
**KACV-TV
A PUBLIC TELECOMMUNICATIONS
OPERATION OF AMARILLO COLLEGE
Amarillo, Texas**

**FINANCIAL STATEMENTS
August 31, 2024 and 2023**



CPAs and Professional Consultants

KACV-TV
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Independent Auditor's Report

To the Board of Regents
Amarillo College

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of KACV-TV (the Station), a public telecommunications operation of Amarillo College (the College), which comprise the statements of net position as of August 31, 2024 and 2023, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of August 31, 2024, and the changes in financial position and cash flows for the year then ended in accordance with provisions of the Corporation for Public Broadcasting described in Note 1.

Basis for Opinions

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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 of the financial statements, the financial statements are prepared by the Station in accordance with the financial reporting practices prescribed or permitted by the Corporation for Public Broadcasting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Corporation for Public Broadcasting. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting practices prescribed or permitted by the Corporation for Public Broadcasting. Management is also responsible 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 Corporation for Public Broadcasting ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in net position and cash flows of only the portion of the College's transactions that is attributable to the Station. They do not purport to, and do not, present fairly the financial position of the College, as of August 31, 2024 and 2023, the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

To the Board of Regents
Amarillo, College

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Restriction On Use

This report is intended solely for the information and use of management, Board of Regents, and others within the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than these specified parties.

Whitley Penn LLP

Odessa, Texas
January 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

KACV-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following discussion and analysis is an overview of the financial position and activities of KACV-TV (the Station) for the year ended August 31, 2024. KACV-TV is a part of and is operated by Amarillo College (the College). Operations and activities relating to the Station officially began on September 1, 1987, and broadcasting began on August 29, 1988.

KACV-TV is the public television station serving the citizens of the Texas Panhandle. As a free, over-the-air service providing enlightening, intelligent, entertaining, educational, non-commercial programming, the Station serves the mostly rural 26 counties of the Texas Panhandle, covering approximately 26,000 square miles. KACV-TV is in the Amarillo Nielsen DMA and reaches approximately 406,000 individuals.

KACV-TV is a department of Amarillo College in the division of Communication and Marketing, and the Amarillo College Board of Regents holds the license for the television station. The Board of Regents approves the Station's budget. KACV-TV must also adhere to the Federal Communications Commission (FCC) guidelines as a licensed non-commercial, educational television station.

The Station appoints a community advisory council with members from within its viewing area and holds advisory council meetings at least quarterly. The advisory council provides a vehicle for effective community input to the Station's governing body and license holder and to Station management regarding programming, community service and outreach activities and policies that impact the specific needs of the community. The advisory council is comprised of not more than 20 members serving staggered three-year terms. Two Amarillo College Board of Regents' members and the College President serve in an ex-officio capacity on the council. Station senior staff interacts with council members on a regular basis in both formal and informal conversations.

Background

KACV-TV began operation in August 1988 as the Texas Panhandle's only PBS member station. Licensed to Amarillo College, the Station extends the community college philosophy of improving the quality of life for all residents and also the College mission to enrich the lives of AC students and the entire Panhandle community. The Station operates digital channels 2.1, 2.2 and 2.3 twenty-four hours a day, seven days a week.

In addition to providing quality PBS programming, the Station has a long history of producing local content that address timely concerns and celebrates the region. KACV-TV has been the recipient of numerous honors including the Edward R. Murrow and Barbara Jordan awards for outstanding documentary productions as well as a Regional Emmy Award in 2021 for the Documentary - Topical category.

KACV-TV broadcasts on Channel 2.1 in digital high definition carrying PBS programming. Channel 2.2 carries PBS Kids 24/7 programming in standard definition, and channel 2.3 carries Create TV in standard definition, with cooking, travel, home improvement, gardening, arts and crafts and other lifestyle interest programming.

Finances and Fundraising

KACV-TV relies on three primary funding sources: Amarillo College, the Corporation for Public Broadcasting (CPB), and the community it serves. The College provides support through direct contribution and in-kind services. Funding from the CPB comes to the Station in the form of annual grants. Local community support includes individual Station membership and corporate/foundation underwriting support. The Station also receives a few project-specific grants annually.

This section of the Station's financial statements presents our discussion and analysis of the Station's financial performance for the fiscal year ended August 31, 2024. Please read it in conjunction with the financial statements and notes to the financial statements that follow this letter. The independent auditor's report on the Station's financial statements can be found on page 1 of this report.

