109,448	-	109,448
Contributions and grants	1,656,742	551,012	2,207,754	1,110,328	80,000	1,190,328
PEG access fees	2,057,799	-	2,057,799	1,314,283	-	1,314,283
Corporate underwriting and other	316,744	-	316,744	205,392	-	205,392
Other revenue	327,997	-	327,997	215,625	-	215,625
In-kind	121,091	-	121,091	85,445	-	85,445
Net assets released from restrictions	103,895	(103,895)	-	48,182	(48,182)	-
Total Revenue and Other Support	<u>5,393,565</u>	<u>447,117</u>	<u>5,840,682</u>	<u>3,786,453</u>	<u>31,818</u>	<u>3,818,271</u>
OPERATING EXPENSES						
Program services						
Production	2,276,199	-	2,276,199	2,431,260	-	2,431,260
Programming	1,258,945	-	1,258,945	883,357	-	883,357
Broadcasting/engineering	1,033,945	-	1,033,945	841,599	-	841,599
Education	475,764	-	475,764	500,652	-	500,652
PEG access	1,552,208	-	1,552,208	1,525,579	-	1,525,579
Supporting services						
Administration and general	4,077,687	-	4,077,687	3,137,202	-	3,137,202
Fundraising	1,015,458	-	1,015,458	870,950	-	870,950
Total Operating Expenses	<u>11,690,206</u>	<u>-</u>	<u>11,690,206</u>	<u>10,190,599</u>	<u>-</u>	<u>10,190,599</u>
Change in Net Assets from Operations	<u>(6,296,641)</u>	<u>447,117</u>	<u>(5,849,524)</u>	<u>(6,404,146)</u>	<u>31,818</u>	<u>(6,372,328)</u>
OTHER INCOME						
Contribution from merger of the Public's Radio	4,246,430	-	4,246,430	-	-	-
Investment income, net	11,954,781	-	11,954,781	8,914,131	-	8,914,131
Forgiveness of debt	218,000	-	218,000	218,000	-	218,000
Total Other Income	<u>16,419,211</u>	<u>-</u>	<u>16,419,211</u>	<u>9,132,131</u>	<u>-</u>	<u>9,132,131</u>
Change in Net Assets	<u>10,122,570</u>	<u>447,117</u>	<u>10,569,687</u>	<u>2,727,985</u>	<u>31,818</u>	<u>2,759,803</u>
NET ASSETS						
Beginning of year	<u>104,174,183</u>	<u>308,203</u>	<u>104,482,386</u>	<u>101,446,198</u>	<u>276,385</u>	<u>101,722,583</u>
End of year	<u>\$ 114,296,753</u>	<u>\$ 755,320</u>	<u>\$ 115,052,073</u>	<u>\$ 104,174,183</u>	<u>\$ 308,203</u>	<u>\$ 104,482,386</u>

See Notes to Financial Statements

Rhode Island PBS Foundation and The Public's Radio

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services						Supporting Services		
	Production	Programming	Broadcasting/ Engineering	Education	PEG Access	Total	Administration and General	Fundraising	Total
Salaries and wages	\$ 1,546,393	\$ 394,343	\$ 577,785	\$ 257,111	\$ 872,357	\$ 3,647,989	\$ 890,696	\$ 452,510	\$ 4,991,195
Employee benefits	283,861	82,687	89,000	15,587	144,601	615,736	188,617	102,462	906,815
Payroll taxes	128,357	31,907	47,200	22,036	72,177	301,677	73,897	36,645	412,219
Administrative and office expenses	3,089	5,192	1,390	8,954	7,597	26,222	148,799	26,384	201,405
Advertising and marketing	-	-	-	-	-	-	319,145	56,910	376,055
Outreach	-	-	-	75,837	-	75,837	33,000	-	108,837
Building maintenance and utilities	102,323	65,242	100,482	11,817	65,867	345,731	177,757	25,583	549,071
Dues and subscriptions	879	110,124	-	2,682	-	113,685	71,194	2,115	186,994
PBS dues	-	-	-	-	-	-	74,830	-	74,830
Education expense	-	-	-	30,136	-	30,136	-	-	30,136
Engineering expenses	-	-	146,679	-	1,610	148,289	-	-	148,289
Freight and postage	76	-	21	645	126	868	3,990	-	4,858
Development expenses	122	-	-	-	-	122	-	374,514	374,636
Insurance	18,030	3,005	18,631	3,305	32,463	75,434	6,125	5,284	86,843
Accounting fees	-	-	-	-	-	-	75,528	-	75,528
Legal fees	-	1,095	-	-	7,106	8,201	300,028	-	308,229
Production/Program expenses	162,823	39,757	-	-	-	202,580	-	-	202,580
Consulting fees	500	21,424	-	21,358	-	43,282	1,050,076	20,931	1,114,289
PEG access lease expense	-	-	-	500	277,614	278,114	-	-	278,114
Technology and telephone	13,956	3,226	18,185	1,313	18,949	55,629	21,779	11,632	89,040
Travel, training, conference and seminar	15,790	7,491	15,605	24,483	10,873	74,242	22,992	8,363	105,597
Debt service on equipment financing	-	353	-	-	-	353	55,840	-	56,193
Total Expenses Before Depreciation and Amortization and Direct Donor Benefits	2,276,199	765,846	1,014,978	475,764	1,511,340	6,044,127	3,514,293	1,123,333	10,681,753
Depreciation and amortization	-	493,099	18,967	-	40,868	552,934	563,394	-	1,116,328
Total Expenses Before Direct Donor Benefits	2,276,199	1,258,945	1,033,945	475,764	1,552,208	6,597,061	4,077,687	1,123,333	11,798,081
Direct Donor Benefits	-	-	-	-	-	-	-	(107,875)	(107,875)
Total Functional Expenses	<u>\$ 2,276,199</u>	<u>\$ 1,258,945</u>	<u>\$ 1,033,945</u>	<u>\$ 475,764</u>	<u>\$ 1,552,208</u>	<u>\$ 6,597,061</u>	<u>\$ 4,077,687</u>	<u>\$ 1,015,458</u>	<u>\$ 11,690,206</u>

