

Report of Independent Auditors and
Financial Statements

Channel 5 Public Broadcasting, Inc.

September 30, 2025 and 2024



Table of Contents

	Page
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

Report of Independent Auditors

The Board of Trustees
Channel 5 Public Broadcasting, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Channel 5 Public Broadcasting, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization'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 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Baker Tilly US, LLP

Portland, Oregon
February 3, 2026

Financial Statements

Channel 5 Public Broadcasting, Inc.
Statements of Financial Position
September 30, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,145,483	\$ 1,215,635
Investments	11,049,224	8,004,212
Accounts receivable, net	37,078	80,662
Prepaid expenses and other assets	198,772	178,717
Total current assets	12,430,557	9,479,226
LONG-TERM ASSETS		
Property and equipment, net	2,936,439	2,541,997
Operating lease right-of-use asset	697,517	680,263
Beneficial interest in assets held by community foundation	22,268	17,716
Total long-term assets	3,656,224	3,239,976
Total assets	\$ 16,086,781	\$ 12,719,202
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 201,852	\$ 225,285
Accrued payroll expenses	238,987	193,771
Current portion of operating lease liability	32,210	31,650
Deferred revenue and refundable advances	64,086	860,637
Total current liabilities	537,135	1,311,343
LONG-TERM PORTION OF OPERATING LEASE LIABILITY, net	705,736	676,682
NET ASSETS		
Without donor restrictions		
Undesignated	3,794,686	2,726,965
Board-designated endowment	9,644,082	6,542,628
Total net assets without donor restrictions	13,438,768	9,269,593
With donor restrictions		
Perpetual in nature	1,405,142	1,461,584
Total net assets with donor restrictions	1,405,142	1,461,584
Total net assets	14,843,910	10,731,177
Total liabilities and net assets	\$ 16,086,781	\$ 12,719,202

See accompanying notes.

Channel 5 Public Broadcasting, Inc.
Statement of Activities
Year Ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, GAINS, AND LOSSES			
Federal funding	\$ 1,437,735	\$ -	\$ 1,437,735
Local and state funding	460,809	-	460,809
Foundations/private grants	1,928,385	-	1,928,385
Corporate support	338,483	-	338,483
Individual giving			
Membership	1,838,074	-	1,838,074
Silver Circle	1,816,522	-	1,816,522
Education, local production, and underwriting	2,312,055		2,312,055
Special events revenue, net of expenses			
totaling \$149,393	241,846	-	241,846
Investment gain, net	838,839	209,710	1,048,549
Other income	26,143	-	26,143
Contributed nonfinancial assets	364,177	-	364,177
Net assets released from restrictions	266,152	(266,152)	-
	<u>11,869,220</u>	<u>(56,442)</u>	<u>11,812,778</u>
EXPENSES			
Program services			
Broadcasting	1,098,211	-	1,098,211
Education and outreach	897,377	-	897,377
Production	965,734	-	965,734
Programming	1,303,617	-	1,303,617
	<u>4,264,939</u>	<u>-</u>	<u>4,264,939</u>
Supporting services			
General and administration	1,130,313	-	1,130,313
Marketing	850,541	-	850,541
Fundraising	1,454,252	-	1,454,252
	<u>3,435,106</u>	<u>-</u>	<u>3,435,106</u>
	<u>7,700,045</u>	<u>-</u>	<u>7,700,045</u>
CHANGE IN NET ASSETS	4,169,175	(56,442)	4,112,733
NET ASSETS, beginning of year	<u>9,269,593</u>	<u>1,461,584</u>	<u>10,731,177</u>
NET ASSETS, end of year	<u>\$ 13,438,768</u>	<u>\$ 1,405,142</u>	<u>\$ 14,843,910</u>

See accompanying notes.

