

Financial Statements

FORT WAYNE PUBLIC TELEVISION, INC.

*Years ended September 30, 2023 and 2022
with Independent Auditor's Report*

Fort Wayne Public Television, Inc.

Financial Statements

Years ended September 30, 2023 and 2022

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Independent Auditor's Report

The Board of Directors
Fort Wayne Public Television, Inc.

Opinion

We have audited the accompanying financial statements of Fort Wayne Public Television, Inc. which comprise the statements of financial position as of September 30, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Wayne Public Television, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fort Wayne Public Television, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Wayne Public Television, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fort Wayne Public Television, Inc.'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 Fort Wayne Public Television, Inc.'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.

Haines, Lemberger & Skiba, LLC

October 24, 2023

Fort Wayne Public Television, Inc.

Statements of Financial Position

	September 30	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,558,550	\$ 1,796,120
Accounts receivable, less allowance of \$1,500 in 2023 and 2022	56,747	62,340
Grants and contributions receivable	115,163	111,438
Prepaid expenses	101,496	119,274
Total current assets	1,831,956	2,089,172
Property and equipment:		
Land	19,073	19,073
Buildings and improvements	3,748,999	3,751,221
Tower, transmitters and other equipment	5,436,490	5,473,305
Office equipment	403,961	437,543
Vehicles	81,213	77,213
	9,689,736	9,758,355
Less accumulated depreciation	7,015,091	6,774,199
	2,674,645	2,984,156
Right of use assets—operating	17,005	-
Investments	257,916	97,481
Beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	23,434	20,971
Total assets	\$ 4,804,956	\$ 5,191,780
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 22,072	\$ 203,331
Accrued expenses	139,182	153,667
Lease liability—operating, current portion	5,901	-
Total current liabilities	167,155	356,998
Lease liability—operating, less current portion	11,104	-
Net assets:		
Without donor restriction:		
Undesignated	4,422,685	4,415,641
Board designated	162,370	162,370
	4,585,055	4,578,011
With donor restrictions	41,642	256,771
Total net assets	4,626,697	4,834,782
Total liabilities and net assets	\$ 4,804,956	\$ 5,191,780

See accompanying notes.

Fort Wayne Public Television, Inc.

Statements of Activities and Changes in Net Assets

	Year ended September 30					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets						
Support, revenues and gains:						
Contributions	\$ 993,467	\$ 31,400	\$ 1,024,867	\$ 928,719	\$ 17,500	\$ 946,219
Grants:						
Corporation for Public Broadcasting	883,023	-	883,023	865,789	-	865,789
Indiana Department of Education	400,643	-	400,643	392,452	278,414	670,866
Program and production revenue	370,792	-	370,792	355,878	-	355,878
Contributed goods and services	116,846	-	116,846	113,803	-	113,803
Tower and facility rent	227,410	-	227,410	222,337	-	222,337
Interest income	38,998	-	38,998	1,979	-	1,979
Net investment return	2,234	-	2,234	(4,124)	-	(4,124)
Change in beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	2,463	-	2,463	(3,259)	-	(3,259)
Other	27,679	-	27,679	24,543	-	24,543
Net assets released from restrictions	246,529	(246,529)	-	135,785	(135,785)	-
Total support, revenues and gains	3,310,084	(215,129)	3,094,955	3,033,902	160,129	3,194,031
Expenses:						
Program services:						
Broadcast	445,692	-	445,692	434,809	-	434,809
Production	639,971	-	639,971	647,056	-	647,056
Program information and outreach	138,676	-	138,676	125,025	-	125,025
Programming	919,638	-	919,638	918,816	-	918,816
Studio 39	24,093	-	24,093	14,786	-	14,786
Total program expenses	2,168,070	-	2,168,070	2,140,492	-	2,140,492
Support services:						
Fundraising and development	631,939	-	631,939	575,060	-	575,060
Management and general	503,031	-	503,031	473,471	-	473,471
Total expenses	3,303,040	-	3,303,040	3,189,023	-	3,189,023
Increase (decrease) in net assets	7,044	(215,129)	(208,085)	(155,121)	160,129	5,008
Net assets at beginning of year	4,578,011	256,771	4,834,782	4,733,132	96,642	4,829,774
Net assets at end of year	\$ 4,585,055	\$ 41,642	\$ 4,626,697	\$ 4,578,011	\$ 256,771	\$ 4,834,782

See accompanying notes.

