



Report of Independent Auditors
and Financial Statements

Channel 5 Public Broadcasting, Inc.

September 30, 2024 and 2023

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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, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.



Portland, Oregon
February 20, 2025

Financial Statements

Channel 5 Public Broadcasting, Inc.
Statements of Financial Position
September 30, 2024 and 2023

| | 2024 | 2023 |
|--|---------------|---------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,755,742 | \$ 847,740 |
| Investments | 7,464,105 | 6,323,835 |
| Accounts receivable, net | 80,662 | 41,986 |
| Prepaid expenses and other assets | 178,717 | 209,278 |
| Total current assets | 9,479,226 | 7,422,839 |
| LONG-TERM ASSETS | | |
| Land held for sale | - | 359,000 |
| Property and equipment, net | 2,541,997 | 2,384,793 |
| Operating lease right-of-use asset | 680,263 | 735,639 |
| Beneficial interest in assets held by community foundation | 17,716 | 17,716 |
| Total long-term assets | 3,239,976 | 3,497,148 |
| Total assets | \$ 12,719,202 | \$ 10,919,987 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 225,285 | \$ 241,495 |
| Accrued payroll expenses | 193,771 | 170,973 |
| Current portion of operating lease liability | 31,650 | 40,039 |
| Deferred revenue and refundable advances | 860,637 | 48,469 |
| Total current liabilities | 1,311,343 | 500,976 |
| LONG-TERM PORTION OF OPERATING LEASE LIABILITY, net | 676,682 | 710,812 |
| NET ASSETS | | |
| Without donor restrictions | | |
| Undesignated | 2,726,965 | 3,384,364 |
| Board-designated endowment | 6,542,628 | 5,202,296 |
| Total net assets without donor restrictions | 9,269,593 | 8,586,660 |
| With donor restrictions | | |
| Perpetual in nature | 1,461,584 | 1,121,539 |
| Total net assets with donor restrictions | 1,461,584 | 1,121,539 |
| Total net assets | 10,731,177 | 9,708,199 |
| Total liabilities and net assets | \$ 12,719,202 | \$ 10,919,987 |

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, GAINS, AND LOSSES | | | |
| 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 Activities
Year Ended September 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| REVENUE, SUPPORT, AND GAINS | | | |
| Federal funding | \$ 1,218,592 | \$ - | \$ 1,218,592 |
| Local and state funding | 601,571 | - | 601,571 |
| Foundations/private grants | 1,014,207 | - | 1,014,207 |
| Corporate support | 280,818 | - | 280,818 |
| Individual giving | | | |
| Membership | 1,535,843 | - | 1,535,843 |
| Silver Circle | 747,729 | - | 747,729 |
| Education, local production, and underwriting | 602,346 | - | 602,346 |
| Special events revenue, net of expenses totaling \$92,719 | 201,066 | - | 201,066 |
| Investment gain, net | 658,161 | 148,993 | 807,154 |
| Other loss | (64,830) | - | (64,830) |
| Contributed nonfinancial assets | 451,334 | - | 451,334 |
| Change in value of beneficial interest in assets held by community foundation | 374 | - | 374 |
| Net assets released from restrictions | 48,000 | (48,000) | - |
| | <u>7,295,211</u> | <u>100,993</u> | <u>7,396,204</u> |
| EXPENSES | | | |
| Program services | | | |
| Broadcasting | 1,177,297 | - | 1,177,297 |
| Education and outreach | 777,460 | - | 777,460 |
| Production | 841,617 | - | 841,617 |
| Programming | 1,139,406 | - | 1,139,406 |
| | <u>3,935,780</u> | <u>-</u> | <u>3,935,780</u> |
| Supporting services | | | |
| General and administration | 1,061,409 | - | 1,061,409 |
| Marketing | 736,187 | - | 736,187 |
| Fundraising | 1,249,986 | - | 1,249,986 |
| | <u>3,047,582</u> | <u>-</u> | <u>3,047,582</u> |
| | <u>6,983,362</u> | <u>-</u> | <u>6,983,362</u> |
| CHANGE IN NET ASSETS | 311,849 | 100,993 | 412,842 |
| NET ASSETS, beginning of year | <u>8,274,811</u> | <u>1,020,546</u> | <u>9,295,357</u> |
| NET ASSETS, end of year | <u>\$ 8,586,660</u> | <u>\$ 1,121,539</u> | <u>\$ 9,708,199</u> |

