

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
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**JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Southern Oregon Public Television, Inc. (the "Station"), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 Southern Oregon Public Television, Inc. as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

The Station's 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 Station's ability to continue as a going concern for one year after the date that the financial statements are issued.

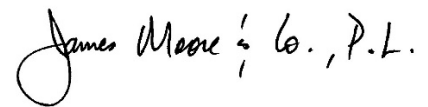
### *Auditors' Responsibilities for the Audit of the Financial Statements*

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 auditors' 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 Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

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

James Moore & Co., P.L.

Gainesville, Florida  
January 12, 2023

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

| <u>ASSETS</u>  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| <b>Current assets</b>                                |                     |                     |
| Cash and cash equivalents                            | \$ 2,160,075        | \$ 2,054,018        |
| Accounts receivable, net                             | 11,814              | 9,356               |
| Contributions receivable, net                        | 4,987               | 4,347               |
| Prepaid program rights                               | 146,258             | 130,449             |
| Prepaid expenses                                     | 56,597              | 39,469              |
| Total current assets                                 | 2,379,731           | 2,237,639           |
| <b>Non-current assets</b>                            |                     |                     |
| Investment in partnership                            | 22,941              | 19,624              |
| Property and equipment, net                          | 547,309             | 503,690             |
| Total non-current assets                             | 570,250             | 523,314             |
| <b>Total Assets</b>                                  | <b>\$ 2,949,981</b> | <b>\$ 2,760,953</b> |
| <br><b><u>LIABILITIES AND NET ASSETS</u></b><br><br> |                     |                     |
| <b>Current liabilities</b>                           |                     |                     |
| Accounts payable                                     | \$ 111,872          | \$ 117,506          |
| Deferred revenue                                     | 2,127               | 2,070               |
| Refundable advance                                   | -                   | 156,097             |
| Accrued payroll liabilities                          | 89,567              | 84,441              |
| Total current liabilities                            | 203,566             | 360,114             |
| <b>Net assets</b>                                    |                     |                     |
| Without donor restrictions                           |                     |                     |
| Undesignated   | 1,722,839           | 1,336,067           |
| Board designated                                     | 681,296             | 577,437             |
| With donor restrictions                              | 342,280             | 487,335             |
| Total net assets                                     | 2,746,415           | 2,400,839           |
| <b>Total Liabilities and Net Assets</b>              | <b>\$ 2,949,981</b> | <b>\$ 2,760,953</b> |

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

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|---|---------------------------------------|------------------------------------|---------------------|
| <b>Support and revenues</b>                                   |                                       |                                    |                     |
| Major gifts   | \$ 356,761                            | \$ -                               | \$ 356,761          |
| Membership and pledges  | 1,022,998                             | 6,132                              | 1,029,130           |
| CPB grants  | 863,879                               | -                                  | 863,879             |
| Other grants  | 16,250                                | -                                  | 16,250              |
| Program underwriting  | 149,147                               | -                                  | 149,147             |
| Local production underwriting                                 | 5,000                                 | -                                  | 5,000               |
| Trade   | 24,752                                | -                                  | 24,752              |
| In-kind   | 12,900                                | -                                  | 12,900              |
| Other   | 31,384                                | -                                  | 31,384              |
| Forgivable advance income                                     | 156,097                               | -                                  | 156,097             |
| Net assets released from restrictions:                        |                                       |                                    |                     |
| Restricted funds expended and expiration of time restrictions | 151,187                               | (151,187)                          | -                   |
| Total support and revenues                                    | <u>2,790,355</u>                      | <u>(145,055)</u>                   | <u>2,645,300</u>    |
| <b>Expenses</b>   |                                       |                                    |                     |
| Program services:   |                                       |                                    |                     |
| Programming and production                                    | 1,094,390                             | -                                  | 1,094,390           |
| Technology and operations                                     | 199,916                               | -                                  | 199,916             |
| Total program services  | <u>1,294,306</u>                      | <u>-</u>                           | <u>1,294,306</u>    |
| Supporting services:  |                                       |                                    |                     |
| Development and underwriting                                  | 593,233                               | -                                  | 593,233             |
| Management and general  | 412,185                               | -                                  | 412,185             |
| Total supporting services                                     | <u>1,005,418</u>                      | <u>-</u>                           | <u>1,005,418</u>    |
| Total expenses  | <u>2,299,724</u>                      | <u>-</u>                           | <u>2,299,724</u>    |
| <b>Change in net assets</b>                                   | <u>490,631</u>                        | <u>(145,055)</u>                   | <u>345,576</u>      |
| <b>Net assets, beginning of year</b>                          | 1,913,504                             | 487,335                            | 2,400,839           |
| <b>Net assets, end of year</b>                                | <u>\$ 2,404,135</u>                   | <u>\$ 342,280</u>                  | <u>\$ 2,746,415</u> |