Fort Wayne Public Television, Inc.

Statement of Functional Expenses

Year ended September 30, 2023

	Program Services						Support Services		
	Broadcast	Production	Program Information and Outreach Programming		Studio 39	Total Program Services	Fundraising and Development	Management and General	Total
Personnel costs									
Salaries and wages	\$ 81,767	\$ 298,350	\$ 56,595	\$ 180,378	\$ 12,617	\$ 629,707	\$ 280,869	\$ 231,464	\$ 1,142,040
Payroll taxes	5,388	20,697	3,995	13,160	900	44,140	22,709	16,862	83,711
Insurance—health/life/LTD	6,769	23,984	6,792	17,959	-	55,504	30,433	3,581	89,518
Commissions	-	13,869	-	24,763	1,120	39,752	7,247	-	46,999
Other	2,533	4,398	1,694	3,633	-	12,258	14,625	10,018	36,901
	<u>96,457</u>	<u>361,298</u>	<u>69,076</u>	<u>239,893</u>	<u>14,637</u>	<u>781,361</u>	<u>355,883</u>	<u>261,925</u>	<u>1,399,169</u>
Development and fundraising									
Premium supplies	-	-	-	-	-	-	23,251	-	23,251
Credit card processing fees	-	-	-	-	-	-	20,344	-	20,344
Member cards	-	-	-	-	-	-	5,429	-	5,429
Other	-	-	-	-	-	-	49,755	-	49,755
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,779</u>	<u>-</u>	<u>98,779</u>
Facilities and equipment									
Utilities	70,366	40,196	7,605	8,691	-	126,858	28,246	72,578	227,682
Leased land	6,718	20,712	3,919	4,478	-	35,827	14,555	5,598	55,980
Leased equipment	-	-	-	-	-	-	-	5,172	5,172
Maintenance	21,993	24,257	2,433	22,123	8,913	79,719	25,205	31,019	135,943
	<u>99,077</u>	<u>85,165</u>	<u>13,957</u>	<u>35,292</u>	<u>8,913</u>	<u>242,404</u>	<u>68,006</u>	<u>114,367</u>	<u>424,777</u>
Production costs	-	18,472	-	-	313	18,785	-	-	18,785
Programming									
PBS National Program Service	-	-	-	514,028	-	514,028	-	-	514,028
Programming—other syndication	-	-	-	59,590	-	59,590	-	-	59,590
	<u>-</u>	<u>-</u>	<u>-</u>	<u>573,618</u>	<u>-</u>	<u>573,618</u>	<u>-</u>	<u>-</u>	<u>573,618</u>
Promotion and outreach	-	-	19,678	-	-	19,678	18,304	-	37,982
General and administrative									
Software maintenance/upgrades	15,775	45,616	2,001	14,480	-	77,872	23,951	8,089	109,912
Membership/dues/subscriptions	373	2,105	38	47,332	-	49,848	2,922	30,222	82,992
Liability insurance	-	-	-	-	-	-	-	8,762	8,762
Other	1,966	6,166	29,817	4,913	230	43,092	51,766	75,556	170,414
	<u>18,114</u>	<u>53,887</u>	<u>31,856</u>	<u>66,725</u>	<u>230</u>	<u>170,812</u>	<u>78,639</u>	<u>122,629</u>	<u>372,080</u>
Depreciation	232,044	121,149	4,109	4,110	-	361,412	12,328	4,110	377,850
Total expenses	<u>\$ 445,692</u>	<u>\$ 639,971</u>	<u>\$ 138,676</u>	<u>\$ 919,638</u>	<u>\$ 24,093</u>	<u>\$ 2,168,070</u>	<u>\$ 631,939</u>	<u>\$ 503,031</u>	<u>\$ 3,303,040</u>

See accompanying notes.