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 |
| Facilities and occupancy | 131,778 | - | - | - | 131,778 | - | - | - | - | 131,778 |
| Donor relations | - | 6,052 | 19,689 | - | 25,741 | 13,302 | 1,163 | 82,422 | 96,887 | 122,628 |
| Insurance | - | - | - | - | - | 121,317 | - | 15 | 121,332 | 121,332 |
| Rent and lease expense | 108,555 | 7,102 | - | - | 115,657 | - | - | - | - | 115,657 |
| Computer and equipment maintenance | 88,993 | - | 89 | 16,051 | 105,133 | 22,718 | - | 1,459 | 24,177 | 129,310 |
| Dues and subscriptions | 23,498 | 160 | 17,388 | 770 | 41,816 | 61,467 | 289 | 2,316 | 64,072 | 105,888 |
| Employee welfare and professional development | 4,351 | 893 | 10,911 | 1,200 | 17,355 | 39,233 | 3,334 | 29,949 | 72,516 | 89,871 |
| 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.
Statement of Functional Expenses
Year Ended September 30, 2023

| | Broadcasting | Education and Outreach | Production | Programming | Total Program Services | General and Administration | Marketing | Fundraising | Total Supporting Services | Total Expenses |
|--|---------------------|---------------------------|-------------------|---------------------|------------------------------|-------------------------------|-------------------|---------------------|---------------------------------|---------------------|
| Salaries | \$ 374,720 | \$ 256,439 | \$ 548,796 | \$ 145,525 | \$ 1,325,480 | \$ 376,852 | \$ 218,954 | \$ 578,203 | \$ 1,174,009 | \$ 2,499,489 |
| Employee benefits | 38,484 | 18,138 | 53,799 | 23,378 | 133,799 | 23,078 | 25,239 | 49,919 | 98,236 | 232,035 |
| Payroll taxes and expenses | 28,936 | 20,182 | 42,501 | 11,436 | 103,055 | 6,345 | 16,665 | 43,171 | 66,181 | 169,236 |
| Total salaries and related expenses | 442,140 | 294,759 | 645,096 | 180,339 | 1,562,334 | 406,275 | 260,858 | 671,293 | 1,338,426 | 2,900,760 |
| Professional services | 203,979 | 243,386 | 27,094 | 49,281 | 523,740 | 153,217 | 1,272 | 411,424 | 565,913 | 1,089,653 |
| Program rights | - | - | - | 856,507 | 856,507 | - | - | - | - | 856,507 |
| Advertising and marketing | - | 1,482 | - | - | 1,482 | - | 298,040 | 150 | 298,190 | 299,672 |
| Depreciation and amortization | 154,174 | - | 101,025 | - | 255,199 | 90,557 | 8,599 | 259 | 99,415 | 354,614 |
| Supplies | 1,194 | 209,997 | 10,236 | - | 221,427 | 28,391 | 12,233 | 3,515 | 44,139 | 265,566 |
| Printing and publications | - | 2,650 | - | - | 2,650 | - | 153,667 | 2,520 | 156,187 | 158,837 |
| Facilities and occupancy | 121,324 | - | - | - | 121,324 | 130,405 | - | - | 130,405 | 251,729 |
| Donor relations | 44 | 1,370 | 18,769 | - | 20,183 | 13,726 | - | 75,003 | 88,729 | 108,912 |
| Insurance | - | - | - | - | - | 116,964 | - | - | 116,964 | 116,964 |
| Rent and lease expense | 107,082 | 7,974 | - | - | 115,056 | - | - | 750 | 750 | 115,806 |
| Computer and equipment maintenance | 105,499 | - | 2,917 | 17,000 | 125,416 | 9,936 | 300 | - | 10,236 | 135,652 |
| Dues and subscriptions | 19,988 | 150 | 13,522 | - | 33,660 | 41,529 | 103 | 2,954 | 44,586 | 78,246 |
| Employee welfare and professional development | 7,740 | 8,560 | 14,189 | 1,251 | 31,740 | 45,918 | 1,027 | 30,630 | 77,575 | 109,315 |
| Bank and service charges | - | - | - | - | - | 10,884 | - | 37,546 | 48,430 | 48,430 |
| Program services | - | - | 3,500 | 35,000 | 38,500 | - | - | - | - | 38,500 |
| Travel | 4,966 | 5,684 | 5,169 | - | 15,819 | 4,494 | - | 532 | 5,026 | 20,845 |
| Miscellaneous | 8,342 | 73 | 44 | - | 8,459 | 6,887 | - | 374 | 7,261 | 15,720 |
| Postage | 68 | 1,375 | 56 | 28 | 1,527 | 679 | 88 | 12,567 | 13,334 | 14,861 |
| Freight/shipping | 757 | - | - | - | 757 | 811 | - | 469 | 1,280 | 2,037 |
| Board expenses | - | - | - | - | - | 736 | - | - | 736 | 736 |
| Total expenses by function | \$ 1,177,297 | \$ 777,460 | \$ 841,617 | \$ 1,139,406 | \$ 3,935,780 | \$ 1,061,409 | \$ 736,187 | \$ 1,249,986 | \$ 3,047,582 | \$ 6,983,362 |

See accompanying notes.