Channel 5 Public Broadcasting, Inc.
Statement of Activities
Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Federal funding	\$ 1,442,524	\$ -	\$ 1,442,524
Local and state funding	383,911	-	383,911
Foundations/private grants	1,270,002	-	1,270,002
Corporate support	455,874	-	455,874
Individual giving			
Membership	1,607,923	-	1,607,923
Silver Circle	793,842	-	793,842
Education, local production, and underwriting	384,644	50,000	434,644
Special events revenue, net of expenses totaling \$92,325	297,645	-	297,645
Investment gain, net	1,361,084	290,045	1,651,129
Loss on sale of land held for sale	(249,000)		(249,000)
Other loss	10,700	-	10,700
Contributed nonfinancial assets	405,854	-	405,854
Net assets released from restrictions	-	-	-
	<u>8,165,003</u>	<u>340,045</u>	<u>8,505,048</u>
EXPENSES			
Program services			
Broadcasting	1,134,549	-	1,134,549
Education and outreach	857,341	-	857,341
Production	836,373	-	836,373
Programming	1,306,522	-	1,306,522
	<u>4,134,785</u>	<u>-</u>	<u>4,134,785</u>
Supporting services			
General and administration	1,031,511	-	1,031,511
Marketing	878,416	-	878,416
Fundraising	1,437,358	-	1,437,358
	<u>3,347,285</u>	<u>-</u>	<u>3,347,285</u>
	<u>7,482,070</u>	<u>-</u>	<u>7,482,070</u>
CHANGE IN NET ASSETS	682,933	340,045	1,022,978
NET ASSETS, beginning of year	<u>8,586,660</u>	<u>1,121,539</u>	<u>9,708,199</u>
NET ASSETS, end of year	<u>\$ 9,269,593</u>	<u>\$ 1,461,584</u>	<u>\$ 10,731,177</u>

See accompanying notes.

Channel 5 Public Broadcasting, Inc.
Statement of Functional Expenses
Year Ended September 30, 2025

	Broadcasting	Education and Outreach	Production	Programming	Total Program Services	General and Administration	Marketing	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 348,493	\$ 285,225	\$ 681,164	\$ 160,387	\$ 1,475,269	\$ 420,542	\$ 217,158	\$ 651,621	\$ 1,289,321	\$ 2,764,590
Employee benefits	46,075	19,361	66,434	15,509	147,379	36,129	31,323	49,393	116,845	264,224
Payroll taxes and expenses	26,132	21,866	41,941	12,054	101,993	29,597	15,538	64,207	109,342	211,335
Total salaries and related expenses	420,700	326,452	789,539	187,950	1,724,641	486,268	264,019	765,221	1,515,508	3,240,149
Professional services	201,196	308,028	31,812	49,021	590,057	191,313	33,003	535,340	759,656	1,349,713
Program rights	-	-	-	1,000,165	1,000,165	-	-	-	-	1,000,165
Advertising and marketing	-	469	-	-	469	-	349,038	-	349,038	349,507
Depreciation and amortization	152,699	-	70,356	-	223,055	112,319	8,599	-	120,918	343,973
Supplies	4,615	243,911	3,469	-	251,995	33,499	12,458	680	46,637	298,632
Printing and publications	-	682	15	60	757	35	168,789	1,890	170,714	171,471
Insurance	-	-	-	-	-	144,416	-	-	144,416	144,416
Facilities and occupancy	123,023	-	-	-	123,023	176	-	-	176	123,199
Computer and equipment maintenance	73,946	-	621	17,593	92,160	20,529	-	-	20,529	112,689
Rent and lease expense	97,237	9,198	-	-	106,435	-	-	-	-	106,435
Employee welfare and professional development	5,148	1,388	23,004	2,476	32,016	42,882	5,901	22,260	71,043	103,059
Donor relations	-	1,615	14,545	-	16,160	14,056	2,643	63,655	80,354	96,514
Dues and subscriptions	11,122	160	19,287	741	31,310	52,447	2,071	2,139	56,657	87,967
Bank and service charges	-	-	-	-	-	15,841	-	51,818	67,659	67,659
Program services	-	-	-	45,600	45,600	-	-	-	-	45,600
Travel	2,842	2,550	12,031	-	17,423	2,737	37	1,850	4,624	22,047
Miscellaneous	5,428	155	174	-	5,757	12,142	-	-	12,142	17,899
Postage	-	2,650	49	11	2,710	426	73	9,017	9,516	12,226
Freight/shipping	255	119	-	-	374	592	3,910	382	4,884	5,258
Production services	-	-	832	-	832	-	-	-	-	832
Board expenses	-	-	-	-	-	635	-	-	635	635
Total expenses by function	\$ 1,098,211	\$ 897,377	\$ 965,734	\$ 1,303,617	\$ 4,264,939	\$ 1,130,313	\$ 850,541	\$ 1,454,252	\$ 3,435,106	\$ 7,700,045