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

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
|--|---------------------------------------|------------------------------------|---------------------|
| <b>Support and revenues</b>            |                                       |                                    |                     |
| Major gifts                            | \$ 165,808                            | \$ -                               | \$ 165,808          |
| Membership and pledges                 | 990,126                               | 5,492                              | 995,618             |
| CPB grants                             | 825,465                               | 481,843                            | 1,307,308           |
| Other grants                           | 19,000                                | -                                  | 19,000              |
| Program underwriting                   | 139,935                               | -                                  | 139,935             |
| Local production underwriting          | 500                                   | -                                  | 500                 |
| Production contracts                   | 22,553                                | -                                  | 22,553              |
| Trade                                  | 19,785                                | -                                  | 19,785              |
| In-kind                                | 14,500                                | -                                  | 14,500              |
| Other                                  | 4,132                                 | -                                  | 4,132               |
| Forgivable advance income              | 156,698                               | -                                  | 156,698             |
| Net assets released from restrictions: |                                       |                                    |                     |
| Expiration of time restrictions        | 6,182                                 | (6,182)                            | -                   |
| Total support and revenues             | <u>2,364,684</u>                      | <u>481,153</u>                     | <u>2,845,837</u>    |
| <b>Expenses</b>                        |                                       |                                    |                     |
| Program services:                      |                                       |                                    |                     |
| Programming and production             | 993,314                               | -                                  | 993,314             |
| Technology and operations              | 205,254                               | -                                  | 205,254             |
| Total program services                 | <u>1,198,568</u>                      | <u>-</u>                           | <u>1,198,568</u>    |
| Supporting services:                   |                                       |                                    |                     |
| Development and underwriting           | 665,068                               | -                                  | 665,068             |
| Management and general                 | 367,292                               | -                                  | 367,292             |
| Total supporting services              | <u>1,032,360</u>                      | <u>-</u>                           | <u>1,032,360</u>    |
| Total expenses                         | <u>2,230,928</u>                      | <u>-</u>                           | <u>2,230,928</u>    |
| <b>Change in net assets</b>            | <u>133,756</u>                        | <u>481,153</u>                     | <u>614,909</u>      |
| <b>Net assets, beginning of year</b>   | 1,779,748                             | 6,182                              | 1,785,930           |
| <b>Net assets, end of year</b>         | <u>\$ 1,913,504</u>                   | <u>\$ 487,335</u>                  | <u>\$ 2,400,839</u> |