Rhode Island PBS Foundation and The Public's Radio

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services						Supporting Services		
	Production	Programming	Broadcasting/ Engineering	Education	PEG Access	Total	Administration and General	Fundraising	Total
Salaries and wages	\$ 1,627,142	\$ 224,052	\$ 509,581	\$ 256,320	\$ 807,627	\$ 3,424,722	\$ 616,767	\$ 365,550	\$ 4,407,039
Employee benefits	280,879	62,372	80,959	36,762	124,621	585,593	163,803	85,758	835,154
Payroll taxes	133,038	18,061	42,694	21,917	68,365	284,075	119,930	30,634	434,639
Administrative and office expenses	3,703	666	1,024	6,173	7,895	19,461	154,023	18,349	191,833
Advertising and marketing	-	-	-	-	25	25	523,404	47,796	571,225
Outreach	-	-	-	60,273	-	60,273	15,500	-	75,773
Building maintenance and utilities	94,377	34,415	77,395	14,475	79,353	300,015	172,482	42,634	515,131
Dues and subscriptions	686	95,872	-	60	-	96,618	38,493	1,021	136,132
PBS dues	-	-	-	-	-	-	78,617	-	78,617
Education expense	-	-	-	39,539	-	39,539	-	-	39,539
Engineering expenses	-	383	90,224	-	3,924	94,531	-	-	94,531
Freight and postage	-	-	163	1,310	196	1,669	3,759	-	5,428
Development expenses	66	-	-	2,727	-	2,793	-	323,052	325,845
Insurance	15,943	2,593	16,559	2,852	28,720	66,667	5,124	4,833	76,624
Accounting fees	-	-	-	-	-	-	60,050	-	60,050
Legal fees	-	-	-	-	17,645	17,645	85,172	-	102,817
Production expenses	216,287	2,303	-	-	-	218,590	-	-	218,590
Consulting fees	500	12,600	-	43,126	-	56,226	318,196	7,850	382,272
PEG access lease expense	-	-	-	500	312,697	313,197	-	-	313,197
Technology and telephone	9,520	1,116	20,249	1,203	17,766	49,854	23,342	8,199	81,395
Travel, training, conference and seminar	49,119	10,133	2,751	13,415	13,301	88,719	11,596	11,482	111,797
Debt service on equipment financing	-	-	-	-	-	-	28,201	-	28,201
Total Expenses Before Depreciation and Amortization and Direct Donor Benefits	2,431,260	464,566	841,599	500,652	1,482,135	5,720,212	2,418,459	947,158	9,085,829
Depreciation and amortization	-	418,791	-	-	43,444	462,235	718,743	-	1,180,978
Total Expenses Before Direct Donor Benefits	2,431,260	883,357	841,599	500,652	1,525,579	6,182,447	3,137,202	947,158	10,266,807
Direct Donor Benefits	-	-	-	-	-	-	-	(76,208)	(76,208)
Total Functional Expenses	<u>\$ 2,431,260</u>	<u>\$ 883,357</u>	<u>\$ 841,599</u>	<u>\$ 500,652</u>	<u>\$ 1,525,579</u>	<u>\$ 6,182,447</u>	<u>\$ 3,137,202</u>	<u>\$ 870,950</u>	<u>\$ 10,190,599</u>

Rhode Island PBS Foundation and The Public's Radio

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,569,687	\$ 2,759,803
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,116,328	1,180,978
Amortization of debt issuance cost to interest expense	1,024	1,024
Forgiveness of debt	(218,000)	(218,000)
Gain on merger with The Public's Radio	(4,246,430)	-
Net unrealized and realized gains on investments	(11,535,119)	(9,407,299)
Amortization of ROU Assets	11,246	7,113
Changes in operating assets and liabilities		
Pledges receivable	5,266	(1,016)
Accounts receivable	(24,309)	(41,833)
Contributions receivable	23,895	23,182
Prepaid expenses	(67,287)	(35,958)
Accounts payable	169,155	226,975
Accrued expenses	26,496	50,276
Unearned revenue	11,975	29,191
Net Cash from Operating Activities	<u>(4,156,073)</u>	<u>(5,425,564)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	17,003,965	17,158,162
Purchase of investments	(11,486,403)	(11,562,978)
Cash received from merger with The Public's Radio	849,728	-
Purchase of program rights	(491,923)	(517,383)
Purchases of property and equipment	<u>(341,389)</u>	<u>(690,013)</u>
Net Cash from Investing Activities	<u>5,533,978</u>	<u>4,387,788</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equipment line of credit	-	794,095
Repayment of long-term debt for restricted purpose	(326,012)	-
Payments on long-term debt	<u>(99,999)</u>	<u>(25,000)</u>
Net Cash from Financing Activities	<u>(426,011)</u>	<u>769,095</u>
Net Change in Cash and Cash Equivalents	951,894	(268,681)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>506,815</u>	<u>775,496</u>
End of year	<u>\$ 1,458,709</u>	<u>\$ 506,815</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 55,169</u>	<u>\$ 27,177</u>

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements

June 30, 2024 and 2023

1. Nature of Foundation

Rhode Island PBS Foundation and The Public's Radio (the "Foundation") is organized as a nonprofit corporation under the laws of the State of Rhode Island. The Foundation is licensed by the Federal Communications Commission to operate a TV station (WSBE-TV) and three radio stations (WXNI 89.3 FM; WRNI 102.7 FM; and WRNI 1290 AM). The Foundation also operates and manages the Public, Educational, and Government Access ("PEG") Program which is regulated by the Rhode Island Division of Public Utilities and Carriers.

2. Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The more significant estimates required by management include the useful lives applied to property and equipment and the allocation methodologies applied to functional expense reporting.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the impairment model for most financial assets and required the use of an "expected loss" model for instruments measured at amortized costs. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on July 1, 2023 expanded the Foundation's required disclosures for its expected credit losses for accounts receivable but did not have a material effect on its financial statements.