See accompanying notes.

Channel 5 Public Broadcasting, Inc.
Statement of Functional Expenses
Year Ended September 30, 2024

	Broadcasting	Education and Outreach	Production	Programming	Total Program Services	General and Administration	Marketing	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 374,381	\$ 266,409	\$ 576,777	\$ 161,822	\$ 1,379,389	\$ 388,299	\$ 227,983	\$ 676,352	\$ 1,292,634	\$ 2,672,023
Employee benefits	38,133	26,510	47,703	14,597	126,943	19,402	28,302	57,521	105,225	232,168
Payroll taxes and expenses	27,421	20,021	43,747	12,280	103,469	26,419	16,724	47,542	90,685	194,154
Total salaries and related expenses	439,935	312,940	668,227	188,699	1,609,801	434,120	273,009	781,415	1,488,544	3,098,345
Professional services	184,593	311,237	33,994	49,191	579,015	167,211	30,359	469,530	667,100	1,246,115
Program rights	-	-	-	1,007,088	1,007,088	-	-	-	-	1,007,088
Advertising and marketing	-	-	-	-	-	-	387,138	-	387,138	387,138
Depreciation and amortization	137,813	-	77,867	-	215,680	104,863	8,599	-	113,462	329,142
Supplies	3,069	209,098	1,515	-	213,682	36,255	18,828	1,198	56,281	269,963
Printing and publications	-	1,312	-	-	1,312	-	151,970	1,332	153,302	154,614
Insurance	-	-	-	-	-	121,317	-	15	121,332	121,332
Facilities and occupancy	131,778	-	-	-	131,778	-	-	-	-	131,778
Computer and equipment maintenance	88,993	-	89	16,051	105,133	22,718	-	1,459	24,177	129,310
Rent and lease expense	108,555	7,102	-	-	115,657	-	-	-	-	115,657
Employee welfare and professional development	4,351	893	10,911	1,200	17,355	39,233	3,334	29,949	72,516	89,871
Donor relations	-	6,052	19,689	-	25,741	13,302	1,163	82,422	96,887	122,628
Dues and subscriptions	23,498	160	17,388	770	41,816	61,467	289	2,316	64,072	105,888
Bank and service charges	-	-	-	-	-	15,470	-	54,550	70,020	70,020
Program services	-	-	-	43,500	43,500	-	-	-	-	43,500
Travel	2,815	7,227	5,970	-	16,012	2,105	-	3,928	6,033	22,045
Miscellaneous	7,934	-	700	-	8,634	10,255	60	151	10,466	19,100
Postage	1,105	1,320	23	23	2,471	702	68	7,453	8,223	10,694
Freight/shipping	110	-	-	-	110	1,242	3,599	1,640	6,481	6,591
Board expenses	-	-	-	-	-	1,251	-	-	1,251	1,251
Total expenses by function	\$ 1,134,549	\$ 857,341	\$ 836,373	\$ 1,306,522	\$ 4,134,785	\$ 1,031,511	\$ 878,416	\$ 1,437,358	\$ 3,347,285	\$ 7,482,070

See accompanying notes.