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

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                          | Program Services           |                           |                     | Supporting Services          |                        |                     | Total Expenses      |
|--------------------------|----------------------------|---------------------------|---------------------|------------------------------|------------------------|---------------------|---------------------|
|                          | Programming and Production | Technology and Operations | Total               | Development and Underwriting | Management and General | Total               |                     |
| Wages                    | \$ 379,794                 | \$ 8,606                  | \$ 388,400          | \$ 167,399                   | \$ 105,967             | \$ 273,366          | \$ 661,766          |
| Program                  | 413,313                    | -                         | 413,313             | -                            | -                      | -                   | 413,313             |
| Contract labor           | 90,764                     | 54,374                    | 145,138             | 232,661                      | 59,476                 | 292,137             | 437,275             |
| Insurance                | 56,929                     | 271                       | 57,200              | 41,313                       | 41,611                 | 82,924              | 140,124             |
| Depreciation             | 40,494                     | 68,279                    | 108,773             | -                            | 9,820                  | 9,820               | 118,593             |
| Rent                     | 40,490                     | 12,321                    | 52,811              | 27,631                       | 16,629                 | 44,260              | 97,071              |
| Professional fees        | -                          | 1,050                     | 1,050               | -                            | 79,200                 | 79,200              | 80,250              |
| Premiums                 | 1,709                      | -                         | 1,709               | 47,494                       | -                      | 47,494              | 49,203              |
| Utilities                | 1,033                      | 26,834                    | 27,867              | 2,692                        | 4,573                  | 7,265               | 35,132              |
| Payroll taxes and other  | 33,057                     | -                         | 33,057              | 8,672                        | 19,158                 | 27,830              | 60,887              |
| Trade                    | -                          | -                         | -                   | 24,645                       | 232                    | 24,877              | 24,877              |
| Dues and subscriptions   | 3,343                      | 7,026                     | 10,369              | 300                          | 31,239                 | 31,539              | 41,908              |
| Travel and entertainment | 2,757                      | 1,839                     | 4,596               | 1,115                        | 3,263                  | 4,378               | 8,974               |
| Telephone                | 8,866                      | 1,335                     | 10,201              | 5,541                        | 3,870                  | 9,411               | 19,612              |
| Equipment rental         | -                          | 4,238                     | 4,238               | -                            | 9,570                  | 9,570               | 13,808              |
| Printing and production  | 288                        | -                         | 288                 | 29,327                       | 68                     | 29,395              | 29,683              |
| Repairs                  | -                          | 943                       | 943                 | -                            | 844                    | 844                 | 1,787               |
| Postage and delivery     | 11,578                     | 235                       | 11,813              | 546                          | 299                    | 845                 | 12,658              |
| Bank service charges     | -                          | -                         | -                   | -                            | 5,316                  | 5,316               | 5,316               |
| In-kind                  | -                          | -                         | -                   | -                            | 12,900                 | 12,900              | 12,900              |
| Licenses and permits     | -                          | -                         | -                   | -                            | 1,090                  | 1,090               | 1,090               |
| Janitorial               | 3,232                      | 45                        | 3,277               | 2,206                        | 1,565                  | 3,771               | 7,048               |
| Supplies                 | 1,335                      | 12,503                    | 13,838              | 91                           | 3,595                  | 3,686               | 17,524              |
| Advertising              | 3,417                      | -                         | 3,417               | -                            | 454                    | 454                 | 3,871               |
| Security                 | 1,232                      | 17                        | 1,249               | 841                          | 596                    | 1,437               | 2,686               |
| Training and seminars    | 759                        | -                         | 759                 | 759                          | 850                    | 1,609               | 2,368               |
|                          | <u>\$ 1,094,390</u>        | <u>\$ 199,916</u>         | <u>\$ 1,294,306</u> | <u>\$ 593,233</u>            | <u>\$ 412,185</u>      | <u>\$ 1,005,418</u> | <u>\$ 2,299,724</u> |