Fort Wayne Public Television, Inc.

Statement of Functional Expenses

Year ended September 30, 2022

	Program Services					Support Services			
	Broadcast	Production	Program Information and Outreach	Programming	Studio 39	Total Program Services	Fundraising and Development	Management and General	Total
Personnel costs									
Salaries and wages	\$ 78,860	\$ 273,549	\$ 54,320	\$ 175,296	\$ 7,626	\$ 589,651	\$ 238,310	\$ 241,024	\$ 1,068,985
Payroll taxes	5,236	18,921	3,777	12,964	551	41,449	19,776	16,525	77,750
Insurance—health/life/LTD	5,491	27,318	5,963	15,861	-	54,633	26,165	40,801	121,599
Commissions	-	11,980	-	32,221	1,827	46,028	9,493	-	55,521
Other	2,521	5,238	1,719	7,709	-	17,187	12,963	7,435	37,585
	92,108	337,006	65,779	244,051	10,004	748,948	306,707	305,785	1,361,440
Development and fundraising									
Premium supplies	-	-	-	-	-	-	21,165	-	21,165
Credit card processing fees	-	-	-	-	-	-	22,418	-	22,418
Member cards	-	-	-	-	-	-	5,155	-	5,155
Other	-	-	-	-	-	-	49,104	-	49,104
	-	-	-	-	-	-	97,842	-	97,842
Facilities and equipment									
Utilities	67,965	42,283	7,999	9,142	-	127,389	29,712	58,741	215,842
Leased land	6,718	20,712	3,919	4,478	-	35,827	14,555	5,598	55,980
Leased equipment	-	-	-	-	-	-	-	-	-
Maintenance	30,817	29,271	3,961	20,146	3,160	87,355	19,274	13,330	119,959
	105,500	92,266	15,879	33,766	3,160	250,571	63,541	77,669	391,781
Production costs	-	7,970	-	-	1,232	9,202	-	-	9,202
Programming									
PBS National Program Service	-	-	-	535,537	-	535,537	-	-	535,537
Programming—other syndication	-	-	-	43,958	-	43,958	-	-	43,958
	-	-	-	579,495	-	579,495	-	-	579,495
Promotion and outreach	-	-	11,849	-	-	11,849	30,695	-	42,544
TV broadcaster relocation	-	-	-	-	-	-	-	630	630
General and administrative									
Software maintenance/upgrades	14,423	51,513	1,955	16,154	-	84,045	19,391	4,570	108,006
Membership/dues/subscriptions	156	2,538	166	38,466	-	41,326	4,617	26,234	72,177
Liability insurance	-	-	-	-	-	-	-	8,000	8,000
Other	7,113	14,109	25,462	2,949	390	50,023	40,463	46,648	137,134
	21,692	68,160	27,583	57,569	390	175,394	64,471	85,452	325,317
Depreciation	215,509	141,654	3,935	3,935	-	365,033	11,804	3,935	380,772
Total expenses	\$ 434,809	\$ 647,056	\$ 125,025	\$ 918,816	\$ 14,786	\$ 2,140,492	\$ 575,060	\$ 473,471	\$ 3,189,023

See accompanying notes.

Fort Wayne Public Television, Inc.