Channel 5 Public Broadcasting, Inc.
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,112,733	\$ 1,022,978
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation and amortization	343,973	329,142
Change in value of beneficial interest held by community foundation	(4,552)	-
Investment return	(1,048,549)	(1,651,129)
Loss on disposal of land held for sale	-	249,000
Loss on disposal of property and equipment	896	-
Non-cash lease expense	12,360	12,857
Changes in assets and liabilities		
Accounts receivable	43,584	(38,676)
Prepaid expenses and other assets	(20,055)	30,561
Accounts payable	(23,433)	(16,210)
Accrued payroll expenses	45,216	22,798
Deferred revenue and refundable advances	(796,551)	812,168
Net cash from operating activities	2,665,622	773,489
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(739,311)	(486,346)
Proceeds from sale of land held for sale	-	110,000
Purchases of investments	(2,767,767)	(2,240,258)
Proceeds from sale of investments	771,304	2,211,010
Net cash from (used in) investing activities	(2,735,774)	(405,594)
Net change in cash and cash equivalents	(70,152)	367,895
CASH AND CASH EQUIVALENTS, beginning of year	1,215,635	847,740
CASH AND CASH EQUIVALENTS, end of year	\$ 1,145,483	\$ 1,215,635
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Operating lease right-of-use assets arising from recognition of operating lease liabilities	\$ 69,388	\$ -

See accompanying notes.

Channel 5 Public Broadcasting, Inc.

Notes to Financial Statements

Note 1 – Organization and Nature of Operations

Channel 5 Public Broadcasting, Inc. (PBS Reno or the Organization) is a nonprofit corporation organized on January 15, 1981 under the laws of the State of Nevada to operate a public television station in Reno, Nevada. PBS Reno is supported through individual giving, federal funding, corporate support, foundations and private grants, production services and special events.

The following describes the nature of PBS Reno's program and supporting services:

Broadcasting – PBS Reno's mission is to entertain your curiosity.

Education and outreach – PBS Reno's education and outreach activities extend the value of programming into the classroom and the community. Professional development for teachers, media literacy workshops for parents, events for children and opportunities for adults to discuss important issues ensure that program services are not confined to a broadcast schedule.

Production – PBS Reno's local production tells the stories of northern Nevada communities through all public service media.

Programming – Programming is PBS Reno's core business and is the foundation on which all other station activities rest. The programming is designed to appeal to a diverse audience, with content ranging from drama, the arts, news, public affairs, history, culture and science.

General and administration – Administration expenses include functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination of PBS Reno's programs and manage the Organization's financial and budgetary responsibilities.

Marketing – PBS Reno's marketing efforts provide area outreach to highlight all of their activities and to showcase the PBS Reno brand.

Fundraising – PBS Reno's development staff manages a variety of fundraising activities which combine to keep the station financially sound. This diversity of funding sources supports all aspects of PBS Reno's services, from production and programming to education and outreach.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which is consistent with the Financial Reporting Guidelines Supplemental Guide issued by the Corporation for Public Broadcasting.

Financial statement presentation – 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 restrictions. PBS Reno's Board has designated the use of various contributions for their discretion. The funds are used to meet operating and capital needs.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of PBS Reno and/or the passage of time. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed stipulations which must be maintained in perpetuity by PBS Reno. Generally, the donors of these assets permit the use of all, or part of the income earned on any related investments for general or specific purposes.

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

Cash and cash equivalents – All cash and highly liquid investments with original maturities of three months or less are considered cash and cash equivalents.

Accounts receivable – Accounts receivable are unsecured and consist primarily of noninterest-bearing amounts due for uplinks and underwriting and are recorded net of the allowance for credit losses. PBS Reno recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and future events based on its expectation as of the statements of financial position date. Accounts are charged off when all collection efforts have been exhausted. PBS Reno pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, PBS Reno measures those receivables individually. PBS Reno also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change. Accounts receivable are reported on the statements of financial position net of the allowance for credit losses of \$7,000 at each of the years ended September 30, 2025 and 2024.