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



**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|                          | Program Services           |                           |                     | Supporting Services          |                        |                     | Total Expenses      |
|--------------------------|----------------------------|---------------------------|---------------------|------------------------------|------------------------|---------------------|---------------------|
|                          | Programming and Production | Technology and Operations | Total               | Development and Underwriting | Management and General | Total               |                     |
| Wages                    | \$ 322,885                 | \$ 5,457                  | \$ 328,342          | \$ 207,819                   | \$ 160,717             | \$ 368,536          | \$ 696,878          |
| Program                  | 401,268                    | -                         | 401,268             | -                            | -                      | -                   | 401,268             |
| Contract labor           | 59,208                     | 78,243                    | 137,451             | 230,885                      | 10                     | 230,895             | 368,346             |
| Insurance                | 59,946                     | 265                       | 60,211              | 56,205                       | 23,519                 | 79,724              | 139,935             |
| Depreciation             | 47,518                     | 60,229                    | 107,747             | -                            | 8,014                  | 8,014               | 115,761             |
| Rent                     | 41,630                     | 12,452                    | 54,082              | 29,097                       | 16,629                 | 45,726              | 99,808              |
| Professional fees        | -                          | -                         | -                   | -                            | 67,007                 | 67,007              | 67,007              |
| Premiums                 | -                          | -                         | -                   | 63,416                       | 1,747                  | 65,163              | 65,163              |
| Utilities                | 1,008                      | 29,681                    | 30,689              | 1,789                        | 5,361                  | 7,150               | 37,839              |
| Payroll taxes and other  | 26,023                     | -                         | 26,023              | 14,117                       | 13,105                 | 27,222              | 53,245              |
| Trade                    | -                          | -                         | -                   | 19,380                       | 405                    | 19,785              | 19,785              |
| Dues and subscriptions   | 4,569                      | 7,725                     | 12,294              | 570                          | 29,265                 | 29,835              | 42,129              |
| Travel and entertainment | -                          | 134                       | 134                 | 1,317                        | 528                    | 1,845               | 1,979               |
| Telephone                | 10,395                     | 1,382                     | 11,777              | 7,599                        | 4,372                  | 11,971              | 23,748              |
| Equipment rental         | -                          | 3,734                     | 3,734               | -                            | 8,199                  | 8,199               | 11,933              |
| Printing and production  | 30                         | -                         | 30                  | 26,323                       | -                      | 26,323              | 26,353              |
| Repairs                  | -                          | 4,746                     | 4,746               | -                            | -                      | -                   | 4,746               |
| Postage and delivery     | 10,070                     | 568                       | 10,638              | 3,030                        | 29                     | 3,059               | 13,697              |
| Bank service charges     | -                          | -                         | -                   | 650                          | 5,689                  | 6,339               | 6,339               |
| In-kind                  | -                          | -                         | -                   | -                            | 14,500                 | 14,500              | 14,500              |
| Licenses and permits     | -                          | -                         | -                   | -                            | 740                    | 740                 | 740                 |
| Janitorial               | 3,200                      | 45                        | 3,245               | 2,184                        | 1,549                  | 3,733               | 6,978               |
| Supplies                 | 367                        | 593                       | 960                 | 92                           | 1,785                  | 1,877               | 2,837               |
| Advertising              | 4,593                      | -                         | 4,593               | -                            | -                      | -                   | 4,593               |
| Security                 | -                          | -                         | -                   | -                            | 1,329                  | 1,329               | 1,329               |
| Training and seminars    | -                          | -                         | -                   | 135                          | 2,793                  | 2,928               | 2,928               |
| Bad debts                | 364                        | -                         | 364                 | 460                          | -                      | 460                 | 824                 |
| Video tape               | 240                        | -                         | 240                 | -                            | -                      | -                   | 240                 |
|                          | <u>\$ 993,314</u>          | <u>\$ 205,254</u>         | <u>\$ 1,198,568</u> | <u>\$ 665,068</u>            | <u>\$ 367,292</u>      | <u>\$ 1,032,360</u> | <u>\$ 2,230,928</u> |

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

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

|   | <b>2022</b>  | <b>2021</b>  |
|---|--------------|--------------|
| <b>Cash flows from operating activities</b>   |              |              |
| Change in net assets  | \$ 345,576   | \$ 614,909   |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |              |              |
| Depreciation  | 118,593      | 115,761      |
| Bad debts   | -            | 824          |
| Investment in partnership   | (3,317)      | (3,593)      |
| Change in:  |              |              |
| Accounts receivable   | (2,458)      | 61,737       |
| Contributions receivable  | (640)        | 690          |
| Prepaid program rights  | (15,809)     | (1,037)      |
| Prepaid expenses  | (17,128)     | (23,280)     |
| Accounts payable  | (66,551)     | 52,947       |
| Deferred revenue  | 57           | (2,346)      |
| Refundable advance  | (156,097)    | (601)        |
| Accrued payroll liabilities   | 5,126        | 13,662       |
| Net cash provided by operating activities   | 207,352      | 829,673      |
| <b>Cash flows from investing activities</b>   |              |              |
| Purchases of property and equipment   | (101,295)    | (61,152)     |
| Capital distribution  | -            | 15,000       |
| Proceeds from sale of certificates of deposit   | -            | 100,000      |
| Net cash provided by (used in) investing activities   | (101,295)    | 53,848       |
| <b>Change in cash and cash equivalents</b>  | 106,057      | 883,521      |
| <b>Cash and cash equivalents, beginning of year</b>   | 2,054,018    | 1,170,497    |
| <b>Cash and cash equivalents, end of year</b>   | \$ 2,160,075 | \$ 2,054,018 |
| <b>Supplemental disclosure of noncash investing activities</b>                              |              |              |
| Purchases of property and equipment included in accounts payable                            | \$ 60,917    | \$ 23,640    |