Accounts Receivable and Allowance for Credit Losses

Prior to July 1, 2023, accounts receivable were recorded at the amount invoiced less an allowance for doubtful accounts. The net amount of accounts receivable and corresponding allowance for doubtful accounts were presented on the statement of financial position. Receivable balances were assessed at every reporting date for impairment and an allowance was recorded if the receivable was considered impaired. Subsequent to July 1, 2023, accounts receivable are recorded at amortized cost less an allowance for credit losses that are not expected to be recovered.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Accounts Receivable and Allowance for Credit Losses (continued)

The amount of accounts receivable and corresponding allowance for credit losses are presented on the statement of financial position. The Foundation maintains allowances for credit losses resulting from the expected failure or inability of its customers to make required payments. The Foundation recognizes the allowance for credit losses at inception and reassesses at every reporting date based on the asset's expected collectability.

The allowance is based on multiple factors including historical experience with bad debts, the credit quality of the customer base, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. The Foundation's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics.

The Foundation records a provision for expected credit losses using a historical loss-rate method. At each reporting period, the Foundation assesses whether financial assets in a pool continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables in the pool, the Foundation may determine that it needs to move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables. The Foundation determined that an allowance for credit losses was not necessary at June 30, 2024. The Foundation determined that an allowance for doubtful accounts was not necessary at June 30, 2023.

The accounts receivable balance was \$375,148 at July 1, 2022.

Basis of Presentation

The Foundation records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This category may also include amounts designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation has no net assets required to be held in perpetuity at June 30, 2024 and 2023.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the contribution is received. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

Except for those cash equivalents which are included in the Foundation's investment portfolio, cash and cash equivalents include cash balances held in bank accounts and highly liquid debt instruments with maturities of three months or less at the time of purchase.

Fair Value Measurement

The Foundation follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the net asset value ("NAV") per share as a practical expedient is not categorized within the fair value hierarchy.

Investments and Investment Valuation

Investments are carried at fair value. Mutual funds and the money market fund are valued at the daily closing price as reported by the fund. The funds held by the Foundation are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The funds held by the Foundation are deemed to be actively traded.

The investments held by the Rhode Island Foundation for the Rhode Island PBS scholarship fund have been valued at the fair value of the Foundation's share of the Rhode Island Foundation's investment pool as of the Foundation's fiscal year end. The Rhode Island Foundation values securities and other financial instruments on a fair value basis of accounting.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Investments and Investment Valuation (continued)

The fair values of private investments are determined by the Foundation and are based on estimates and assumptions of the general partners or partnership valuation committees in the absence of readily determinable public market values. These values are audited annually by other auditors, most typically based on calendar year end information. The fair values of the investments in this class have been estimated using the net asset value of the Foundation's ownership interest in partners' capital.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Investments Risks and Uncertainties

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

Property and Equipment

Property and equipment are reported at cost, or if received by donation, at estimated value at the time such items are received. The Foundation capitalizes all purchases of property and equipment over \$5,000 and having a useful life of a year or more. Depreciation is provided using the straight-line method over estimated useful lives of five to thirty-nine years. Leasehold improvements are amortized over the shorter of the term of the lease inclusive of expected renewals or their estimated useful lives. Expenditures for maintenance and repairs are expensed as incurred. Expenditures that improve or extend the estimated useful lives are capitalized.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements

June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Radio Licenses

The Foundation owns three radio licenses which were acquired with the merger of The Public's Radio. The radio frequencies, WXNI-89.3 FM; WRNI-1290 AM; and WRNI-102.7 FM cover Rhode Island and Southern Massachusetts. The radio licenses have been recognized in the financial statements as indefinite-lived intangible assets with an aggregate fair value of \$2,800,000.

Impairment of Long-Lived Assets

U.S. GAAP guidance, *Accounting for the Impairment or Disposal of Long-Lived Assets* requires long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, impairment would then be measured as the difference between the fair value of the asset and its carrying value to determine the amount of the impairment. The Foundation generally determines fair value by using the undiscounted cash flow method. No impairment losses have been recorded to date.

Program Rights

The program rights acquired are being amortized on the straight-line basis over their expected usage of two to five years.

Debt Issuance Costs

Debt issuance costs are reported on the statements of financial position as a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the effective interest method. The Foundation reflects amortization of debt issuance costs within interest expense.

Revenue Recognition

The Foundation recognizes revenue from a variety of sources, including but not limited to the following:

- Subscription and other support consists of contributions from the general public to support the general operations of the Foundation and are recognized upon receipt.
- PEG access fees are paid quarterly in arrears to the Foundation from fees collected from customers by cable access providers on behalf of the Foundation in accordance with applicable laws.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Revenue Recognition (continued)

- Revenue derived from the licensing of content produced by the Foundation is recognized as revenue without donor restrictions when the content is provided to the broadcaster. Consideration is variable; contracts contain provisions for return of unspent funds. Licensing revenue, which is unrelated to the production of content, is recognized when the asset being licensed is made available to the customer for use.
- Underwriting revenue consists of local corporate sponsorship. Revenue of such sponsorship is recognized ratably over the sponsorship period.

Grants

Revenue from grants and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Payments received in advance of conditions being met are recorded as unearned revenue on the statements of financial position.

Contributions

Unconditional contributions are recognized as support when received or pledged, if applicable. Contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of such assets.

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 the present value of their estimated future cash flows. The discount on those amounts is computed using a risk adjusted interest rate applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

Donated Services

Volunteer services were provided to the Foundation during the year. These services do not require specialized skills and would not be purchased if not provided by donation. No amounts have been reflected in the accompanying statements for donated services. More than 1,500 and 1,400 hours, however, were provided to the station in volunteer time for fundraising and administrative activities during each of the years ended June 30, 2024 and 2023.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Full time equivalent
Depreciation	Square footage

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing operating of WSBE-TV and the PEG Program. Non-operating activities are limited to resources that generate return from investments, debt forgiveness and contribution from merger.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

The Foundation is exempt from income tax under Internal Revenue Code ("IRC") section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Leases

The Foundation leases space for the operation of five PEG Access studios from five landlords and five broadcasting towers and determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities on the accompanying statements of financial position.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Leases (continued)

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

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

Reclassification

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 financial statement presentation. These reclassifications had no effect on previously reported changes in net assets or net assets.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 22, 2024.