Investments – PBS Reno records investment purchases at cost on the date of purchase, or if donated, at estimated fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return or loss is reported in the statements of activities and consists of interest and dividend income and realized and unrealized gains and losses, less external and direct internal investment expenses.

Prepaid expenses and other assets – Prepaid expenses and other assets consist of expenses paid in advance but not yet incurred and inventory of program-related merchandise held for sale. Inventory is stated at the lower of cost or net realizable value, determined by the first-in, first-out method. No allowance for inventory obsolescence was considered necessary at September 30, 2025 and 2024.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

Property and equipment – Property and equipment additions greater than \$2,500 are recorded at cost, or if donated, at estimated fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed when incurred. The estimated useful lives by asset classification are as follows:

	<u>Life in Years</u>
Building	10–40
Broadcasting and DTV equipment	2–40
Office computer equipment	3–7
Furniture and fixtures	5–15
DDF equipment	2–20
Automobiles and trucks	5–10

PBS Reno reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

Leases – The Organization determines if an arrangement is a lease, or contains a lease, at the inception of the arrangement and reassesses that conclusion if the arrangement is modified. When the Organization determines the arrangement is a lease, or contains a lease, at lease inception, a determination is made as to whether the lease is an operating lease or a finance lease. Operating and finance leases result in the Organization recording a ROU asset and lease liability on its statements of financial position. ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are initially recognized based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Organization uses the implicit interest rate in the lease, if readily determinable, or when the implicit interest rate is not readily determinable, the Organization has elected the practical expedient that permits use of a risk-free discount rate, determined using a period comparable with that of the lease term. Rent expense from operating leases is recognized on a straight-line basis over the term of the leases. For finance leases, interest expense is recognized, using the effective interest-rate method over the term of the leases, and ROU assets are amortized on a straight-line basis over the term of the leases.

The Organization also elected the following practical expedients:

- Practical expedient on not separating lease components from non-lease components for classes of underlying assets. This was elected for the Organization’s real estate leases.
- Practical expedient to not recognize ROU assets and lease liabilities that arise from short-term (12 months or less) leases for any class of underlying asset.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

Beneficial interest in assets held by community foundation – During 2013, PBS Reno established an endowment fund (the Fund) with a community foundation and named itself as beneficiary. PBS Reno granted variance power to the community foundation which allows it to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of its Board of Trustees, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by the community foundation for the Organization’s benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Revenue and revenue recognition

Grants and contributions – PBS Reno is supported primarily through grants and contributions from a variety of sources including individuals, federal, state and local governments, foundations, and businesses. Unconditional contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Membership contributions are recognized when received and are not considered an exchange transaction as no benefit is received by those purchasing memberships. Conditional promises to give – that is, those with a measurable performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been substantially met. As of September 30, 2025, there were no refundable advances recorded. As of September 30, 2024, refundable advances totaled \$790,981.

Underwriting – Content creation and programming is supported in the form of underwriting from individuals, businesses and community organizations. Underwriting support is recognized as revenue when broadcast. Amounts received prior to broadcast are reported as deferred revenue in the statements of financial position. As of September 30, 2025 and 2024, deferred revenue related to underwriting totaled \$64,086 and \$69,656, respectively.

Contributed nonfinancial assets – The Organization reports gifts of donated services and materials at fair value as revenues without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Donated services are recorded as contributed nonfinancial assets when specialized services are performed that would otherwise be purchased or performed by salaried personnel and when PBS Reno exercises control over the duties of the donor’s services. See Note 10.

Special events – The Organization recognizes revenue from special events when the event occurs. Special events revenue is presented net of the related costs totaling \$149,393 and \$92,325 for the years ended September 30, 2025 and 2024.