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

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

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

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

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

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

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

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

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

At June 30, 2022, net assets with donor restrictions included contributions receivable, as they are subject to implied time restrictions, and unspent American Rescue Plan Act Stabilization grant funds, which are restricted to maintain programming and services and preserve the ability of stations to respond to the global pandemic, coronavirus disease “COVID-19”. At June 30, 2021, net assets with donor restrictions included contributions receivable subject to implied time restrictions and unspent American Rescue Plan Act Stabilization grant funds.

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

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

(e) **Accounts and contributions receivable**—Accounts and contributions receivable are carried at original amounts billed or pledged, less an estimate for doubtful accounts based on periodic review by management. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to certain types of receivables, primarily membership subscriptions. The allowance for doubtful accounts totaled \$3,048 and \$4,999 at June 30, 2022 and 2021, respectively.

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

The Station does not require collateral or other security on accounts receivable.

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

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

Property and equipment are analyzed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no impaired assets at June 30, 2022 and 2021.

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

(h) **Revenue recognition**—The Station recognizes support and revenue from a variety of sources, including but not limited to the following:

Contributions, including membership, pledges, and major gifts, are recognized when cash, securities or other assets; an unconditional promise to give or bequest; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Underwriting revenues are contributions to the Station to support its programming or activities in the form of underwriting credit. Nothing of commensurate value is exchanged for underwriting credit, and the Station provides refunds for any underwriting revenues collected if the spots are not aired. Therefore, underwriting revenues contain a barrier to overcome and a right of return or a right of release of the obligation, and are recognized as revenue when the related underwriting credits are aired.

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

Grants for specific projects and activities are recognized as revenue when awarded and all conditions have been met. The Station receives cost-reimbursable grants where the contracts require a right of return or right of release of the obligation for any unspent funds. Revenue on conditional cost-reimbursable grants is recognized to the extent of costs incurred.

Revenues from production contracts, lease agreements, other rentals and services are recognized in the period earned or stipulated in the agreement, as performance obligations are satisfied.

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

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

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

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

Conditional promises to give are considered conditional if the terms of the agreement include both a right of return of assets received/promised and a barrier to entitlement. Conditional agreements are not recognized as pledges receivable until the conditions and barriers on which they depend are met.

(k) **Corporation for Public Broadcasting Community Service Grants**—The CPB is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (“CSG”) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions mainly pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

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

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

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

(m) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain personnel, office, and building costs have been allocated across functional groups based on salaries and benefits per functional classification.

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

Program services include:

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

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

Supporting services include:

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

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

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

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

(o) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2022 and 2021 was \$3,871 and \$4,593, respectively.

(p) **Subsequent events**—The Station has evaluated events and transactions through January 12, 2023, the date the financial statements were available to be issued. No subsequent events have been identified or disclosed.

(q) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (“FASB”) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2022. The Station has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Station’s reported financial position or operations in the near term.

In September 2020, the FASB issued Accounting Standards Update 2020-07: *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The Station adopted ASU 2020-07 for fiscal year 2022. There were no material impacts to the financial statements as a result of implementing this new standard.