Financial Highlights

- The assets of the Station exceeded its liabilities by \$9.3 million (net position). Of this amount, \$0.6 million is invested in capital assets. The Station also has an endowment of \$1.5 million and restricted funds of \$2.6 million. The remaining portion, \$4.6 million, is unrestricted.
- Total assets increased \$1.2 million from the prior year. For 2024, this was primarily a result of increase in investments due to better market conditions and additions to capital assets, net.
- Total liabilities increased \$8,785 from the prior year. The increase in liabilities is mainly due to an increase in unearned support and revenue offset by a decrease in right-to-use lease liabilities.
- Net position increased \$1.2 million over the prior year, as compared to an increase of \$0.9 million in the previous year. The current year increase was the result of an increase in investment income (unrealized gains) and additions to investment in capital assets from grants received.
- Operating revenues decreased \$0.3 million (9.2%) compared to prior year. The decrease is mainly due to a decrease in capital equipment grant of approximately \$0.3 million.
- Total expenses increased \$0.1 million (3.9%) compared to prior year. The increase is mainly due to an increase in programming and productions of approximately \$0.1 million.
- Capital equipment acquisitions totaled \$0.1 million, for new equipment.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Station's financial statements. For financial reporting purposes, the Station is a public telecommunications operation of the College and information concerning it is included in the College's financial statements because of the College's oversight responsibility of the Station's activities.

The financial statements of the Station are comprised of two components: 1) financial statements and 2) notes to the financial statements. The financial statements can be found on pages 10 through 12 of this report, and the notes to the financial statements can be found on pages 13 through 24.

The financial statements of the Station have been prepared on the accrual basis of accounting in accordance with Principles of Accounting and Financial Reporting for Public Telecommunications Entities, published by the CPB. The Statement of Net Position presents information on all of the Station's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Station is improving or deteriorating. The Statement of Revenue, Expenses, and Changes in Net Position presents information showing how the Station's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The Statement of Cash Flows is next, which reports cash receipts, cash payments, and net changes in cash from the prior year broken down by operating, capital and related financing, and investing activities. Following the financial statements are the notes to the financial statements, which provide additional information pertaining to the Station's accounting policies, sources of revenue, changes in fixed assets, and other account detail.

KACV-TV
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis

The following tables summarize the Station's net position and changes in net position for the most recent three years:

NET POSITION

	2024	2023	2022	Change (2024 to 2023)	
Current assets	\$ 10,492,775	\$ 9,209,445	\$ 9,204,066	\$ 1,283,330	13.9%
Capital assets	706,688	817,906	474,952	(111,218)	-13.6%
Total Assets	11,199,463	10,027,351	9,679,018	1,172,112	11.7%
Current liabilities	1,833,916	1,793,294	2,326,118	40,622	2.3%
Non-Current liabilities	79,050	110,887	141,525	(31,837)	-28.7%
Total Liabilities	1,912,966	1,904,181	2,467,643	8,785	0.5%
Net Investment in capital assets	595,774	676,382	474,952	(80,608)	-11.9%
Restricted/Endowment	4,052,420	3,887,535	3,324,950	164,885	4.2%
Unrestricted	4,638,303	3,559,253	3,411,473	1,079,050	30.3%
Total Net Position	\$ 9,286,497	\$ 8,123,170	\$ 7,211,375	\$ 1,163,327	14.3%

CHANGE IN NET POSITION

	2024	2023	2022	Change (2024 to 2023)	
Revenue					
Operating	\$ 2,836,899	\$ 3,122,965	\$ 2,503,589	\$ (286,066)	-9.2%
Nonoperating	1,180,017	535,172	(888,665)	644,845	120.5%
Total Revenue	4,016,916	3,658,137	1,614,924	358,779	9.8%
Expenses					
Operating and nonoperating	2,853,589	2,746,342	2,622,924	107,247	3.9%
Change in net position	1,163,327	911,795	(1,008,000)	251,532	27.6%
Net Position, Beginning of Year	8,123,170	7,211,375	8,219,375	911,795	12.6%
Net Position, End of Year	\$ 9,286,497	\$ 8,123,170	\$ 7,211,375	\$ 1,163,327	14.3%

Capital Asset Activity

During the year ended August 31, 2024, the Station expended \$104,548 to acquire property. The acquisition was for new production and broadcasting equipment as well as transmitter and antenna equipment.

KACV-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Debt Administration

As of August 31, 2024, the Station had debt outstanding related to right to use lease liabilities. The liability decreased \$30,610 during the year and has a balance of \$110,914 at August 31, 2024.