Statements of Cash Flows

	Year ended September 30	
	2023	2022
Operating activities		
Increase (decrease) in net assets	\$ (208,085)	\$ 5,008
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	377,850	380,772
Net realized and unrealized (gain) loss on investments	(2,092)	1,971
Loss on disposal of property and equipment	2,297	14,502
Change in value of beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	(2,463)	3,259
Changes in operating assets and liabilities:		
Accounts receivable	5,593	62,430
Grants and contributions receivable	(3,725)	43,594
Prepaid expenses	17,778	(32,663)
Accounts payable	(181,259)	180,640
Accrued expenses	(14,485)	22,251
Net cash provided by (used in) operating activities	(8,591)	681,764
Investing activities		
Purchases of investments	(157,926)	(64,733)
Proceeds from sale and maturities of investments	-	64,733
Purchases of property and equipment	(70,636)	(331,151)
Proceeds from sale of property and equipment	-	1,800
Net cash used in investing activities	(228,562)	(329,351)
Increase (decrease) in cash and cash equivalents	(237,153)	352,413
Cash and cash equivalents at beginning of year	1,796,120	1,443,707
Cash and cash equivalents at end of year	\$ 1,558,967	\$ 1,796,120

See accompanying notes.

Fort Wayne Public Television, Inc.

Notes to Financial Statements

September 30, 2023

1. Organization

For nearly 50 years, Fort Wayne Public Television, Inc. (PBS Fort Wayne) has been the only public television station in northeast Indiana and remains the only locally owned and operated full power television service in the region. Digital technology provides PBS Fort Wayne the ability to align its mission with programming across five broadcast channels that reach more than 800,000 persons in 11 northeast Indiana and three northwest Ohio counties. This highly rural area includes 6.8 percent of persons who live below the poverty level. To its varied audiences, PBS Fort Wayne is a free, over the air broadcast service, including closed captioning broadcasts for the hearing impaired, descriptive video service for the sight impaired and carriage of Allen County Public Library's Audio Reading service on a secondary audio channel of PBS Fort Wayne Explore (39-4).

In addition to the station's main HD channel (39-1), viewers can receive PBS Fort Wayne Kids (39-2), a 24-hour free service dedicated to quality, non-commercial, educational children's programming. Beyond broadcast, PBS Fort Wayne Kids streams live online for children and families to watch on a variety of devices over the free PBS Fort Wayne mobile app. PBS Fort Wayne Create (39-3) offers a national schedule of "How To..." and travel programs. PBS Fort Wayne Explore (39-4) airs local and Indiana-centric programs, international news, public affairs and the best of PBS Fort Wayne. PBS Fort Wayne WX (39.5) provides continuous near real-time (within 30-seconds) National Weather Service Doppler weather radar, weather warnings and NWS audio.

PBS Fort Wayne is a 501(c)(3), non-profit, tax-exempt organization chartered by the state of Indiana and licensed by the Federal Communications Commission (FCC) to operate as a non-commercial educational public television station. PBS Fort Wayne *enriches the community through engaging content* (mission statement). As a trusted community partner, PBS Fort Wayne will be a primary focal point for the advancement of arts and culture, history, education, and quality of life that creates *a curious, inspired, and engaged community* (vision statement).

PBS Fort Wayne is organized as a community licensee and is governed by a 23-member board of directors. An 11-member community advisory board meets quarterly. PBS Fort Wayne is staffed by 21 full-time and 14 part-time employees. The station has a budget of \$3.3 million, of which 67 percent is provided through community support (including more than 5,000 donors). PBS FW is a member of the Public Broadcasting Service, the Indiana Broadcasters Association, Indiana Public Broadcasting Stations, and Greater Fort Wayne. Station information, videos and streaming are available through PBS Fort Wayne's website, pbsfortwayne.org.

PBS Fort Wayne is a community collaborator, partnering with area organizations to create new opportunities for sharing cultural performances and civic engagement experiences with regional

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

1. Organization (continued)

audiences. Meeting the broad range of needs and interests of the community is the heart of PBS Fort Wayne's mission. Public service is achieved, and public trust is earned as PBS Fort Wayne continues to deliver significant programming and services and as the community values the station for its responsiveness and relevance.

PBS Fort Wayne is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contributions deduction. PBS Fort Wayne has been classified as an organization that is not a private foundation under the provisions of Section 509(a)(1) of the Internal Revenue Code. PBS Fort Wayne is also exempt from state income taxes.