Channel 5 Public Broadcasting, Inc.
Statements of Cash Flows
Years Ended September 30, 2024 and 2023

| | 2024 | 2023 |
|---|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,022,978 | \$ 412,842 |
| Adjustments to reconcile changes in net assets to net cash from operating activities | | |
| Depreciation and amortization | 329,142 | 354,614 |
| Change in value of beneficial interest held by community foundation | - | (374) |
| Investment return | (1,651,129) | (807,154) |
| Impairment of land held for sale | - | 100,000 |
| Loss on disposal of land held for sale | 249,000 | - |
| Non-cash lease expense | 12,857 | 15,212 |
| Changes in assets and liabilities | | |
| Accounts receivable | (38,676) | (17,658) |
| Prepaid expenses and other assets | 30,561 | (59,440) |
| Accounts payable | (16,210) | 107,087 |
| Accrued payroll expenses | 22,798 | 13,055 |
| Deferred revenue and refundable advances | 812,168 | (4,767) |
| | <u>773,489</u> | <u>113,417</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (486,346) | (396,744) |
| Proceeds from sale of land held for sale | 110,000 | - |
| Purchases of investments | (1,700,151) | (527,320) |
| Proceeds from sale of investments | 2,211,010 | 254,024 |
| | <u>134,513</u> | <u>(670,040)</u> |
| Net cash from (used in) investing activities | | |
| Net change in cash and cash equivalents | 908,002 | (556,623) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>847,740</u> | <u>1,404,363</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 1,755,742</u> | <u>\$ 847,740</u> |
| SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Operating lease right-of-use assets arising from recognition of operating lease liabilities | <u>\$ -</u> | <u>\$ 789,422</u> |

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.

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.

Note 2 – Summary of Significant Accounting Policies

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.

Recently adopted standards – In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments Topic 326: Credit Losses Measurement of Credit Losses on Financial Instruments (Topic 326), which requires an entity to utilize a new impairment model known as the current expected credit loss (CECL) model to estimate its lifetime “expected credit loss” and record an allowance that, when deducted from the cost basis of the financial asset, presents the net amount expected to be collected on the financial asset. The CECL model is expected to result in more timely recognition of credit losses. This guidance also requires new disclosures for financial assets measured at amortized cost. Entities will apply the standard’s provisions as a cumulative effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is adopted. The FASB subsequently issued ASU 2018-19, ASU 2019-04, and ASU 2019-10, which clarified the implementation guidance and effective date of Topic 326. Topic 326 is effective for the Organization beginning fiscal year 2024. The Organization adopted ASU No. 2016-13 on October 1, 2023, using the modified retrospective approach. The adoption did not have a material impact on the Organization's financial statements.

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 statement 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 \$10,000 at September 30, 2024 and 2023.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

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, 2024 and 2023.

Land held-for-sale – During the year ended September 30, 2020, PBS Reno received a donation of a parcel of land. Management’s intention was to sell the land as soon as feasible. Land held-for-sale was stated at fair value and totaled \$359,000 as of September 30, 2023. During 2023, management evaluated the land held for sale and recorded an impairment loss totaling \$100,000. This was recorded in other loss on the statements of activities. During 2024, management sold the land at a sales price of \$110,000 and recognized a loss of \$249,000.

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.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

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.

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.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

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, 2024, refundable advances totaled \$790,981. There were no refundable advances reported as of September 30, 2023.

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, 2024 and 2023, deferred revenue related to underwriting totaled \$69,656 and \$48,469, 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.

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 \$9,682 and \$12,079 during the years ended September 30, 2024 and 2023, 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.

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.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

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, 2024 and 2023. No interest and penalties were accrued for the years ended September 30, 2024 and 2023. 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.

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 20, 2025, which is the date the financial statements were available to be issued.

Channel 5 Public Broadcasting, Inc.
Notes to Financial Statements

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:

| | 2024 | 2023 |
|---------------------------------------|--------------|--------------|
| Cash and cash equivalents | \$ 1,755,742 | \$ 847,740 |
| Investments | 7,464,105 | 6,323,835 |
| Accounts receivable | 80,662 | 41,986 |
| Revolving line of credit (See Note 6) | 250,000 | 250,000 |
| Less: Board-designated endowment | (6,542,628) | (5,202,296) |
| Net assets with donor restrictions | (1,461,584) | (1,121,539) |
| | \$ 1,546,297 | \$ 1,139,726 |

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 \$6,542,628 and \$5,202,296 as of September 30, 2024 and 2023, 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.