It is the Organization’s policy to record amounts received with donor restrictions that are released from restriction in the same fiscal year as revenue without donor restrictions.

Advertising – Advertising costs are expensed as incurred, and totaled \$10,068 and \$9,682 during the years ended September 30, 2025 and 2024, respectively.

Fundraising expenses – All costs attributable to the production, printing, and mailing of literature to the public, that have both an educational and fundraising appeal, have been recorded as fundraising expenses in the financial statements as they do not meet the requirements for the allocation of joint costs as provided by accounting standards.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

Functional allocation of expenses – The costs of conducting program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 occupancy and depreciation and amortization, which are allocated based on a square footage basis, as well as salaries, employee benefits, payroll taxes and expenses, professional services, office expenses, computer and equipment maintenance, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income taxes – PBS Reno is organized as a Nevada nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). Unrelated business income tax, if any, is insignificant and no tax provision has been made in the accompanying financial statements.

PBS Reno recognizes the tax benefit from uncertain tax positions, if any, only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. PBS Reno recognizes interest accrued and penalties related to tax matters, if any, in miscellaneous expenses.

PBS Reno had no unrecognized tax benefits at September 30, 2025 and 2024. No interest and penalties were accrued for the years ended September 30, 2025 and 2024. PBS Reno files an exempt organization return and unrelated business income tax return in the U.S. federal jurisdiction.

Financial instruments and credit risk – PBS Reno manages deposit concentration risk by placing cash and money market accounts with financial institutions that management believes to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds and exchange traded funds. To date, PBS Reno has not experienced losses in any of these accounts. Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from corporations, foundations and individuals supportive of PBS Reno's mission. Investments are made by investment managers whose performance is monitored by management and the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Trustees believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Reclassifications – Certain amounts in the prior period financial statements have been reclassified to conform to current year presentation. These reclassifications had no effect on previously reported net assets, change in net assets, or cash flows.

Channel 5 Public Broadcasting, Inc.

Notes to Financial Statements

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. PBS Reno recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. PBS Reno’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. PBS Reno has evaluated subsequent events through February 3, 2026, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability

Financial assets and funding sources available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at September 30:

	2025	2024
Cash and cash equivalents	\$ 1,145,483	\$ 1,215,635
Investments	11,049,224	8,004,212
Accounts receivable	37,078	80,662
Revolving line of credit (See Note 6)	250,000	250,000
Less: Board-designated endowment	(9,644,082)	(6,542,628)
Net assets with donor restrictions	(1,405,142)	(1,461,584)
	\$ 1,432,561	\$ 1,546,297

The Organization’s endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Organization’s Board-designated endowment of \$9,644,082 and \$6,542,628 as of September 30, 2025 and 2024, respectively, is subject to an annual spending rate as described in Note 9. Although the Organization does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditures as part of the Board’s annual budget approval and appropriation), these amounts could be available if necessary.

As part of the Organization’s liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments and mutual funds.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

Note 4 – Beneficial Interest in Assets Held by Community Foundation, Investments, and Fair Value Measurements

Accounting literature defines fair value as 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. PBS Reno determines fair value based on quoted prices when available or through the use of alternative approaches, such as matrix or model pricing, when market quotes are not readily accessible or available. The valuation techniques used are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect PBS Reno's market assumptions. These two types of inputs create the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. PBS Reno's own data used to develop unobservable inputs is also adjusted for market consideration when reasonably available.

PBS Reno used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the financial statements:

Investments – PBS Reno's investments are comprised of mutual funds with readily determinable fair values based on quoted market prices for identical securities in active markets with daily redemption values.

Beneficial interest in assets held by community foundation – PBS Reno's beneficial interest in assets held by community foundation is based on the fair value of fund investments as reported by the community foundation.