PBS Fort Wayne provides liabilities for uncertain income tax positions when a liability is probable and estimable. Management believes that it has appropriate support for any tax positions it has taken or expects to take and as such, does not have any uncertain tax positions that should be recognized, measured or disclosed in the financial statements. Management also believes PBS Fort Wayne is no longer subject to examination by tax authorities for years prior to September 30, 2020.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

All highly liquid investments with a maturity of nine months or less when purchased are considered to be cash equivalents. All cash and cash equivalents are held at local financial institutions. PBS Fort Wayne periodically has cash and cash equivalents in excess of federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount billed to underwriters and other supporters. PBS Fort Wayne provides an allowance for doubtful accounts for estimated losses in the collection of accounts receivable which is based on an analysis of outstanding receivables, taking into consideration the age of past due accounts, an assessment of the customer's ability to pay and historical collection information. When specific accounts are deemed uncollectible, in whole or in part, such amounts are removed from the accounts although collection efforts may continue.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Costs Incurred for Programs Not Yet Broadcast

Costs incurred for programs not yet broadcast relate to programs produced and purchased by PBS Fort Wayne that will be broadcast in subsequent periods. These costs are included in prepaid expenses and were \$19,024 and \$35,984 at September 30, 2023 and 2022, respectively.

Property and Equipment

Property and equipment are stated at cost or if donated, at fair market value at date of donation, except for property and equipment that have been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired property or equipment assets as of September 30, 2023 or 2022. Items which cost \$1,000 or more and have a useful life of one year or more are capitalized. Depreciation is computed by the straight-line method over the following estimated useful lives:

Buildings and improvements	5 – 39 years
Tower, transmitters and other equipment	3 – 30 years
Office equipment	5 – 7 years
Vehicles	5 years

Expenses for normal repairs and maintenance are expensed as incurred.

Leases

PBS Fort Wayne determines if an arrangement is a lease at contract inception. Arrangements that are leases with an initial term of 12 months or less are not recorded in the statement of financial position, and PBS Fort Wayne recognizes lease expense on a straight-line basis over the lease term. PBS Fort Wayne has elected to not separate lease and non-lease components for all leases; rather, lease and non-lease components are accounted for as a single combined lease component. If leased assets have leasehold improvements, the depreciable life of those leasehold improvements are limited by the expected lease term.

If provided, PBS Fort Wayne uses the implicit discount rate in its lease agreements in determining the present value of the lease payments. If not provided in the lease agreement, PBS Fort Wayne uses a risk-free rate at the lease commencement date.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, PBS Fort Wayne's investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investments expenses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See *Note 4* for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Net realized and unrealized investment gains or losses are determined by comparison of asset cost, using the specific identification method, to net proceeds received at the time of sale and changes in the difference between market values and cost, respectively.

PBS Fort Wayne's investment portfolio consists of a diverse mix of investments, without concentration of risk by type, industry or geographic area, which are managed by professional investment managers in compliance with the investment policy established by the Board of Directors. Investments are exposed to various risks, such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments may occur in the near term and that such changes could materially affect account balances.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions—Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Net Assets With Donor Restrictions—Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been filled or both.

Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor-restricted. During the year ended September 30, 2016, the Board of Directors initiated a program to accumulate funds to be used for future information technology needs. These funds have been included in Board Designated net assets without donor restrictions on the statement of financial position.

Contributions and Grants and Contributions Receivable

Contributions, including grants, are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Grants and contributions receivable represent unconditional and legally enforceable promises to give and are recorded at the present value of future cash flows. PBS Fort Wayne uses the allowance method to determine uncollectible grants and contributions receivable. The allowance for uncollectible receivables is based on historical collection experience and management's analysis of specific receivables.