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.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

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 and exchange traded 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, 2024 and 2023. There were no changes in valuation methodologies or assumptions during the years ended September 30, 2024 and 2023.

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 | \$ 5,035,174 | \$ 5,035,174 | \$ - | \$ - |
| International equities | 1,878,536 | 1,878,536 | - | - |
| Fixed income | 550,395 | 550,395 | - | - |
| | \$ 7,464,105 | \$ 7,464,105 | \$ - | \$ - |
| Beneficial interest in assets held by community foundation | \$ 17,716 | \$ - | \$ - | \$ 17,716 |

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, 2023:

| | 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 | \$ 4,157,334 | \$ 4,157,334 | \$ - | \$ - |
| International equities | 925,468 | 925,468 | - | - |
| Fixed income | 960,716 | 960,716 | - | - |
| Exchange traded funds | 280,317 | 280,317 | - | - |
| | \$ 6,323,835 | \$ 6,323,835 | \$ - | \$ - |
| 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 consists of the following at September 30:

| | 2024 | 2023 |
|--------------------------------|--------------|--------------|
| Building | \$ 3,469,300 | \$ 3,397,015 |
| Broadcasting and DTV equipment | 5,534,875 | 5,215,209 |
| Office computer equipment | 196,716 | 196,716 |
| Furniture and fixtures | 287,974 | 231,979 |
| DDF equipment | 509,067 | 509,067 |
| Automobiles and trucks | 81,100 | 42,700 |
| | 10,079,032 | 9,592,686 |
| Less accumulated depreciation | (7,537,035) | (7,207,893) |
| | \$ 2,541,997 | \$ 2,384,793 |

Note 6 – Line of Credit

At September 30, 2024 and 2023, 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 (9.50% at September 30, 2024) 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, 2024 and 2023. The line of credit matures on June 23, 2025.

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, 2024 and 2023, the weighted average remaining lease term for operating leases totaled 13.65 years and 14 years, respectively. The weighted average discount rate for operating leases was 3.9% at September 30, 2024 and 2023.

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, | | |
| 2025 | \$ | 61,421 |
| 2026 | | 59,133 |
| 2027 | | 60,937 |
| 2028 | | 62,814 |
| 2029 | | 64,764 |
| Thereafter | | <u>627,341</u> |
| Total minimum lease payments | | 936,410 |
| Less discount | | <u>(228,078)</u> |
| Present value of lease liabilities | \$ | <u><u>708,332</u></u> |

The Organization incurred operating lease expenses of \$12,857 and \$15,212 during the years ended September 30, 2024 and 2023, respectively, which was recorded within rent and lease expense on the statements of functional expenses. Lease expense for the year ended September 30, 2024 and 2023, totaled \$115,657 and \$115,806, 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 air time 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>2024</u> | <u>2023</u> |
|---------------------------------------|-------------|------------------|
| Satisfaction of purpose restrictions: | | |
| Endowment appropriations | <u>\$ -</u> | <u>\$ 48,000</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, 2024 and 2023, 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, 2024 and 2023. Transfers were made in accordance with the spending policy and were \$44,745 and \$259,942 during the years ended September 30, 2024 and 2023, 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, 2024 and 2023.

Channel 5 Public Broadcasting, Inc. Notes to Financial Statements

Changes in the endowment net assets for the year ended September 30, 2024 and 2023 are as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|--|------------------------------|---------------------------|--------------|
| 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 | (44,745) | - | (44,745) |
| Endowment net assets, September 30, 2024 | \$ 6,542,628 | \$ 1,461,584 | \$ 8,004,212 |
| | Without Donor Restriction | With Donor Restriction | Total |
| Endowment net assets, September 30, 2022 | \$ 4,224,976 | \$ 1,020,546 | \$ 5,245,522 |
| Investment return, net | 658,161 | 148,993 | 807,154 |
| Contributions | 531,101 | - | 531,101 |
| Appropriation of endowment assets pursuant to spending-rate policy and capital requirements | (211,942) | (48,000) | (259,942) |
| Endowment net assets, September 30, 2023 | \$ 5,202,296 | \$ 1,121,539 | \$ 6,323,835 |

Note 10 – Contributed Nonfinancial Assets

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

| | 2024 | 2023 |
|------------------------------------|------------|------------|
| Advertising and marketing | \$ 377,456 | \$ 287,594 |
| Facilities and occupancy | - | 130,405 |
| Computer and equipment maintenance | 14,597 | 18,936 |
| Printing and publications | 13,801 | 14,399 |
| | \$ 405,854 | \$ 451,334 |

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, 2024 and 2023. 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. Prior to the amendment, the Organization matched 50% of employee contributions up to 3%. Contributions made during the years ended September 30, 2024 and 2023 totaled \$69,103 and \$52,620, respectively.