Economic Factors and Next Year's Budget

The City of Amarillo is located in both Potter and Randall Counties and is one of only two incorporated cities in the Amarillo Core Based Statistical Area (CBSA). The City of Amarillo proper has grown from 137,969 in 1960 to 200,393 in the 2020 census. The Amarillo CBSA, which includes both Potter and Randall Counties, has grown from 149,493 in 1960 to 259,278 in 2020 (estimated)

As a result of this continued steady and manageable growth in Amarillo and the surrounding area, KACV-TV expects to experience similar economic viability. The Station continues to reach out for corporate support and grant acquisition for local productions and national PBS programming. In addition, the Station also encourages contributions from individual donors. The Station has made a concerted effort to encourage these individual donors to sustain their contributions by giving once a month, thereby providing a steady, reliable stream of income. Since the implementation of this change in 2013 we have expanded our donor base and increased membership revenues. The station is currently enhancing its systems and ability to cultivate and expand corporate underwriting financial support as well as grant acquisition for local and national PBS programming.

Contacting The Station's Management

This financial report is designed to provide the community with a general overview of the Station's finances and to demonstrate the Station's accountability for the money it receives from charitable gifts, grants, and underwriting. If you have any questions regarding this report or would like additional information, please contact the Station at 2408 S. Jackson, Amarillo, Texas 79109 or call at 806-371-5222. Questions regarding the activities of the Station should be directed to the attention of Kevin Ball, CEO of Panhandle PBS, or Julie Grimes, General Manager of Panhandle PBS.

FINANCIAL STATEMENTS

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****STATEMENTS OF NET POSITION****August 31, 2024 and 2023**

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 869,276	\$ 555,581
Short-term investments	9,132,951	8,186,397
Accounts Receivable, net	10,008	12,078
Accrued interest receivable	73,259	61,057
Costs incurred for programs not yet telecast	365,367	350,953
Prepaid expenses	41,914	43,379
Total Current Assets	10,492,775	9,209,445
Noncurrent Assets		
Capital Assets, Net	706,688	817,906
Total Assets	\$ 11,199,463	\$ 10,027,351
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 407,281	\$ 398,553
Accrued liabilities	34,268	50,658
Unearned support and revenue	1,360,503	1,313,446
Right-to-Use Lease Liabilities - Current Portion	31,864	30,637
Total Current Liabilities	1,833,916	1,793,294
Long-term liabilities		
Right-to-Use Lease Liabilities, Net of Current Portion	79,050	110,887
Total Liabilities	1,912,966	1,904,181
Net Position:		
Net Investment in Capital Assets	595,774	676,382
Restricted for:		
Nonexpendable - Endowment	1,500,000	1,500,000
Expendable - Donor Restriction	2,552,420	2,387,535
Unrestricted	4,638,303	3,559,253
Total Net Position	9,286,497	8,123,170
Total Liabilities and Net Position	\$ 11,199,463	\$ 10,027,351

KACV-TV

A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended August 31, 2024 and 2023

	2024	2023
Operating Revenues		
Direct support from Amarillo College	\$ 428,675	\$ 390,352
State contributions to benefit plans	140,553	145,070
Donated support:		
Facilities and administrative support from Amarillo College	712,140	647,831
In-kind contributions	12,200	14,900
Non-cash contributions	6,782	8,135
Grants from Corporation for Public Broadcasting:		
Community service grant	827,005	777,993
Interconnection grant	13,598	13,998
Universal service support grant	155,762	142,325
CARES Fiscal Stabilization grant	19,142	128,641
Harrington capital equipment grant	63,526	357,616
Other grants	75,953	61,199
Underwriting	109,911	159,006
Memberships	227,994	225,172
Production	29,865	44,575
Other income	13,793	6,152
Total Operating Revenues	2,836,899	3,122,965
Operating Expenses		
Programming and productions	1,053,298	953,605
Broadcasting and engineering	568,368	551,984
Program information and promotion	289,643	275,702
Community engagement	112,911	119,480
Fundraising and membership development	298,182	253,231
Underwriting and grant solicitation	14,334	111,690
Management and general	516,853	480,650
Total Operating Expenses	2,853,589	2,746,342
 Operating Income (Loss)	 (16,690)	 376,623
Nonoperating Revenue (Expenses)		
Net increase (decrease) in fair value of investments	897,864	339,911
Investment income, net of investment expenses	282,154	207,637
Loss on disposal of assets	(1)	(12,376)
Net Nonoperating Revenue (Expenses)	1,180,017	535,172
 Increase (Decrease) in Net Position	 1,163,327	 911,795
 Net Position, Beginning of Year	 8,123,170	 7,211,375
 Net Position, End of Year	 \$ 9,286,497	 \$ 8,123,170