Contributions of assets other than cash are recorded at their fair market value. Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Contributions and Grants and Contributions Receivable (continued)

PBS Fort Wayne generally utilizes donated non-financial assets and services in its programs. The fair market value is determined through appraisal or comparison of similar assets and services. During the years ended September 30, 2023 and 2022, the fair market value of contributed goods and services recognized as revenue and expense in the accompanying statements of activities and changes in net assets were as follows:

	Year ended September 30	
	2023	2022
Land lease	\$ 55,980	\$ 55,980
Program underwriting	52,178	42,124
Kids Club	5,000	10,000
Other	3,688	5,699
	<u>\$ 116,846</u>	<u>\$ 113,803</u>

Program and Production Revenue

Revenue for program underwriting is recognized on a pro-rata basis over the period the programming is broadcast. Production revenue is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. PBS Fort Wayne recognizes production revenue when it satisfies a performance obligation. Performance obligations are generally satisfied over time, using an input model.

Use of Estimates

Preparation of the 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 in the financial statements and accompanying notes. Actual results could differ from those estimates.

Advertising Expenses

Advertising costs are charged to operations when incurred. Advertising costs were \$9,705 and \$11,992 for the years ended September 30, 2023 and 2022, respectively.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

PBS Fort Wayne's major sources of recurring operating revenue are the Corporation for Public Broadcasting and the Indiana Department of Education. Revenue from the Corporation for Public Broadcasting was 28 percent and 27 percent of revenue during the years ended September 30, 2023 and 2022, respectively. Revenue from the Indiana Department of Education was 13 percent of revenue and 21 percent of revenue during the years ended September 30, 2023 and 2022, respectively. Other significant sources of revenue include foundations and individual viewers.

Functional Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of activities and changes in net assets. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, office and other expenses, which are allocated on the basis of estimates of time and effort.

Recently Adopted Accounting Standard

In February 2016, Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), to require a lessee to recognize a right-of-use asset and a lease liability for both operating and finance leases. PBS Fort Wayne adopted ASU 2016-02 and its related amendments effective October 1, 2022. As part of the implementation process, PBS Fort Wayne elected the package of practical expedients. The cumulative effect of initially applying the new standard resulted in the addition of \$22,227 of right of use assets and lease liabilities. There was no cumulative effect adjustment to the opening balance of net assets required.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	September 30	
	2023	2022
Cash and cash equivalents	\$ 1,567,088	\$ 1,796,120
Accounts receivable	56,747	62,340
Grants and contributions receivable	115,163	111,438
Investments	257,499	97,481
Beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	23,434	20,971
Financial assets at year-end	2,019,931	2,088,350
Less board-designated funds for future technology needs	(171,151)	(162,370)
Less donor-imposed restrictions and board-designated funds for endowment	(23,434)	(20,971)
Less donor-imposed restrictions for specific purposes	(28,015)	(243,144)
Financial assets available to meet general expenditure within one year	\$ 1,797,331	\$ 1,661,865

PBS Fort Wayne manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that obligations will be discharged. As part of PBS Fort Wayne’s liquidity management plan, excess cash is invested in short-term investments, including certificates of deposit.

PBS Fort Wayne receives grants from the Corporation for Public Broadcasting and the Indiana Department of Education, contributions from donors, program and production revenue and rental income which are available to help meet its cash needs for general expenditures.

Additionally, PBS Fort Wayne has two lines of credit of \$500,000 and \$200,000, respectively, available to meet short-term needs. See *Note 7* for information about this arrangement.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

4. Fair Value Measurements

FASB ASC Topic 820 (ASC 820), *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that PBS Fort Wayne has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023 and 2022.

