

SOUTHERN OREGON PUBLIC TELEVISION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

SOUTHERN OREGON PUBLIC TELEVISION, INC.
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JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Southern Oregon Public Television, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Oregon Public Television, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

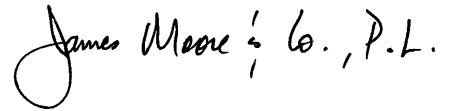
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Oregon Public Television, Inc. as of June 30, 2019, 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.

Other Matter

The financial statements of Southern Oregon Public Television, Inc. for the year ended June 30, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on September 19, 2018.

James Moore & Co., P.L.

Gainesville, Florida
February 13, 2020

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 621,853	\$ 699,002
Accounts receivable, net	91,235	24,050
Contributions receivable, net	77,960	13,898
Prepaid program rights	119,080	138,201
Prepaid expenses	47,856	27,989
Total current assets	957,984	903,140
Non-current assets		
Investment in partnership	28,022	24,695
Property and equipment, net	567,716	586,951
Total non-current assets	595,738	611,646
Total Assets	\$ 1,553,722	\$ 1,514,786
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 22,229	\$ 33,157
Deferred revenue	104,591	25,106
Accrued payroll liabilities	58,624	51,761
Total current liabilities	185,444	110,024
Net assets		
Without donor restrictions		
Undesignated	913,599	1,019,879
Board designated	375,574	369,840
With donor restrictions	79,105	15,043
Total net assets	1,368,278	1,404,762
Total Liabilities and Net Assets	\$ 1,553,722	\$ 1,514,786

The accompanying notes to financial statements
are an integral part of these statements.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues			
Major gifts	\$ 177,993	\$ -	\$ 177,993
Membership and pledges	695,629	79,105	774,734
CPB grants	750,644	-	750,644
Other grants	150,117	-	150,117
Program underwriting	171,061	-	171,061
Local production underwriting	50,184	-	50,184
Production contracts	56,719	-	56,719
Trade	62,277	-	62,277
In-kind	12,814	-	12,814
Other	26,669	-	26,669
Net assets released from restrictions:			
Expiration of time restriction	15,043	(15,043)	-
Total support and revenues	<u>2,169,150</u>	<u>64,062</u>	<u>2,233,212</u>
Expenses			
Program services:			
Programming and production	963,347	-	963,347
Technology and operations	222,561	-	222,561
Total program services	<u>1,185,908</u>	<u>-</u>	<u>1,185,908</u>
Supporting services:			
Development and underwriting	547,244	-	547,244
Management and general	536,544	-	536,544
Total supporting services	<u>1,083,788</u>	<u>-</u>	<u>1,083,788</u>
Total expenses	<u>2,269,696</u>	<u>-</u>	<u>2,269,696</u>
Increase (decrease) in net assets	<u>(100,546)</u>	<u>64,062</u>	<u>(36,484)</u>
Net assets, beginning of year	1,389,719	15,043	1,404,762
Net assets, end of year	<u>\$ 1,289,173</u>	<u>\$ 79,105</u>	<u>\$ 1,368,278</u>

The accompanying notes to financial statements
are an integral part of this statement.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Major gifts	\$ 146,428	\$ -	\$ 146,428
Membership and pledges	774,988	15,043	790,031
CPB grants	795,327	-	795,327
Other grants	46,871	-	46,871
Program underwriting	192,360	-	192,360
Local production underwriting	51,055	-	51,055
Production contracts	41,696	-	41,696
Trade	43,943	-	43,943
In-kind	6,089	-	6,089
Other	143,873	-	143,873
Net assets released from restrictions:			
Expiration of time restriction	14,810	(14,810)	-
Total support and revenues	<u>2,257,440</u>	<u>233</u>	<u>2,257,673</u>
Expenses			
Program services:			
Programming and production	1,020,368	-	1,020,368
Technology and operations	193,408	-	193,408
Total program services	<u>1,213,776</u>	<u>-</u>	<u>1,213,776</u>
Supporting services:			
Development and underwriting	455,597	-	455,597
Management and general	474,185	-	474,185
Total supporting services	<u>929,782</u>	<u>-</u>	<u>929,782</u>
Total expenses	<u>2,143,558</u>	<u>-</u>	<u>2,143,558</u>
Increase in net assets	<u>113,882</u>	<u>233</u>	<u>114,115</u>
Net assets, beginning of year	1,275,837	14,810	1,290,647
Net assets, end of year	<u>\$ 1,389,719</u>	<u>\$ 15,043</u>	<u>\$ 1,404,762</u>