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****STATEMENTS OF CASH FLOWS****For the Years Ended August 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Receipts from grants and contracts	\$ 1,172,935	\$ 1,491,281
Receipts from underwriting	109,911	159,006
Receipts from memberships	227,994	225,172
Receipts from production	29,865	44,575
Other receipts	13,793	6,152
Payments for payroll and suppliers of goods and services	(1,298,078)	(1,932,221)
Net Cash Provided (Used) by Operating Activities	<u>256,420</u>	<u>(6,035)</u>
Cash flows from Capital & Related Financing Activities:		
Purchase of capital assets	(104,548)	(497,149)
Payments on SBITA liabilities	(30,610)	(29,476)
Net Cash Used in Capital & Related Financing Activities	<u>(135,158)</u>	<u>(526,625)</u>
Cash Flows from Investing Activities:		
Proceeds on the sale of investments	5,067,158	5,282,631
Purchases of investments	(5,156,879)	(5,055,907)
Investment earnings	282,154	154,840
Net Cash Provided by Investing Activities	<u>192,433</u>	<u>381,564</u>
 Net Change in Cash and Cash Equivalents	 313,695	 (151,096)
Cash and Cash Equivalents at Beginning of Year	<u>555,581</u>	<u>706,677</u>
Cash and Cash Equivalents at End of Year	<u>\$ 869,276</u>	<u>\$ 555,581</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) by Operating Activities:		
Operating income (loss)	\$ (16,690)	\$ 376,623
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation/Amortization	215,766	141,819
Changes in:		
Accounts receivable, net	2,070	(125)
Prepaid expenses	1,465	(1,836)
Costs incurred for programs not yet telecast	14,414	11,470
Accounts payable	8,728	15,845
Accrued liabilities	(16,390)	(15,928)
Unearned support and revenue	47,057	(533,903)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 256,420</u>	<u>\$ (6,035)</u>
Noncash:		
Change in fair value of investments	\$ (195,966)	\$ 161,900
In-Kind contributions	\$ 35,595	\$ 29,566

KACV-TV

A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 1 - General

KACV-TV (the Station) is part of and is operated by Amarillo College (the College). Operations and activities relating to the Station officially began on September 1, 1987 and broadcasting began on August 29, 1988. The accompanying financial statements have been prepared in accordance with the Corporation for Public Broadcasting (CPB) guidelines which are a regulatory basis of accounting and not U.S. generally accepted accounting principles (U.S. GAAP). The CPB follows the governmental accounting standard guidelines with the exception of the implementation of Governmental Accounting Standards Board (GASB) 68 and 75 which have not been presented as required by the CPB. The financial statements of the Station are intended to present the net position and changes in net position of only that portion of the financial reporting entity of the College that is attributable to transactions of the Station. Financial statements of the entire operations of the College have been separately issued.

Note 2 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Station's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments and Investment Income

The Station follows GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Investments generally are reported at fair value, and all investment income, including changes in the fair value of investments, is recognized as nonoperating revenue (expenses) in the statements of revenue, expenses and changes in net position.

Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. The specific identification method of determining cost is used to calculate realized gain or loss. Donated investment securities are recorded at fair value at the date of receipt.

Investments are classified as short-term if they have maturities of less than one year at the balance sheet date or have longer maturity dates and the Station plans to sell the investment during the next fiscal year. Investments are classified as long-term if they have maturity dates more than one year past the balance sheet date or if management intends to hold the investments for long-term investment purposes.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The Station had no items classified as deferred inflows as of August 31, 2024 and 2023.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. A typical deferred outflow for community colleges is a deferred charge on refunding debt. The Station had no items classified as deferred outflows as of August 31, 2024 and 2023.

KACV-TV
A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Programs Not Yet Telecast

Costs incurred for programs not yet telecast relate to programs that will be broadcast principally in the next fiscal year. Grants and contributions relating to programs not yet telecast are included as deferred support and revenue. As the programs are telecast, the costs incurred are included in operating expenses and the deferred revenue is included in operating revenues.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation (except for right to use assets). See Leases footnote for policy regarding right to use assets. The capitalization policy includes items valued at \$5,000 or more and a useful life of greater than two years. Renovations of \$100,000 or more to buildings, infrastructures, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are charged to operating expense in the year in which the expense is incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Buildings	50 years
Facilities and other improvements	20 years
Furniture, machinery, vehicles and other equipment	10 years
Telecommunications and peripheral equipment	5 years

Leases

The Station is a lessee for a noncancellable agreement for broadcast tower space for the Station-owned analog antenna and microwave equipment, as well as building space for transmitter equipment. The Station recognizes a lease liability and an intangible right-to-use lease asset in the financial statements. The Station recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Station initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Station determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Station uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Station is reasonably certain to exercise.