Money market fund: Valued at quoted market prices in an exchange and active market, which represent the net asset values (NAV) of shares held by PBS Fort Wayne at year-end.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

U.S. Treasury notes and corporate and other bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

Beneficial interest in funds held by community foundation: Valued based upon PBS Fort Wayne's proportionate share of the community foundation's pooled investment portfolios, as reported by the community foundation at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while PBS Fort Wayne believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, PBS Fort Wayne's investments at fair value as of September 30, 2023 and 2022:

	Investments at Fair Value as of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 24,612	\$ -	\$ -	\$ 24,612
Common stocks	11,326	-	-	11,326
U.S. Treasury Notes	-	148,958	-	148,958
Corporate and other bonds	-	73,020	-	73,020
Total investments at fair value	35,938	221,978	-	257,916
Beneficial interest in funds held by community foundation	-	23,434	-	23,434
Total assets at fair value	\$ 35,938	\$ 245,412	\$ -	\$ 281,350

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

	Investments at Fair Value as of September 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 22,738	\$ -	\$ -	\$ 22,738
Common stock	11,723	-	-	11,723
Corporate and other bonds	-	63,020	-	63,020
Total investments at fair value	34,461	63,020	-	97,481
Beneficial interest in funds held by community foundation	-	20,971	-	20,971
Total assets at fair value	\$ 34,461	\$ 83,991	\$ -	\$ 118,452

**5. Beneficial Interest in Funds Held by the
Community Foundation of Greater Fort Wayne Inc.**

The beneficial interest in the funds held and invested by the Community Foundation of Greater Fort Wayne Inc. (Community Foundation) of \$23,434 and \$20,971 at September 30, 2023 and 2022, respectively, is the result of an agreement whereby PBS Fort Wayne has transferred assets to the Community Foundation and has specified itself as the beneficiary of the assets. The beneficial interest in funds held by the Community Foundation is valued at the fair market value of the underlying investments as reported by the Community Foundation at year-end.

Additionally, the Community Foundation holds investment assets with a value of \$26,441 and \$23,195 at September 30, 2023 and 2022, respectively, for the benefit of PBS Fort Wayne. PBS Fort Wayne is precluded from recognizing these assets held by the Community Foundation because the donors explicitly granted variance power to the Community Foundation. Accordingly, PBS Fort Wayne only recognizes annual grants by the Community Foundation from these funds as contributions.

6. Endowment Funds

ASC 958, *Not-for-Profit Entities*, requires certain net asset classification changes for institutional endowment funds under Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Indiana General Assembly has adopted UPMIFA. PBS Fort Wayne may hold donor

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

6. Endowment Funds (continued)

restricted endowment funds where the gift instrument clearly stipulates that it is not to spend the principal or some other portion of the gift, in which case such gift instrument will supersede PBS Fort Wayne's ability to spend the whole fund. PBS Fort Wayne's endowment consists of an individual donor-restricted endowment fund.

Endowment

PBS Fort Wayne has interpreted the Indiana UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, PBS Fort Wayne retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by PBS Fort Wayne in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, PBS Fort Wayne considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of PBS Fort Wayne and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation (depreciation) of investments.
- Other resources of PBS Fort Wayne.
- The investment policies of PBS Fort Wayne.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

6. Endowment Funds (continued)

Endowment (continued)

Endowment net asset composition by type of fund as of September 30, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 9,807	\$ 13,627	\$ 23,434

Changes in endowment net assets for the year ended September 30, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds at beginning of year	\$ 7,344	\$ 13,627	\$ 20,971
Net investment return	2,463	-	2,463
Endowment funds at end of year	\$ 9,807	\$ 13,627	\$ 23,434

Endowment net asset composition by type of fund as of September 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 7,344	\$ 13,627	\$ 20,971

Changes in endowment net assets for the year ended September 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds at beginning of year	\$ 10,603	\$ 13,627	\$ 24,230
Net investment return	(3,259)	-	(3,259)
Endowment funds at end of year	\$ 7,344	\$ 13,627	\$ 20,971

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

6. Endowment Funds (continued)

Endowment (continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). PBS Fort Wayne has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At September 30, 2023 and 2022, there were no deficiencies in donor restricted endowment funds.