The accompanying notes to financial statements
are an integral part of this statement.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Supporting Services			Total Expenses
	Programming and Production	Technology and Operations	Total	Development and Underwriting	Management and General	Total	
Wages	\$ 291,833	\$ 13,325	\$ 305,158	\$ 164,315	\$ 208,912	\$ 373,227	\$ 678,385
Program	396,374	-	396,374	-	-	-	396,374
Contract labor	117,794	75,023	192,817	178,961	-	178,961	371,778
Insurance	20,092	-	20,092	21,514	65,269	86,783	106,875
Depreciation	47,036	68,897	115,933	-	6,763	6,763	122,696
Rent	-	14,789	14,789	-	73,605	73,605	88,394
Professional fees	-	-	-	1,575	53,170	54,745	54,745
Premiums	-	-	-	58,699	-	58,699	58,699
Utilities	-	32,104	32,104	-	22,888	22,888	54,992
Payroll taxes and other	23,876	65	23,941	11,649	17,904	29,553	53,494
Trade	2,000	-	2,000	55,728	4,549	60,277	62,277
Dues and subscriptions	4,576	1,470	6,046	2,165	27,939	30,104	36,150
Travel and entertainment	17,853	-	17,853	5,662	9,411	15,073	32,926
Telephone	1,400	781	2,181	1,634	16,356	17,990	20,171
Equipment rental	9,658	2,695	12,353	430	9,991	10,421	22,774
Printing and production	125	-	125	26,398	50	26,448	26,573
Repairs	739	2,811	3,550	-	2	2	3,552
Postage and delivery	11,413	47	11,460	3,251	98	3,349	14,809
Bank service charges	-	-	-	9,771	5,753	15,524	15,524
In-kind	-	9,889	9,889	2,925	-	2,925	12,814
Janitorial	-	-	-	-	8,941	8,941	8,941
Supplies	14,894	665	15,559	853	2,130	2,983	18,542
Advertising	1,159	-	1,159	-	-	-	1,159
Security	-	-	-	-	1,919	1,919	1,919
Training and seminars	2,275	-	2,275	1,714	894	2,608	4,883
Bad debts	250	-	250	-	-	-	250
	<u>\$ 963,347</u>	<u>\$ 222,561</u>	<u>\$ 1,185,908</u>	<u>\$ 547,244</u>	<u>\$ 536,544</u>	<u>\$ 1,083,788</u>	<u>\$ 2,269,696</u>

The accompanying notes to financial statements
are an integral part of this statement.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Programming and Production</u>	<u>Technology and Operations</u>	<u>Total</u>	<u>Development and Underwriting</u>	<u>Management and General</u>	<u>Total</u>	
Wages	\$ 295,809	\$ 5,941	\$ 301,750	\$ 158,485	\$ 151,898	\$ 310,383	\$ 612,133
Program	450,706	-	450,706	-	-	-	450,706
Contract labor	72,455	55,995	128,450	128,464	-	128,464	256,914
Insurance	29,136	-	29,136	19,856	68,735	88,591	117,727
Depreciation	47,387	67,142	114,529	-	7,592	7,592	122,121
Rent	148	15,992	16,140	-	65,794	65,794	81,934
Professional fees	10,000	-	10,000	6,000	61,884	67,884	77,884
Premiums	2,654	-	2,654	59,682	-	59,682	62,336
Utilities	-	29,956	29,956	-	20,852	20,852	50,808
Payroll taxes and other	26,065	147	26,212	12,003	10,726	22,729	48,941
Trade	10,526	-	10,526	30,891	2,526	33,417	43,943
Dues and subscriptions	6,866	3,735	10,601	475	20,918	21,393	31,994
Travel and entertainment	21,307	-	21,307	2,206	10,006	12,212	33,519
Telephone	1,029	2,450	3,479	1,870	13,744	15,614	19,093
Equipment rental	9,835	3,080	12,915	-	14,331	14,331	27,246
Printing and production	53	-	53	26,391	174	26,565	26,618
Repairs	1,508	3,653	5,161	-	6,314	6,314	11,475
Postage and delivery	9,271	681	9,952	1,409	104	1,513	11,465
Bank service charges	1,215	-	1,215	6,016	4,687	10,703	11,918
In-kind	2,047	3,620	5,667	422	-	422	6,089
Licenses and permits	-	-	-	-	1,212	1,212	1,212
Janitorial	-	-	-	-	7,817	7,817	7,817
Supplies	15,884	416	16,300	293	1,580	1,873	18,173
Advertising	2,322	-	2,322	10	-	10	2,332
Security	-	-	-	-	1,818	1,818	1,818
Training and seminars	3,163	-	3,163	1,124	1,473	2,597	5,760
Internet	-	600	600	-	-	-	600
Bad debts	659	-	659	-	-	-	659
Video tape	323	-	323	-	-	-	323
	<u>\$ 1,020,368</u>	<u>\$ 193,408</u>	<u>\$ 1,213,776</u>	<u>\$ 455,597</u>	<u>\$ 474,185</u>	<u>\$ 929,782</u>	<u>\$ 2,143,558</u>