3. Merger

Effective May 1, 2024 Rhode Island PBS Foundation entered into a merger agreement with The Public's Radio. The merger creates a combined entity with an expanded capacity to produce public interest reporting and expand the reach and scale of public media in Rhode Island and southern Massachusetts.

The Foundation accounted for this transaction using the acquisition accounting model under ASC 958-805. Accordingly, the transaction was recorded utilizing the fair value of the identifiable assets acquired and the liabilities assumed, with the excess of asset values over liabilities being recognized as an inherent contribution received. A portion of the inherent contribution was classified as donor restricted based upon the restrictions in place at The Public's Radio.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements

June 30, 2024 and 2023

3. Merger (*continued*)

The following table summarizes the fair value of the assets acquired and the liabilities assumed.

Cash and cash equivalents	\$ 849,728
Accounts receivable	114,213
Pledges receivable	7,090
Grants receivable	83,296
Prepaid expenses	61,791
ROU asset	1,144,716
Property and equipment	1,097,722
Licenses	2,800,000
Accounts payable	(106,667)
Accrued expenses	(90,379)
Unearned revenue	(48,073)
Operating lease liability	(1,172,195)
Notes payable	(326,012)
Trade liability	(168,800)
Inherent contribution received	<u>\$ 4,246,430</u>

The transaction costs incurred with the merger were \$1,568,026.

4. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash and cash equivalents. The Foundation maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. As of June 30, 2024 and 2023, the Foundation's uninsured cash on deposit totaled approximately \$1,040,000 and \$550,000.

The Foundation's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

Additionally, at June 30, 2024 and 2023, 54% and 81% of accounts receivable was due from two entities.

The investment portfolio is diversified by type of investment and industry concentrations so that no individual investment represents a significant concentration of credit risk.

5. Pledges Receivable

Contributions receivable for unconditional promises to give are recorded at full value. These pledges have not been adjusted to the present value of their estimated future cash flows because it was considered immaterial to the financial statements. Management will continue to monitor the collection of these promises to give and make any necessary write-offs when it is determined that any amounts are uncollectible.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

5. Pledges Receivable (*continued*)

Pledges receivable were collectible as follows at June 30:

	2024	2023
Due in less than one year	\$ 9,530	\$ 3,706
Allowance for doubtful pledges	(4,000)	-
Net pledges receivable	<u>\$ 5,530</u>	<u>\$ 3,706</u>

6. Contribution Receivable

On January 2002, the Foundation entered into a 30-year lease agreement for the use of the Tower at 89 Pine Street, Rehoboth, MA for \$1 per year. Management had estimated at the initiation of the lease term that the approximate fair value of the rental over the remaining life of the lease to be \$431,206. A risk-free rate of 3.08% (the ten-year Treasury long-term rate) was used to determine the present fair value.

This unconditional promise was recognized as revenue with donor restriction and contribution receivable in fiscal 2013. Amortization of the discount of this contribution receivable is included in in-kind in the accompanying statements of activities under revenues and other support.

The change in contribution receivable is as follows at June 30:

	2024	2023
Total future lease and payment	\$ 240,000	\$ 270,000
Present value adjustment	(11,797)	(18,615)
Present value of in-kind rent	228,203	251,385
In-kind rent contribution received	6,105	6,818
Amount recognized as in-kind rent expense during the year	(30,000)	(30,000)
Total contribution receivable	<u>\$ 204,308</u>	<u>\$ 228,203</u>

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

6. Contribution Receivable (*continued*)

	2024	2023
In-Kind rental receivable (at net present value):		
Amounts due:		
Current:		
Less than one year	\$ 24,631	\$ 23,895
Noncurrent:		
Two years	25,390	24,631
Three years	26,172	25,390
Four years	26,978	26,172
Five or more	101,137	128,115
Total noncurrent	179,677	204,308
	<u>\$ 204,308</u>	<u>\$ 228,203</u>

7. Investments

The Foundation's investment portfolio, while not designated by the Board of Directors for a specific purpose, with the exception of the monies invested for the scholarship fund (Note 14), are maintained for long-term purposes to supplement the Foundation's annual operational support with withdrawals from the portfolio. The Foundation utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Investments are managed by an independent fund manager under investment guidelines approved by the Board of Directors and overseen by the Finance and Investment Committee. The overall investment objective is to achieve a total return over the long-term sufficient to fund the spending rate and hedge against inflation. These guidelines include ranges for amounts that may be invested in various asset classes as well as composite benchmarks for monitoring investment results.

The spending policy established by the Board of Directors allows for an annual distribution of up to 4.5% of the average balance of the investment portfolio of the previous twelve quarters.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

7. Investments (*continued*)

The following table sets forth by level the Foundation's investments at fair value presented in the statements of financial position at June 30:

	2024			
	Level 1	Level 3	NAV *	Total
Equity mutual funds	\$ 73,935,788	\$ -	\$ -	\$ 73,935,788
Private equity funds	-	-	30,069,729	30,069,729
Investment in a community foundation	-	1,206,614	-	1,206,614
Investments at Fair Value	<u>\$ 73,935,788</u>	<u>\$ 1,206,614</u>	<u>\$ 30,069,729</u>	105,212,131
Cash and cash equivalents				<u>1,435,990</u>
				<u>\$ 106,648,121</u>

	2023			
	Level 1	Level 3	NAV *	Total
Equity mutual funds	\$ 62,997,063	\$ -	\$ -	\$ 62,997,063
Fixed income mutual funds	15,962,388	-	-	15,962,388
Private equity funds	-	-	19,410,555	19,410,555
Investment in a community foundation	-	1,166,439	-	1,166,439
Investments at Fair Value	<u>\$ 78,959,451</u>	<u>\$ 1,166,439</u>	<u>\$ 19,410,555</u>	99,536,445
Cash and cash equivalents				<u>1,094,119</u>
				<u>\$ 100,630,564</u>

(*) As discussed in Note 2, investments measured using the practical expedient are not classified within the fair value hierarchy.