The Station monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes that occur are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 2 - Summary of Significant Accounting Policies (continued)****Revenue Recognition**

Contributions and grants are recorded as revenue in the statements of revenue, expenses and changes in net position when received unless deferred as discussed elsewhere. Underwriting for programming is recorded as deferred revenue and recognized as revenue ratably over the term of the underwriting agreement.

Contributions and grants restricted by the donor or grantor for particular operating purposes or for plant acquisitions are deemed to be earned and reported as operating revenues or as capital additions, respectively, when the Station has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet earned are reported as unearned amounts.

When both restricted and unrestricted resources are available for use it is the Station's practice to use restricted resources first and then unrestricted resources as they are needed.

Operating And Nonoperating Revenue And Expense Policy

The Station distinguishes operating revenues and expenses from nonoperating items. The Station reports as a business-type activity and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the Station's principal ongoing operations. The principal operating revenues are grants, contributions, underwriting, and membership income. The major nonoperating revenue is investment income. Operating expenses include programming and broadcasting expenses, administrative expenses, and depreciation on capital assets. Indirect costs are allocated to each function recorded in the Statements of Revenues, Expenses, and Changes in Net Position based on square footage that each department within the Station utilizes.

Special Events

The Station held several special events during 2024 and 2023. Revenue for these events was \$17,062 with expenses of \$9,644 for 2024 and \$16,496 with expenses of \$8,809 in 2023. This revenue and expense total is included in the total membership revenue of \$227,994 with expense of \$298,182 in 2024 and total membership revenue of \$225,172 with expense of \$253,231 in 2023.

KACV-TV
A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

In-kind Contributions

During 2024 and 2023 donated personal services of volunteers were not significant.

Other in-kind donated items are also recorded as operating revenues and operating expenses in the accompanying statements of revenue, expenses and changes in net position at estimated fair value. Other donated items included in revenues amounted to \$18,982 and \$23,034 for 2024 and 2023, respectively. These amounts were recorded in operating expenses as follows:

	2024	2023
Broadcasting	\$ 6,900	\$ 6,900
Production and promotion	4,935	4,940
Management and underwriting	4,300	4,300
Membership	2,847	6,374
Engagement	-	520
Total	\$ 18,982	\$ 23,034

Donated facilities from the College consist of office and studio space and are recorded in revenue and expense at estimated fair values. Related occupancy costs are recorded at actual allocable costs. Administrative support from the College consists of allocated departmental costs and certain other expenses incurred by the College on behalf of the Station.

Income Taxes

The Station, as part of the College, which is a political subdivision of the State of Texas, is exempt from paying federal income taxes under Code Section 115 of the Internal Revenue Code (IRC) except to the extent it has unrelated business taxable income.

Estimates

The preparation of financial statements 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, expenses and other changes during the reporting period. Actual results could differ from those estimates.

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 3 - Deposits and Investments**

Cash and cash equivalents included on the Statements of Net Position, consist of the items re-reported below:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents		
Demand deposits	\$ 13,205	\$ 93,288
TexPool	856,071	462,293
Total Cash and Cash Equivalents	<u>\$ 869,276</u>	<u>\$ 555,581</u>

The following represents a reconciliation of deposits and investments:

	<u>Market Value</u>	
	<u>2024</u>	<u>2023</u>
Mutual funds/money market	\$ 7,093,294	\$ 6,155,465
Certificates of deposit	2,039,657	2,030,932
Total Investments	<u>9,132,951</u>	<u>8,186,397</u>
 Cash and cash equivalents	 869,276	 555,581
Total Deposits and Investments	<u>\$ 10,002,227</u>	<u>\$ 8,741,978</u>

As of August 31, 2023, the Station had the following investments and maturities:

<u>Investment Type</u>	<u>Market Value</u>	<u>Investment Maturities (Years)</u>	<u>Security Rating</u>
Endowed mutual funds/money market	\$ 7,093,294	Less than 1 year	Unrated - BBB
Certificates of deposit	2,039,657	Less than 1 year	-
Total Market Value	<u>\$ 9,132,951</u>		

Interest Rate Risk - Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. In accordance with state law and Board policy, the Station does not purchase any investments with maturities greater than one year except for endowed funds which can be invested to a maximum of five years. The Station uses the specific identification method to disclose interest rate risk.

Credit Risk - In accordance with state law and the Station's investment policy, with the exception of endowed investments, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

Custodial Credit Risk - For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Station will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Station is not exposed to custodial credit risk for its deposits and investments as all are insured, registered and held by the Station or by its agent in the Station's name.