The accompanying notes to financial statements
are an integral part of this statement.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (36,484)	\$ 114,115
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	122,696	122,121
Bad debts	250	659
Investment in partnership	(3,327)	(1,804)
Decrease (increase) in operating assets:		
Accounts receivable, net	(67,435)	27,744
Contributions receivable, net	(64,062)	(233)
Decrease in prepaid program rights	19,121	16,817
Increase in prepaid expenses	(19,867)	(2,004)
Increase (decrease) in operating liabilities:		
Accounts payable	(10,928)	(16,569)
Deferred revenue	79,485	(52,517)
Accrued payroll liabilities	6,863	(4,073)
Net cash provided by operating activities	26,312	204,256
Cash flows from investing activities		
Purchases of property and equipment	(103,461)	(169,394)
Net increase (decrease) in cash and cash equivalents	(77,149)	34,862
Cash and cash equivalents, beginning of year	699,002	664,140
Cash and cash equivalents, end of year	\$ 621,853	\$ 699,002

The accompanying notes to financial statements
are an integral part of these statements.

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

(1) **Summary of Significant Accounting Policies:**

(a) **Organization**—Southern Oregon Public Television, Inc. (“SOPTV”) is a nonprofit, commercial-free, educational, telecommunications organization located in Medford, Oregon that works with various partners to provide diverse cultural and informational programming and services. SOPTV’s activities are for the benefit of the communities served and strive to foster an informed and active citizenry: make knowledge and the creative life of the arts, sciences and humanities available to the widest possible public: reflect positively the diversity of the community and audience, invite a sense of inclusion and better understanding of each other: improve, for all people, access to public media; be a trusted partner to parents and educators providing programming and services which promote the healthy development of children; serve the individual, not just as a spectator, but as a participant able and willing to learn new skills through SOPTV’s programs and services; and work with educators to effectively use the telecommunications resources and capabilities to positively address educational needs of the region.

SOPTV receives significant funding from federal and state governments/agencies as well as from the Corporation for Public Broadcasting (“CPB”). Reductions in such support have and could have a significant effect on SOPTV’s activities and financial position.

(b) **Basis of accounting**—The accounts of SOPTV are maintained in conformity with the principles of accounting of not-for-profit accounting and have been prepared on the accrual basis.

(c) **Basis of presentation**—SOPTV reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SOPTV and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of SOPTV and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by laws. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(d) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include cash and investments with original maturities of three months or less.

(e) **Accounts and contributions receivable**—Accounts and contributions receivable are carried at original amounts billed or pledged, less an estimate for doubtful accounts based on periodic review by management. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to certain types of receivables, primarily membership subscriptions. The allowance for doubtful accounts totaled \$912 and \$1,492 at June 30, 2019 and 2018, respectively.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

(1) **Summary of Significant Accounting Policies:** (Continued)

Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. Changes in the allowance for doubtful accounts have not been material to the financial statements. Recoveries of amounts previously written off are recorded when received.

SOPTV does not require collateral or other security on accounts receivable.

(f) **Property and equipment**—Property and equipment are reported at historical cost. Contributed assets are reported at fair value as of the date received. SOPTV capitalizes all property and equipment costing \$1,000 or more. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation for financial reporting purposes is computed using the straight-line basis over the estimated useful lives of the assets as follows:

	Years
Antennae and tower	5-30
Studio equipment	2-30
Leasehold improvements	5-25
Furniture and fixtures	3-10
Automobiles and trucks	10

Property and equipment are analyzed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no impaired assets at June 30, 2019 and 2018.

(g) **Deferred revenue**—Income received to underwrite programs or facilitate programming not yet broadcasted as of the end of the fiscal year is deferred and recognized over the period in which the programming is aired.

(h) **Revenue recognition**—Contributions, including unconditional promises to give, are recognized as revenue in the accompanying statements of activities when the contribution is received.