The following is a reconciliation of activity of the Foundation's financial assets valued using Level 3 inputs for the years ended June 30:

	2024	2023
Balance at beginning of year	\$ 1,166,439	\$ 1,141,339
Scholarships granted	(75,000)	(60,000)
Investment return (loss)	126,470	96,032
Fees	(11,295)	(10,932)
Balance at end of year	<u>\$ 1,206,614</u>	<u>\$ 1,166,439</u>

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

7. Investments (*continued*)

Private Equity Funds

The Foundation invests in 11 private equity funds. The valuation of each fund occurs quarterly. Unit values are determined by multiplying the value of each fund's net assets by the participants' interest in the fund. The following are the investment strategies of the private equity funds in which the Foundation has holdings at June 30, 2024:

The 747 Stuyvesant VII Parallel Fund LP ("747 Stuyvesant") was formed to create a diversified portfolio of private equity funds, co-investments, and secondaries. The Fund focuses on investments in the lower middle market buyout industry exclusively.

The Adams Street 2019 Global Fund LP ("Adams Street 2019 Global") was formed exclusively to invest in limited partnership interests in the Adams Street 2019 Growth Equity Fund LP, Adams Street 2019 Non-US Fund LP and Adams Street 2019 US Fund LP, which in turn invest in private equity limited partnerships and similar entities, as well as co-investments.

The Siguler Guff Small Buyout Opportunities Fund IV, LP ("Siguler Guff Small Buyout") invests in pooled investment vehicles managed by investment managers and direct investments primarily focused on buyout, recapitalization, and growth equity transactions of private companies doing business in the United States and Canada generally with less than \$150 million of revenue and \$15 million of earnings before interest, taxes, depreciation and amortization.

The HarbourVest 2017 Global Fund LP ("HarbourVest 2017 Global") was formed to make investments in limited partnerships or other pooled investment vehicles which, in turn, make private equity investments and to invest directly in private equity investments. Private equity investments are defined in the partnership agreement as investments in buyout, growth equity, venture capital, distressed debt, turnarounds, special situation, recapitalization, and other private market transactions.

The Landmark Equity Partners XVI, LP ("LEP XVI") was formed to acquire a diversified portfolio of interests in (i) established venture capital funds, buy-out funds, mezzanine funds and other pooled investment vehicles which primarily invest in equity-oriented investments and (ii) direct private equity and equity related investments, primarily through secondary market purchases, with a maximum amount of 10% of capital commitments allocated to primary transactions.

The HarbourVest 2021 Global Feeder Fund LP ("HarbourVest 2021 Global Feeder") was formed to make investments in limited partnerships or other pooled investment vehicles which, in turn, make private equity investments and to invest directly in private equity investments. Private equity investments are defined in the partnership agreement as investments in buyout, growth equity, venture capital, distressed debt, turnarounds, special situation, recapitalization, and other private market transactions.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

7. Investments (*continued*)

Private Equity Funds (continued)

The TrueBridge Capital Partners Fund VII ("TrueBridge") was formed to make investments in limited partnerships or other pooled investment vehicles which, in turn, make private equity investments and to invest directly in venture capital and growth-related private equity investments, and direct investments into start-up and development stage companies. Private equity investments are defined in the partnership agreement as investments in buyout, growth equity, venture capital, distressed debt, turnarounds, special situation, recapitalization, and other private market transactions.

The Ironwood International Ltd. ("Ironwood") was formed for the purpose of trading and investing in investment funds. The investment objective is capital appreciation with limited variability of returns. The fund attempts to achieve this objective by investing substantially all of its assets in Ironwood Partners L.P., an investment partnership that has the same investment objective as the fund.

TA Realty Value Add Fund XIII, LP ("TA Realty") was organized for the purpose of investing in a diversified portfolio of income-producing properties. The fund extends seven years from the date when substantially all capital commitments are invested, unless extended longer or terminated earlier.

Twin Bridge Narrow Gate Fund II, LP ("Twin Bridge") was formed for the purpose of investing in private equity funds and direct equity co-investments. The partnership invests in small market buyout funds and direct equity co-investments sourced from those funds.

IR&M Core Bond Fund II, LLC ("IR&M Bond") was formed and seeks to outperform the Bloomberg Barclays, U.S. Aggregate Index ("Index") by investing primarily in investment-grade fixed income securities, including but not limited to obligations issued or guaranteed by the U.S. government, its agencies, or instrumentalities; corporate securities, municipal securities, 144A securities, convertible securities, and inflation-indexed securities. These securities may have all types of interest rate payment and reset terms, including fixed rate, variable rate, floating rate, adjustable rate, zero coupon, contingent, deferred, payment-in-kind, and auction rate features. While there is no limit on the duration of the individual securities in the Fund's portfolio, the Fund normally expects to maintain a dollar-weighted average portfolio duration within +/- 10% of the duration of the Index.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

7. Investments (*continued*)

Private Equity Funds

Certain relevant details for investments that transact at net asset value as a practical expedient for fair value are as follows at June 30, 2024:

	NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
747 Stuyvesant	\$ 1,595,330	\$ 560,000	N/A	At maturity
Adams Street 2019 Global	3,193,628	505,415	N/A	At maturity
Siguler Guff Small Buyout	2,203,700	336,404	N/A	At maturity
HarbourVest 2017 Global	1,798,728	360,000	N/A	At maturity
LEP XVI	1,264,917	518,878	N/A	At maturity
HarbourVest 2021 Global Feeder	1,377,604	768,784	N/A	At maturity
TrueBridge	996,269	960,000	N/A	At maturity
Ironwood	9,946,772	-	N/A	At maturity
TA Realty	938,858	675,000	N/A	At maturity
Twin Bridge	198,774	200,000	N/A	At maturity
IR&M Bond	6,555,149	-	N/A	At maturity
	<u>\$ 30,069,729</u>	<u>\$ 4,884,481</u>		

8. Property and Equipment

Property and equipment consisted of the following at June 30:

	Estimated Useful Lives	2024	2023
Land	N/A	\$ 354,400	\$ 164,400
Buildings	15 to 39.5 years	2,205,600	2,015,600
Building improvements	5 to 15 years	1,660,479	1,404,958
Leasehold improvements	5 to 18 years	1,264,582	1,264,582
Furniture, fixtures and equipment	5 to 7 years	220,970	170,920
Broadcast and transmission equipment	3 to 15 years	6,251,194	4,441,118
Computer software and equipment	3 to 5 years	1,010,838	580,187
		12,968,063	10,041,765
Accumulated depreciation and amortization		(8,071,713)	(5,961,297)
		<u>\$ 4,896,350</u>	<u>\$ 4,080,468</u>

Depreciation and amortization expense on property and equipment for the years ended June 30, 2024 and 2023 was \$623,229 and \$797,187.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

9. Program Rights

Program rights consisted of the following at June 30:

	2024	2023
Program rights	\$ 3,358,783	\$ 2,866,860
Accumulated amortization	(2,594,695)	(2,101,596)
	<u>\$ 764,088</u>	<u>\$ 765,264</u>

Amortization expense of program rights was \$493,099 and \$383,791 for the years ended June 30, 2024 and 2023.

The following represents the estimated future amortization of the program rights:

2025	\$ 549,153
2026	143,142
2027	25,960
2028	25,000
2029	20,833
	<u>\$ 764,088</u>

10. Leases

The Foundation has operating leases for five PEG Access studios and five broadcast towers. These leases have remaining lease terms between 5 to 25 years.

For the year ended June 30:

	2024	2023
Lease expense		
Operating lease cost	\$ 246,105	\$ 217,318
Supplemental cash flows		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	226,195	210,206
ROU assets obtained in exchange for new operating lease liabilities	1,158,621	-
Weighted average remaining lease term		
Operating leases	25.33	6.46
Weighted average discount rate		
Operating leases	6.45%	2.91%

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

10. Leases (*continued*)

Future minimum lease payments under non-cancellable operating leases as of June 30, 2024 are as follows:

Year ending June 30,	
2025	\$ 338,013
2026	295,493
2027	299,056
2028	288,484
2029	288,851
Thereafter	1,387,234
Total future minimum lease payments	2,897,131
Less imputed interest	(624,950)
Total lease liability	<u>\$ 2,272,181</u>

Reported as of June 30:	2024	2023
Operating lease liabilities, current portion	\$ 192,619	\$ 175,631
Operating lease liabilities, less current portion	2,079,562	1,109,532
	<u>\$ 2,272,181</u>	<u>\$ 1,285,163</u>

11. Trade Liability

In the year ended June 30, 2017, WUMD 89.3 FM was purchased from the University of Massachusetts Dartmouth at a total acquisition cost of \$2.1 million made up of a \$1.5 million cash payment and a 10 year underwriting trade agreement valued at \$617,100. The underwriting provided to the University of Massachusetts Dartmouth each year is recorded as a reduction in the trade liability.

The balance of the trade liability consisted of the following at June 30:

	2024	2023
University of Massachusetts Dartmouth	<u>\$ 168,800</u>	<u>\$ -</u>

Underwriting trade, valued at the following amounts, is expected to be provided as follows for the year ending June 30:

2025	\$ 62,000
2026	62,000
2027	44,800
Total	<u>\$ 168,800</u>

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

12. Notes Payable

Notes payable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Note payable to the State of Rhode Island for ten years. Interest is the "mid-term applicable rate" published by the Internal Revenue Service. Interest accrues and is payable only if there is a sale of building or noncompliance with other terms of the note. Principal payments will be forgiven 1/10 of the total principal each year if the Foundation complies with the terms of the note. The note is secured by the building and related improvements.	\$ 218,000	\$ 436,000
Note payable, Bank Rhode Island, with interest only payments through April 2023. Monthly principal payments of \$8,333 with interest at 5.91% to commence in July 2023 through April 2033. The note is secured by the equipment purchased by the loan. The note contains restrictive covenants.	875,000	975,000
	1,093,000	1,411,000
Debt insurance costs	(7,938)	(8,963)
Current portion	(318,000)	(318,000)
Notes payable, net of current portion	<u>\$ 767,062</u>	<u>\$ 1,084,037</u>

Aggregate maturities of the note payable as of June 30, 2024 are due in future years as follows:

2025	\$ 318,000
2026	100,000
2027	100,000
2028	100,000
2029	100,000
Thereafter	375,000
	<u>\$ 1,093,000</u>

The Foundation had a note payable in the original amount of \$2,360,109 to a lender with interest at .86%. The note payable was payable in the amount of \$326,012 on May 17, 2024. Such amount was considered fully satisfied by the lender as of June 30, 2024.