PBS Reno had no liabilities that are required to be measured at fair value at September 30, 2025 and 2024. There were no changes in valuation methodologies or assumptions during the years ended September 30, 2025 and 2024.

Channel 5 Public Broadcasting, Inc.
Notes to Financial Statements

The following table summarizes the composition of investments and the fair value hierarchy table at September 30, 2025:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds				
Domestic equities	\$ 9,375,634	\$ 9,375,634	\$ -	\$ -
International equities	1,672,325	1,672,325	-	-
Fixed income	1,265	1,265	-	-
	\$ 11,049,224	\$ 11,049,224	\$ -	\$ -
Beneficial interest in assets held by community foundation	\$ 22,268	\$ -	\$ -	\$ 22,268

The following table summarizes the composition of investments and the fair value hierarchy table at September 30, 2024:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds				
Domestic equities	\$ 5,575,281	\$ 5,575,281	\$ -	\$ -
International equities	1,878,536	1,878,536	-	-
Fixed income	550,395	550,395	-	-
	\$ 8,004,212	\$ 8,004,212	\$ -	\$ -
Beneficial interest in assets held by community foundation	\$ 17,716	\$ -	\$ -	\$ 17,716

Channel 5 Public Broadcasting, Inc.
Notes to Financial Statements

Note 5 – Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Building	\$ 3,599,439	\$ 3,469,300
Broadcasting and DTV equipment	6,093,278	5,534,875
Office computer equipment	204,082	196,716
Furniture and fixtures	287,974	287,974
DDF equipment	480,259	509,067
Automobiles and trucks	<u>81,100</u>	<u>81,100</u>
	10,746,132	10,079,032
Less accumulated depreciation	<u>(7,809,693)</u>	<u>(7,537,035)</u>
	<u>\$ 2,936,439</u>	<u>\$ 2,541,997</u>

Note 6 – Line of Credit

At September 30, 2025 and 2024, PBS Reno has an unsecured revolving line of credit with an approved maximum borrowing limit of \$250,000 from a bank. Borrowings under the line of credit bear interest at a variable rate (8.500% at September 30, 2025) and requires a 20% compensating balance arrangement by PBS Reno when an amount is drawn and a minimum liquidity. There was no outstanding balance at September 30, 2025 and 2024. The line of credit matures on June 23, 2026.

Note 7 – Operating Leases

PBS Reno is committed under various noncancellable long-term leases for property and equipment expiring through December 2039.

As of September 30, 2025 and 2024, the weighted average remaining lease term for operating leases totaled 11.96 years and 13.65 years, respectively. The weighted average discount rate for operating leases was 3.9% at each of the years ended September 30, 2025 and 2024.

Channel 5 Public Broadcasting, Inc.
Notes to Financial Statements

The aggregate minimum rental commitments under the operating leases are as follows:

Years ending September 30,		
2026	\$	73,480
2027		76,002
2028		78,632
2029		81,373
2030		73,855
Thereafter		<u>561,561</u>
Total minimum lease payments		944,903
Less discount		<u>(206,957)</u>
Present value of lease liabilities	\$	<u><u>737,946</u></u>

The Organization incurred operating lease expenses of \$91,596 and \$12,857 during the years ended September 30, 2025 and 2024, respectively, which was recorded within rent and lease expense on the statements of functional expenses. Lease expense for the years ended September 30, 2025 and 2024, totaled \$106,435 and \$115,657, respectively.

In 1994, PBS Reno entered into a ninety-nine year operating lease with the University of Nevada – Reno (the University) for the land on which the Organization’s building is located. In consideration of the lease, PBS Reno provides the University airtime for its announcements and programs. PBS Reno also provides access to its production facilities for the University’s media programs. This arrangement has been recorded as contributed nonfinancial assets on the statements of activities and facilities and occupancy expense on the statements of functional expenses and has not been included in the Organization’s calculation of the right of use asset and corresponding liability.