Grants for specific projects and activities are recognized as revenue when awarded. SOPTV receives restricted grants where revenue is recognized and billed on a cost-reimbursable basis. Revenue on cost-reimbursable grants is recognized to the extent of costs incurred.

Revenues from lease agreements, other rentals, services, and underwriting contracts are recognized in the period earned or stipulated in the agreement.

(i) **In-kind contributions**—Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. SOPTV reports gifts of equipment, professional services, materials and other nonmonetary contributions as support in the accompanying statements of activities.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Pledges and contributions**—SOPTV engages in periodic fundraising campaigns manifested by offering special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to SOPTV. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions including unconditional promises to give and membership receipts, are recognized as revenue in the period received or given. Contributions and collected pledges are components of net assets without donor restrictions inasmuch as their usage is not limited to specific activities of SOPTV. This usage is consistent with appeals for contributions and pledges. Contributions receivable are a component of net assets with donor restrictions as they are subject to implied time restrictions.

(k) **Corporation for Public Broadcasting Community Service 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 (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to 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). In any event, 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 for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions mainly pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as increases in net assets without donor restrictions, provided they are spent in the same fiscal year they are received.

(l) **Income taxes**—SOPTV is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

SOPTV files income tax returns in the U.S. Federal and state jurisdictions. SOPTV's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. SOPTV has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of SOPTV.

(m) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on square footage and equipment utilized.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

(1) **Summary of Significant Accounting Policies:** (Continued)

The following program and supporting services are included in the accompanying financial statements:

Program services include:

Programming and production—provides for the creation and distribution of the locally produced educational and informational media that is central to SOPTV's mission.

Technology and operations—allows for the maintenance of and improvements to the technology that is required to provide SOPTV's diverse cultural and informational programming and services.

Support services include:

Development and underwriting—provide the structure necessary to encourage and secure private financial support from individuals, foundations and corporations. Development and underwriting activities include contribution drives, memberships and related events and major donor solicitations.

Administration and general—include the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of SOPTV's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration; and manage SOPTV's financial and budgetary responsibilities.

(n) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, results could differ from those estimates.

(o) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2019 and 2018 was \$1,159 and \$2,332, respectively.

(p) **Subsequent events**—SOPTV has evaluated events and transactions through February 13, 2020, the date the financial statements were available to be issued.

(q) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2019. SOPTV has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on SOPTV's reported financial position or operations in the near term.

In May 2014, the FASB issued Accounting Standards Update 2014-09: *Revenue from Contracts with Customers*, to clarify the principles used to recognize revenue for all entities. The new standard (as amended) is effective for fiscal years beginning after December 15, 2018 and may be adopted early. SOPTV is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

(1) **Summary of Significant Accounting Policies:** (Continued)

In February 2016, the FASB issued Accounting Standards Update 2016-02: *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. In November 2019, the FASB issued Accounting Standards Update 2019-10, which deferred the effective date for ASU 2016-02 to fiscal years beginning after December 15, 2020. The standard may be adopted early. SOPTV is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In June 2018, the FASB issued Accounting Standards Update 2018-08: *Not-for-Profit Entities* (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, to clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations. The new standard is effective for fiscal years beginning after December 15, 2018 and may be adopted early. SOPTV is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In August 2016, the FASB issued Accounting Standards Update 2016-14: *Not-for-Profit Entities* (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, to make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities, including net asset classification requirements and the information presented about an entity's liquidity, financial performance, and cash flows. SOPTV adopted the new guidance effective July 1, 2018, and applied the changes retrospectively. Implementation of this guidance resulted in a change in presentation of net assets and additional disclosures surrounding SOPTV's liquidity and availability of financial assets. These changes resulted in a decrease to net assets without donor restrictions of \$15,043 and a corresponding increase to net assets with donor restrictions at June 30, 2018.

(2) **Liquidity and Availability:**

Financial assets available for general expenditure, that is, without donor restrictions, or internal board designations limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets available within one year, at year end	
Cash	\$ 621,853
Accounts receivable	91,235
Contributions receivable	77,960
Less those unavailable for general expenditures within one year, due to:	
Board designations	(375,574)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 415,474</u>

The contributions receivable are subject to implied time restrictions but are expected to be collected within one year. SOPTV has funds that the board designated. Board designated funds consists of amounts held in a money market account and allocated for future working capital needs. Although SOPTV does not intend to liquidate assets other than as part of its annual budget process, these amounts could be made available if necessary.