Investment and Spending Policies

PBS Fort Wayne has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total return through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

PBS Fort Wayne uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate is determined and adjusted from time to time by the Board of Directors. In establishing this policy, PBS Fort Wayne considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

7. Debt Arrangements

Pursuant to a line of credit arrangement with a bank, PBS Fort Wayne may borrow up to \$200,000, subject to certain terms and conditions. The line of credit arrangement expires on April 1, 2024. Interest is payable monthly at the bank's prime rate plus 0.75 percent (9.25 percent at September 30, 2023). There were no borrowings pursuant to this line of credit arrangement at September 30, 2023 and 2022.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

7. Debt Arrangements (continued)

Pursuant to a second revolving line of credit arrangement with a bank, PBS Fort Wayne may borrow up to \$500,000, subject to certain terms and conditions. The line of credit arrangement expires on April 1, 2024. Interest is payable monthly at the bank’s prime rate plus 0.75 percent (9.25 percent at September 30, 2023). There were no borrowings pursuant to this line of credit arrangement at September 30, 2023 and 2022.

Substantially all of PBS Fort Wayne’s receivables, equipment and certain other assets are pledged as collateral pursuant to the terms of the loan agreements.

8. Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods:

	September 30	
	2023	2022
Subject to expenditure for specified purpose:		
Empowering Community Connections	\$ 28,015	\$ 28,015
Collaboration with Fort Wayne Ballet	-	55,000
ATSC 3.0	-	142,629
National broadcasts	-	17,500
	<u>28,015</u>	<u>243,144</u>
Subject to PBS Fort Wayne endowment spending policy and appropriation—Any activity of PBS Fort Wayne	<u>13,627</u>	<u>13,627</u>
	<u>\$ 41,642</u>	<u>\$ 256,771</u>

9. Employee Benefit Plan

PBS Fort Wayne maintains a defined contribution benefit plan for the benefit of eligible employees. The plan allows for discretionary employer matching contributions. PBS Fort Wayne’s contributions to the plan were \$21,992 and \$22,066 for the year ended September 30, 2023 and 2022, respectively.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

10. Leases

PBS Fort Wayne leases land on the campus of Purdue University Fort Wayne pursuant to an operating lease which expires on October 1, 2051. Pursuant to the lease agreement, annual rent is \$1. The fair market value of the lease was \$55,980 for the years ended September 30, 2023 and 2022, respectively and was recorded as contributed goods and services. PBS Fort Wayne leases office equipment pursuant to an operating lease that expires in 2026. Total lease expense was \$61,152 and \$61,992 for the years ended September 30, 2023 and 2022, respectively.

Undiscounted cash flows as of June 30, 2023 pursuant to finance and operating leases that have initial or remaining noncancelable terms in excess of one year were as follows:

Year ended September 30, 2024	\$ 6,012
Year ended September 30, 2025	6,012
Year ended September 30, 2026	6,012
Total minimum payments	18,036
Impact of present value discount	1,031
Lease liability	17,005
Less current portion	5,901
	\$ 11,104

The weighted-average remaining lease terms and discount rates as of September 30, 2023 were as follows:

Weighted-average term (years)	3
Weighted-average discount rate	4.09%

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

11. Facility and Tower Leases

PBS Fort Wayne leases space on its tower and in its former facility pursuant to operating leases which expire at various dates through 2032. Future minimum lease receipts as of September 30, 2023 pursuant to operating leases that have initial or remaining noncancelable terms in excess of one year are as follows:

Year ended September 30, 2024	\$ 104,528
Year ended September 30, 2025	107,084
Year ended September 30, 2026	109,716
Year ended September 30, 2027	112,427
Year ended September 30, 2028	115,219
Thereafter	484,066
Total minimum payments	<u>\$ 1,033,040</u>

12. Related Party Transactions

Certain members of the Board of Directors are employed by companies that provide services to PBS Fort Wayne. The fees paid to these companies were based on customary and reasonable rates for such services.

13. Subsequent Events

Management has evaluated subsequent events through October 24, 2023, the date on which the financial statements were available to be issued.