13. Net Assets with Donor Restrictions

Net assets with donor restrictions may be restricted temporarily for a specific time period or purpose, or permanently, whereby the principal is required to be invested in perpetuity, and the Foundation may only utilize the income.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

13. Net Assets with Donor Restrictions (*continued*)

The composition of net assets with donor restrictions was as follows at June 30:

	2024	2023
Subject to expenditure for specified purpose:		
Arts and culture reporting	\$ -	\$ 30,000
Property and equipment upgrades	125,000	50,000
Digital platform editor position	100,000	-
Journalism and fundraising	326,012	-
Total restrictions for specified purposes	<u>551,012</u>	<u>80,000</u>
Subject to passage of time:		
Contribution receivable for donated tower lease	204,308	228,203
Total net assets with donor restrictions	<u>\$ 755,320</u>	<u>\$ 308,203</u>

The following net assets were released from restrictions during the years ended June 30, 2024 and 2023 due to the satisfaction of donor-imposed restrictions:

	2024	2023
Operating:		
Arts and culture reporting	\$ 30,000	\$ -
Property and equipment upgrades	50,000	-
Local broadcasting	-	25,000
Total operating releases	<u>\$ 80,000</u>	<u>\$ 25,000</u>
Nonoperating:		
Tower rental	<u>23,895</u>	<u>23,182</u>
Total net assets released from restrictions	<u>\$ 103,895</u>	<u>\$ 48,182</u>

14. Rhode Island Foundation Scholarship Fund

During the year ended June 30, 2019, the Board of Directors created a scholarship fund by transferring \$1,000,000 to the Rhode Island Foundation as an advisory fund. The scholarships are awarded to those students who are Rhode Island and Bristol County Massachusetts residents who plan on attending or are attending a four-year post-secondary school with a major in broadcasting, communications and/or journalism. The balances designated for the scholarship fund are \$1,206,614 and \$1,166,439 at June 30, 2024 and 2023.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

15. In-kind Contributions

In-kind contributions consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Advertising	\$ 56,300	\$ 70,125	Development, Administration	No associated donor restrictions	The Foundation estimates the fair value on the basis of recent comparable sale prices.
Legal Services	58,686	8,502	Administration	No associated donor restrictions	The Foundation estimates the fair value based on rates charged locally for comparable services.
Rent	6,105	6,818	Administration	No associated donor restrictions	The Foundation estimates the fair value on the basis of recent comparable sale prices.
	<u>\$ 121,091</u>	<u>\$ 85,445</u>			

During the years ended June 30, 2024 and 2023, the Foundation received in-kind donations of a tower for use in broadcasting with an estimated fair value of \$30,000 for the years ended June 30, 2024 and 2023. Such expense is included in administrative and general expenses in the accompanying statements of activities.

16. Retirement Plans

The Foundation sponsors a 403(b) defined contribution plan which covers substantially all employees meeting the necessary eligibility requirements. Under the terms of the plan the Foundation makes matching contributions equal to 100% of employee's pre-tax savings contributions that do not exceed 6% of the plan participant's total compensation. The Foundation contributed \$223,105 and \$188,789 to the plan in the years ended June 30, 2024 and 2023.

Through the merger with The Public's Radio effective May 1, 2024, the Foundation sponsors a 401(k) defined contribution plan which covers substantially all employees meeting the necessary eligibility requirements. Under the terms of the plan the Foundation makes a discretionary match which is based on the Foundation's overall fiscal year performance. There was no discretionary matching contribution made for the year ended June 30, 2024.

17. Economic Dependency

The Foundation received 100% of PEG Access Fees from two entities during the years ended June 30, 2024 and 2023. At June 30, 2024 and 2023, amounts due from these two entities comprised 54% and 81% of accounts receivable reported on the accompanying statements of financial position.

Rhode Island PBS Foundation and The Public's Radio

Notes to Financial Statements June 30, 2024 and 2023

18. Liquidity and Availability of Financial Assets

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following represents the Foundation's financial assets available for general expenditure at June 30:

	2024	2023
Cash and cash equivalents	\$ 1,458,709	\$ 506,815
Pledges receivable	5,530	3,706
Grants receivable	83,296	-
Accounts receivable	555,503	416,981
Investments	106,648,121	100,630,564
Total financial assets	108,751,159	101,558,066
Less: Financial assets with		
Donor-imposed restrictions	(551,012)	(80,000)
Board designated for strategic plan	(2,506,065)	(3,332,181)
Board designated for scholarships	(1,206,614)	(1,166,439)
Total restricted financial assets	(4,263,691)	(4,578,620)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 104,487,468</u>	<u>\$ 96,979,446</u>

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

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**Rhode Island PBS Foundation
and The Public's Radio**

Supplemental Schedule

June 30, 2024

Rhode Island PBS Foundation and The Public's Radio

Supplemental Statements of Activities - Activities by Division Year Ended June 30, 2024

	TV	Radio	Total
REVENUES AND OTHER SUPPORT			
Subscription and membership	\$ 437,612	\$ 281,605	\$ 719,217
Auction and special events, net of direct donor benefits of \$107,875	90,080	-	90,080
Contributions and grants	1,781,742	426,012	2,207,754
PEG access fees	2,057,799	-	2,057,799
Corporate underwriting and other	164,002	152,742	316,744
Other revenue	327,997	-	327,997
In-kind	121,091	-	121,091
Total Revenue and Other Support	<u>4,980,323</u>	<u>860,359</u>	<u>5,840,682</u>
OPERATING EXPENSES			
Program services			
Production			
Salaries and wages	1,546,393	-	1,546,393
Employee benefits	283,861	-	283,861
Payroll taxes	128,357	-	128,357
Administrative and office expenses	3,089	-	3,089
Building maintenance and utilities	102,323	-	102,323
Dues and subscriptions	879	-	879
Freight and postage	76	-	76
Development expenses	122	-	122
Insurance	18,030	-	18,030
Production expenses	162,823	-	162,823
Consulting fees	500	-	500
Technology and telephone	13,956	-	13,956
Travel, training, conference and seminar	15,790	-	15,790
	<u>2,276,199</u>	<u>-</u>	<u>2,276,199</u>
Programming			
Salaries and wages	140,434	253,909	394,343
Employee benefits	53,872	28,815	82,687
Payroll taxes	12,863	19,044	31,907
Administrative and office expenses	299	4,893	5,192
Building maintenance and utilities	65,058	184	65,242
Dues and subscriptions	110,124	-	110,124
Insurance	3,005	-	3,005
Legal fees	-	1,095	1,095
Program expenses	-	39,757	39,757
Consulting fees	-	21,424	21,424
Technology and telephone	982	2,244	3,226
Travel, training, conference and seminar	6,417	1,074	7,491
Debt service on equipment financing	-	353	353
	<u>393,054</u>	<u>372,792</u>	<u>765,846</u>
Depreciation and amortization	<u>493,099</u>	<u>-</u>	<u>493,099</u>
	886,153	372,792	1,258,945
Broadcasting/engineering			
Salaries and wages	560,103	17,682	577,785
Employee benefits	85,644	3,356	89,000
Payroll taxes	45,910	1,290	47,200