Note 8 – Net Assets Released from Restriction

Net assets were released from restriction as follows during the years ended September 30:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions:		
Endowment appropriations	<u>\$ 266,152</u>	<u>\$ -</u>

Note 9 – Endowment

PBS Reno’s endowment consists of six endowment funds established by donors to provide annual funding for specific activities and general operations. PBS Reno’s endowment also includes certain net assets designated for endowment by the Board of Trustees. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

The Board of Trustees has interpreted the Nevada Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. At September 30, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, PBS Reno retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

1. The duration and preservation of the fund
2. The purposes of PBS Reno and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation and depreciation of investments
6. Other resources of PBS Reno
7. The investment policies of PBS Reno

Investment and spending policies – PBS Reno has a spending policy which governs the rate at which funds are transferred from the Board designated and donor-restricted endowment to the operating budget. The annual allocations to the operating fund are calculated as a percentage of the endowment market value. Year-to-year fluctuations caused by changes in market value are moderated by using a moving average, computed on the last three years of endowment market values. The annual allocation to the operating fund was limited to 4.00% of the three-year moving average of the endowment market value for each of the years ended September 30, 2025 and 2024. Transfers were made in accordance with the spending policy and \$543,471 and \$44,745 during the years ended September 30, 2025 and 2024, respectively.

Periodically, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the Act requires PBS Reno to retain as a fund of perpetual duration. There were no such deficiencies in the endowment balance as of September 30, 2025 and 2024.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

Changes in the endowment net assets for the years ended September 30, 2025 and 2024, are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, September 30, 2024	\$ 6,542,628	\$ 1,461,584	\$ 8,004,212
Investment return, net	838,839	209,710	1,048,549
Contributions	2,539,934	-	2,539,934
Appropriation of endowment assets pursuant to spending-rate policy	<u>(277,319)</u>	<u>(266,152)</u>	<u>(543,471)</u>
Endowment net assets, September 30, 2025	<u>\$ 9,644,082</u>	<u>\$ 1,405,142</u>	<u>\$ 11,049,224</u>
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, September 30, 2023	\$ 5,202,296	\$ 1,121,539	\$ 6,323,835
Investment return, net	1,361,084	290,045	1,651,129
Contributions	23,993	50,000	73,993
Appropriation of endowment assets pursuant to spending-rate policy	<u>(44,745)</u>	<u>-</u>	<u>(44,745)</u>
Endowment net assets, September 30, 2024	<u>\$ 6,542,628</u>	<u>\$ 1,461,584</u>	<u>\$ 8,004,212</u>

Note 10 – Contributed Nonfinancial Assets

PBS Reno received the following donated professional services and materials during the years ended September 30:

	<u>2025</u>	<u>2024</u>
Advertising and marketing	\$ 339,439	\$ 377,456
Computer and equipment maintenance	12,000	14,597
Printing and publications	<u>12,738</u>	<u>13,801</u>
	<u>\$ 364,177</u>	<u>\$ 405,854</u>

The majority of contributed nonfinancial assets are services and materials. The estimated fair value of these services is based on information provided by third parties and market prices. None of the contributed nonfinancial assets contain donor restrictions at September 30, 2025 and 2024. A substantial number of volunteers contribute significant amounts of time to PBS Reno's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not enhance nonfinancial assets or require specialized skills.

Channel 5 Public Broadcasting, Inc.

Notes to Financial Statements

Note 11 – Employee Benefits

PBS Reno sponsors a salary deferral and discretionary profit-sharing plan under Section 401(k) of the Internal Revenue Code covering substantially all full-time employees. The plan provides that employees who have completed ninety days of full-time employment may voluntarily contribute up to the maximum allowed by the IRS. Effective January 1, 2023, the Organization amended the plan agreement to add a safe harbor match, increasing PBS Reno's match to 100% of employee contributions up to 4% of their compensation. Contributions made during the years ended September 30, 2025 and 2024, totaled \$66,792 and \$69,103, respectively.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.