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 3 - Deposits and Investments (continued)****Participation in External Investment Pools**

As of August 31, 2024 and 2023, the carrying amount of amounts invested in investment pools was \$856,071 and \$462,293, respectively. Investment pools are recorded at cost, which approximated market value at August 31, 2024 and 2023. All investment pools are uninsured and are not registered with the Securities and Exchange Commission. Investment pools are not subject to custodial credit risk, as they are not evidenced by securities that exist in physical or book entry form.

The Station's investment in investment pools is TexPool Participant Services. TexPool Participant Services' regulatory oversight agent is the Texas Treasury Safekeeping Trust Company and their credit risk rating is AAAm. Their financial reports may be obtained by writing Federated Investors Management Company, 1001 Texas Avenue, Suite 1400, Houston, Texas, 77002.

Note 4 - Fair Value Measurements

The Station follows GASB Statement No. 72 Fair Value Measurement and Applications, as guidance on fair value measurements. The standard established a three-level valuation hierarchy for disclosure based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An asset's fair value measurement level within the hierarchy is based on the lowest level of input that is significant to the valuation.

The three levels are defined as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets.
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Station uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Station measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 4 - Fair Value Measurements (continued)****Assets Measured at Fair Value on a Recurring Basis**

Fair Value Measurements Using:				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
August 31, 2024:				
Money market mutual funds	\$ 220,648	\$ 220,648	\$ -	\$ -
Certificates of deposit	2,039,657	-	2,039,657	-
Mutual funds	6,872,646	6,872,646	-	-
	<u>\$ 9,132,951</u>	<u>\$ 7,093,294</u>	<u>\$ 2,039,657</u>	<u>\$ -</u>

Fair Value Measurements Using:				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
August 31, 2023:				
Money market mutual funds	\$ 198,336	\$ 198,336	\$ -	\$ -
Certificates of deposit	2,030,932	-	2,030,932	-
Mutual funds	5,957,129	5,957,129	-	-
	<u>\$ 8,186,397</u>	<u>\$ 6,155,465</u>	<u>\$ 2,030,932</u>	<u>\$ -</u>

For the valuation of money market funds and mutual funds, at August 31, 2024 and 2023, the Station used quoted prices in principal active markets for identical assets as of the valuation date (Level 1). For the valuation of Certificates of Deposit at August 31, 2024 and 2023, the Station used significant other observable inputs as of the valuation date, particularly dealer market price for comparable investments as of the valuation date (Level 2).

A summary of investments classified according to any restrictions at August 31, 2024 and 2023 is as follows:

	2024	2023
Unrestricted Investments	<u>\$ 6,132,951</u>	<u>\$ 5,186,397</u>
Restricted Investments:		
Temporarily Restricted	1,500,000	1,500,000
Permanently Restricted	<u>1,500,000</u>	<u>1,500,000</u>
Total Restricted Investments	<u>3,000,000</u>	<u>3,000,000</u>
Total Investments	<u>\$ 9,132,951</u>	<u>\$ 8,186,397</u>

There were no fair values of assets and liabilities measured on a nonrecurring basis at August 31, 2024 and 2023.

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 5 - Capital Assets**

Capital assets activity for the year ended August 31, 2024 was as follows:

	Balance September 1, 2023	Increases	Decreases	Balance August 31, 2024
Capital Assets:				
Production and broadcasting equipment	\$ 2,973,564	\$ 68,592	\$ (267,307)	\$ 2,774,849
Transmitter and antenna equipment	2,992,350	35,956	-	3,028,306
Furniture and fixtures	211,505	-	-	211,505
Vehicles	42,734	-	-	42,734
Membership software	44,980	-	-	44,980
Right-to-use lease equipment	226,758	-	-	226,758
Total Capital Assets	<u>6,491,891</u>	<u>104,548</u>	<u>(267,307)</u>	<u>6,329,132</u>
Accumulated Depreciation	5,581,177	184,830	(267,307)	5,498,700
Accumulated Amortization	92,808	30,936	-	123,744
Capital Assets, Net	<u>\$ 817,906</u>			<u>\$ 706,688</u>

Capital assets activity for the year ended August 31, 2023 was as follows:

	Balance September 1, 2022	Increases	Decreases	Balance August 31, 2023
Capital Assets:				
Production and broadcasting equipment	\$ 2,946,800	\$ 44,002	\$ (17,238)	\$ 2,973,564
Transmitter and antenna equipment	2,560,911	453,147	(21,708)	2,992,350
Furniture and fixtures	211,505	-	-	211,505
Vehicles	42,734	-	-	42,734
Membership software	44,980	-	-	44,980
Right-to-use lease equipment	226,758	-	-	226,758
Total Capital Assets	<u>6,033,688</u>	<u>497,149</u>	<u>(38,946)</u>	<u>6,491,891</u>
Accumulated Depreciation	5,496,864	110,883	(26,570)	5,581,177
Accumulated Amortization	61,872	30,936	-	92,808
Capital Assets, Net	<u>\$ 474,952</u>			<u>\$ 817,906</u>