Rhode Island PBS Foundation and The Public's Radio

Supplemental Statements of Activities - Activities by Division Year Ended June 30, 2024

	TV	Radio	Total
Broadcasting/engineering (continued)			
Administrative and office expenses	\$ 725	\$ 665	\$ 1,390
Building maintenance and utilities	63,550	36,932	100,482
Engineering expenses	111,468	35,211	146,679
Freight and postage	21	-	21
Insurance	18,631	-	18,631
Technology and telephone	17,759	426	18,185
Travel, training, conference and seminar	15,605	-	15,605
	<u>919,416</u>	<u>95,562</u>	<u>1,014,978</u>
Depreciation and amortization	-	18,967	18,967
Total broadcasting/engineering	<u>919,416</u>	<u>114,529</u>	<u>1,033,945</u>
Education			
Salaries and wages	257,111	-	257,111
Employee benefits	15,587	-	15,587
Payroll taxes	22,036	-	22,036
Administrative and office expenses	8,954	-	8,954
Outreach	75,837	-	75,837
Building maintenance and utilities	11,817	-	11,817
Dues and subscriptions	2,682	-	2,682
Education expense	30,136	-	30,136
Freight and postage	645	-	645
Insurance	3,305	-	3,305
Consulting fees	21,358	-	21,358
PEG access lease expense	500	-	500
Technology and telephone	1,313	-	1,313
Travel, training, conference and seminar	24,483	-	24,483
	<u>475,764</u>	<u>-</u>	<u>475,764</u>
PEG access			
Salaries and wages	872,357	-	872,357
Employee benefits	144,601	-	144,601
Payroll taxes	72,177	-	72,177
Administrative and office expenses	7,597	-	7,597
Building maintenance and utilities	65,867	-	65,867
Engineering expenses	1,610	-	1,610
Freight and postage	126	-	126
Insurance	32,463	-	32,463
Legal fees	7,106	-	7,106
PEG access lease expense	277,614	-	277,614
Technology and telephone	18,949	-	18,949
Travel, training, conference and seminar	10,873	-	10,873
	<u>1,511,340</u>	<u>-</u>	<u>1,511,340</u>
Depreciation and amortization	40,868	-	40,868
	<u>1,552,208</u>	<u>-</u>	<u>1,552,208</u>
Total program services	<u>6,109,740</u>	<u>487,321</u>	<u>6,597,061</u>

Rhode Island PBS Foundation and The Public's Radio

Supplemental Statements of Activities - Activities by Division
Year Ended June 30, 2024

	TV	Radio	Total
Supporting services			
Administration and general			
Salaries and wages	\$ 823,652	\$ 67,044	\$ 890,696
Employee benefits	176,590	12,027	188,617
Payroll taxes	69,306	4,591	73,897
Administrative and office expenses	132,324	16,475	148,799
Advertising and marketing	319,145	-	319,145
Outreach	33,000	-	33,000
Building maintenance and utilities	185,613	1,190	186,803
Dues and subscriptions	71,194	-	71,194
PBS dues	74,830	-	74,830
Freight and postage	3,990	-	3,990
Insurance	4,768	(7,689)	(2,921)
Accounting fees	53,050	22,478	75,528
Legal fees	300,028	-	300,028
Consulting fees	1,048,974	1,102	1,050,076
Technology and telephone	21,676	103	21,779
Travel, training, conference and seminar	22,103	889	22,992
Debt service on equipment financing	55,840	-	55,840
	<u>3,396,083</u>	<u>118,210</u>	<u>3,514,293</u>
Depreciation and amortization	563,394	-	563,394
	<u>3,959,477</u>	<u>118,210</u>	<u>4,077,687</u>
Fundraising			
Salaries and wages	387,280	65,230	452,510
Employee benefits	90,470	11,992	102,462
Payroll taxes	31,855	4,790	36,645
Administrative and office expenses	13,613	12,771	26,384
Advertising and marketing	49,812	7,098	56,910
Building maintenance and utilities	25,583	-	25,583
Dues and subscriptions	1,632	483	2,115
Development expenses	364,487	10,027	374,514
Insurance	5,284	-	5,284
Consulting fees	16,600	4,331	20,931
Technology and telephone	8,201	3,431	11,632
Travel, training, conference and seminar	7,311	1,052	8,363
	<u>1,002,128</u>	<u>121,205</u>	<u>1,123,333</u>
Direct Donor Benefits	(107,875)	-	(107,875)
	<u>894,253</u>	<u>121,205</u>	<u>1,015,458</u>
Total support services	<u>4,853,730</u>	<u>239,415</u>	<u>5,093,145</u>
Total operating expenses	<u>10,963,470</u>	<u>726,736</u>	<u>11,690,206</u>
Change in Net Assets from Operations	<u>(5,673,800)</u>	<u>(175,724)</u>	<u>(5,849,524)</u>

Rhode Island PBS Foundation and The Public's Radio

Supplemental Statements of Activities - Activities by Division Year Ended June 30, 2024

	TV	Radio	Total
OTHER INCOME			
Contribution from merger of the People's Radio	\$ 4,246,430	\$ -	\$ 4,246,430
Investment income, net	11,954,633	148	11,954,781
Forgiveness of debt	218,000	-	218,000
Total Other Income	<u>16,419,063</u>	<u>148</u>	<u>16,419,211</u>
Change in Net Assets	<u>\$ 10,708,609</u>	<u>\$ (138,922)</u>	<u>\$ 10,569,687</u>