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(3) **Investment in Partnership:**

Investment in partnership represents an approximate five-percent interest in a limited partnership engaged in broadcasting related activities and is accounted for under the cost method and adjusted annually for any impairment and changes in the partnership interest.

(4) **Property and Equipment:**

A summary of property and equipment at June 30, 2019 and 2018, is as follows:

	2019	2018
Studio equipment	\$ 3,360,648	\$ 3,261,935
Antennae and tower	478,020	478,020
Land and leasehold improvements	175,498	175,498
Furniture and fixtures	139,099	139,099
Automobiles and trucks	27,351	27,351
Total property and equipment	4,180,616	4,081,903
Less: Accumulated depreciation	3,617,648	3,494,952
Construction in process	4,748	-
Property and equipment, net	\$ 567,716	\$ 586,951

For the years ended June 30, 2019 and 2018, depreciation expense for property and equipment was \$122,696 and \$122,121, respectively.

(5) **Line-of-Credit:**

SOPTV has a bank line-of-credit for borrowings to a maximum of \$150,000, with variable interest based on the prime rate published in *The Wall Street Journal* plus 1.5%, with a minimum interest rate of 5.00% (7.00% and 6.50% as of June 30, 2019 and 2018, respectively). SOPTV's equipment serves as collateral for borrowings. Interest accrues on the unpaid balance until the note is paid in full. The line matures on April 16, 2020. SOPTV had no advances on the line-of-credit as of June 30, 2019 and 2018.

(6) **Operating Lease Commitments:**

SOPTV has entered into a non-cancellable operating lease for its office facilities. The current facility lease commenced on December 1, 2017 and is a five year lease with an option to renew the lease for an additional five years at the end of the lease term in November 2022. The terms of the existing lease agreement include an annual rent adjustment clause based on the Consumer Price Index and an additional charge for use of common areas and allocation of facility overhead costs for real property taxes, insurance premiums, etc. The base rent amount as of June 30, 2019 is \$6,241 per month.

Future minimum lease payments under the non-cancellable lease terms as of June 30, 2019:

Years Ending June 30:	Amount
2020	\$ 74,892
2021	74,892
2022	74,892
2023	31,205
Total future minimum payments	\$ 255,881

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(6) **Operating Lease Commitments:** (Continued)

SOPTV broadcasts from various tower locations in its viewing region. Five of the tower sites involve partnerships with other broadcasting entities, and SOPTV owns a percentage of the equipment. One of these arrangements involves the payment of fees totaling less than \$1,000 annually.

Six other tower sites are leased under varying arrangements with lease payments totaling approximately \$1,400 per month or \$16,800 annually for all six towers.

Additionally, four tower sites are operated without any fees for the use of the land and/or tower, as applicable. Management is unable to estimate the related fair value but believes the fair value to be nominal.

(7) **Significant Concentrations:**

Information related to significant concentrations of revenues and credit risk for financial instruments owned by SOPTV, except as otherwise disclosed, is as follows:

(a) **Cash and cash equivalents**—SOPTV maintains its cash accounts at financial institutions which at times may exceed federally insured limits. SOPTV has not experienced any losses in such accounts. As of June 30, 2019 and 2018, uninsured cash balances totaled \$382,171 and \$477,196, respectively.

(b) **Revenues**—The CPB provided approximately 34% and 35% of SOPTV’s revenue during the fiscal years ended June 30, 2019 and 2018, respectively.

(8) **Community Service Grants:**

SOPTV receives a CSG from the Corporation for Public Broadcasting annually. The CSGs received and expended during the most recent fiscal years were as follows:

Years of Grant	Grants Received	Expended			Uncommitted Balance at June 30, 2019
		2016-17	2017-18	2018-19	
2018-19	\$ 750,644	\$ -	\$ -	\$ 750,644	\$ -
2017-18	795,327	-	795,327	-	-
2016-17	846,239	846,239	-	-	-

(9) **Risks and Uncertainties:**

SOPTV is exposed to various risks of loss arising from litigation and claims in the normal course of business. SOPTV maintains insurance coverage to provide for risks of loss.

(10) **Nonfederal Financial Support (NFFS):**

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

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(10) **Nonfederal Financial Support (NFFS):** (Continued)

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state or local government or agency thereof, or an educational institution; (2) the form of the payment must be an appropriation or contract payment in exchange for specific materials or services related to public broadcasting; (3) the purpose must be for services or materials with respect to the provision of educational or instructional television or radio programs; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station.

Reported NFFS for SOPTV was \$1,105,869 and \$1,046,960 for the years ended June 30, 2019 and 2018, respectively.