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 6 - Leases**

The Station leased broadcast tower space for the Station-owned analog antenna and microwave equipment, as well as building space for transmitter equipment under a ten-year lease agreement, which expired in 1998. The lease had two consecutive ten-year renewal options expiring on December 31, 2008. The renewal option was not renewed and the Station paid month-to-month until the Station's digital signal including the Station-owned digital antenna and microwave equipment, digital transmitter and associated equipment was moved to the site and a lease amendment was secured in June 2011 allowing for modification of Station equipment at the site and adding two additional ten-year renewal options. In March, 2018, an amendment to the lease was signed extending the lease to December 31, 2027 and added three additional five year renewal terms. Additionally, the lease is subject to a 3% increase the first of each year. All other terms and provisions of the agreement remain in full force and effect.

Pursuant to GASB No. 87, Leases, the Station has recorded an intangible right-to-use lease asset which represents the Station's right-to-use an underlying asset during the lease term. The Station has obtained TV Towers through right-to-use leased assets.

Annual installments range from \$11,626 to \$34,594. Imputed interest is the rate listed on the Electronic Municipal Market Access Website for the lease start date and term, and is 0.80%. The due date is December 2027.

Right-of-Use - Leased Assets

	<u>Ending Balance</u>
Right-of-Use-Equipment	\$ 226,758
Total Right-of-Use Assets	<u>226,758</u>
Less accumulated amortization for:	
Right-of-Use-Equipment	<u>123,744</u>
Total Accumulated Amortization	<u>123,744</u>
Right-of-Use-Assets, Net	<u><u>\$ 103,014</u></u>

Pursuant to GASB No. 87, Leases, the Station recorded a right-to-use lease liability in conjunction with the intangible right-to-use lease asset. The lease liability represents the Station's obligation to make lease payments arising from the lease.

Following is a summary of the Station's right-to-use lease liability principal maturities and interest requirements:

<u>Year Ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 31,864	\$ 771	\$ 32,635
2026	33,074	512	33,586
2027	34,351	243	34,594
2028	<u>11,625</u>	<u>19</u>	<u>11,644</u>
	<u><u>\$ 110,914</u></u>	<u><u>\$ 1,545</u></u>	<u><u>\$ 112,459</u></u>

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 7 - Restricted Net Position and Funds Held by Others****Amarillo College Foundation, Incorporated**

The Amarillo College Foundation, Incorporated (the Foundation) is a nonprofit organization with the primary purpose of supporting the educational and other activities of various entities including the College. As such, the Foundation has provided financial support to the Station since the mid- 1980s and has designated various endowments and funds for the benefit of the Station.

The Foundation's Board of Directors designated a portion of the Endowment Challenge Grant funds received in 1992 and 1994 to benefit the Station. The portion of the fund designated for the Station's benefit was approximately \$1,489,000 and \$1,298,000 at August 31, 2024 and 2023, respectively. Because the assets are owned and controlled by the Foundation, and not the Station, they are not included in the accompanying financial statements. KACV-TV received \$10,986 and \$18,070 in distributions from this fund during 2024 and 2023, respectively.

The Foundation has also designated certain funds to supplement the operating expenses of the Station. At August 31, 2024 and 2023, the fund balance was approximately \$1,563,000 and \$1,346,000, respectively. Because these assets are owned and controlled by the Foundation, and not the Station, they are not included in the accompanying financial statements. KACV received \$211,737 and \$35,992 in distributions from this fund during 2024 and 2023, respectively.

During 2007, the Foundation received a gift of \$1,000,000, which was specified as an endowment for the benefit of the Station. At August 31, 2024 and 2023, the fund balance was approximately \$1,540,000 and \$1,359,000, respectively. The endowment earnings were designated to the benefit of the Station in broadcasting opera programs. Because the assets of this endowment are controlled by the Foundation and not the Station, they are not included in the accompanying financial statements. KACV received \$30,000 and \$30,000 in distributions from this fund during 2024 and 2023, respectively.

Amarillo Area Foundation

In 1989 the Amarillo Area Foundation (AAF) established a permanent endowment fund for the College for the benefit of the Station in the amount of \$275,000. Because the assets of this endowment are controlled by AAF, and not the Station, they are not included in the accompanying financial statements. The endowment agreement also specifies that realized gains and losses from investing activities will be added to or deducted from the original principal. Investment income on the endowment fund is available for distribution for use by the Station. No amounts were distributed during 2024 and 2023.

Other

In 1999, the Station received a \$2,500,000 gift from the Sybil B. Harrington Living Trust, of which \$1,000,000 was specified as endowment and \$1,500,000 was restricted for purchases of digital broadcasting equipment. In 2003, the Station received an additional \$1,500,000 gift from an anonymous donor that was restricted for purchase of digital broadcasting equipment. Endowment earnings are unrestricted. In 2005, the Station received an additional \$500,000 gift from an anonymous donor that was to be held as an endowment. As of August 31, 2024 and 2023, approximately \$3.2 and \$3.2 million, respectively, of the principal and earnings restricted for purchases of equipment had been expended. The remaining principal amounts have been reflected as deferred support and revenue.

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 8 - Changes in Unearned Support and Revenue**

The following is a summary of activity of unearned support and revenue for the years ended August 31, 2024 and 2023:

	2024	2023
Balance, Beginning of Year	\$ 1,313,446	\$ 1,847,351
Increase (Decrease) in Contributions and Grants Deferred	110,583	(176,289)
Increase (Decrease) in Contributions and Grants Due to Release of Deferral	(63,526)	(357,616)
Balance, End of Year	<u><u>\$ 1,360,503</u></u>	<u><u>\$ 1,313,446</u></u>

Note 9 - Compensated Absences

Full-time employees earn annual leave from eight to twelve hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry their accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 160 for those employees with less than five years of service, up to 200 hours for those employees with more than five years but under ten years of service, and up to 240 hours for those employees with more than ten years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The Station recognized the accrued liability for the unpaid annual leave in the amount of approximately \$34,300 and \$50,700 at August 31, 2024 and 2023, respectively. Sick leave, which can be accumulated up to 120 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The College's policy is to recognize the cost of sick leave when utilized by employees.

Note 10 - State Contributions to Benefit Plans

The State of Texas (the State) requires all employees of the College employed for one-half or more of the standard workload to participate in either the Teacher Retirement System of Texas (TRS) or an Optional Retirement Plan (ORP). Both plans provide for retirement income. State law under TRS provides for a member contribution rate of 8.25% and 8.00%, respectively, for fiscal years 2024 and 2023, and a state contribution rate of 8.25% and 8.00%, respectively, for fiscal years 2024 and 2023. Under ORP, the percentage of participant salaries currently contributed by the state is 6.6% for fiscal years 2024 and 2023. The participant contribution rate is 6.65% for both 2024 and 2023. The College contributes 1.31 % for employees who were participating in the ORP prior to September 1, 1995. These contributions made directly by the State on behalf of the College for Station employees are recorded as operating revenues and operating expenses in the accompanying financial statements. State contributions to these plans for Station employees for the years ended August 31, 2024 and 2023 were \$51,237 and \$49,556, respectively. The College implemented GASB 68 during the year ended August 31, 2015. However, the Station's financial statements do not reflect this implementation due to the CPB requirements.

College employees are covered under a State-sponsored health plan. During 2024 and 2023, the State contributed \$89,316 and \$95,514, respectively, to the plan on behalf of the College for Station employees. These contributions are included as operating revenues and operating expenses in the accompanying financial statements. No direct contributions are required by the College. The College implemented GASB 75 during the year ended August 31, 2018. However, the Station's financial statements do not reflect this implementation due to CPB requirements.

For more information regarding these benefit plans, refer to the separate audited financial statements of the College.

KACV-TV**A PUBLIC TELECOMMUNICATIONS OPERATION OF AMARILLO COLLEGE****NOTES TO FINANCIAL STATEMENTS (continued)****Note 11 - Commitments and Contingencies**

The Station receives grants from various sources. These grants are given with certain restrictions placed on their use. Management believes the Station has expended these funds in accordance with the terms of the grants; however, these expenditures are subject to audit by various agencies and may be required to be refunded if found to have been expended inappropriately.

Note 12 - Related Party Transactions

As mentioned in Note 1 the Station is part of Amarillo College (the College). The College provides direct and indirect support to the Station. The direct support to the Station was \$428,675 and \$390,352 in the years ended August 31, 2024 and 2023, respectively. The indirect support to the Station for facilities and administrative support was \$712,140 and \$647,831 in the years ended August 31, 2024 and 2023, respectively.

Note 13 - Subsequent Events

The Station has evaluated for inclusion as a subsequent event disclosure only those events that occurred prior to January 10, 2025, the date the financial statements were available to be issued.