In February 2016, the FASB issued Accounting Standards Update 2016-02: *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The standard (as amended) is effective for the Station’s fiscal year ending June 30, 2023, and may be adopted early. The Station is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(2) **Liquidity and Availability:**

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

|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| Financial assets available within one year, at year end                                |                     |                     |
| Cash   | \$ 2,160,075        | \$ 2,054,018        |
| Accounts receivable, net   | 11,814              | 9,356               |
| Contributions receivable, net  | 4,987               | 4,347               |
| Less those unavailable for general expenditures within one year, due to                |                     |                     |
| Board designations   | (681,296)           | (577,437)           |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,495,580</u> | <u>\$ 1,490,284</u> |

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

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
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(3) **Investment in Partnership:**

Investment in partnership represents an approximate five-percent interest in a limited partnership, Mt. Baldy Communication, LLC, which is engaged in broadcasting related activities. The investment is accounted for using the equity method. Under the equity method, the investment was recorded initially at cost, and subsequent adjustments are run through the statement of activities annually for the Station's share of post-acquisition profits and losses.

(4) **Property and Equipment:**

A summary of property and equipment at June 30, 2022 and 2021, is as follows:

|                                 | <u>2022</u>       | <u>2021</u>       |
|---------------------------------|-------------------|-------------------|
| Studio equipment                | \$ 3,555,759      | \$ 3,510,433      |
| Antennae and tower              | 527,353           | 478,020           |
| Land and leasehold improvements | 243,052           | 175,498           |
| Furniture and fixtures          | 149,825           | 149,825           |
| Automobiles and trucks          | 18,235            | 18,235            |
| Total property and equipment    | <u>4,494,224</u>  | <u>4,332,011</u>  |
| Less: Accumulated depreciation  | <u>3,946,915</u>  | <u>3,828,321</u>  |
| Property and equipment, net     | <u>\$ 547,309</u> | <u>\$ 503,690</u> |

For the years ended June 30, 2022 and 2021, depreciation expense for property and equipment was \$118,593 and \$115,761, respectively.

(5) **Contributed Nonfinancial Assets:**

In-kind contributions included in the statement of activities for the years ended June 30, 2022 and 2021, are comprised of services. Services recognized comprise professional services and are valued using current rates of the professional firm.

In-kind contributions are not restricted. The Station does not sell in-kind contributions and uses the contributed in-kind items in management and general activities.

(6) **Line of Credit:**

The Station had a bank line-of-credit for borrowings to a maximum of \$150,000 which expired as of August 9, 2021. The line of credit had variable interest based on the prime rate published in *The Wall Street Journal* plus 1.5%, with a minimum interest rate of 5.00% (5.00% as of June 30, 2021). The Station's equipment served as collateral for the borrowings. Interest accrued on the unpaid balance until the note was paid in full. The Station had no advances on the line-of-credit as of June 30, 2021.



**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(7) Operating Lease Commitments:**

The Station has entered into a non-cancellable operating lease for its office facilities. The current facility lease commenced on December 1, 2017 and is a five-year lease with an option to renew the lease for an additional five years at the end of the lease term in November 2022. The terms of the existing lease agreement include an annual rent adjustment clause based on the Consumer Price Index, an additional charge for use of common areas, and allocation of facility overhead costs for real property taxes, insurance premiums, etc. The base rent amount totaled \$6,841 and \$6,756 per month for the fiscal years ended June 30, 2022 and 2021, respectively. The following is a schedule of future minimum lease payments under the non-cancellable lease terms for office facilities as of June 30, 2022:

| <b>Years Ending<br/>June 30:</b> | <b>Amount</b> |
|----------------------------------|---------------|
| 2023                             | \$ 34,207     |

Four other tower sites are leased under varying arrangements with lease payments totaling approximately \$1,200 per month or approximately \$14,400 annually for all four towers.

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

**(8) Significant Concentrations:**

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

(a) **Cash and cash equivalents**—The Station maintains its cash accounts at financial institutions which at times may exceed federally insured limits. The Station has not experienced any losses in such accounts. As of June 30, 2022 and 2021, uninsured cash balances totaled \$1,610,287 and \$1,488,724, respectively.

(b) **Revenues**—The CPB provided approximately 33% and 46% of the Station’s revenue during the fiscal years ended June 30, 2022 and 2021, respectively.

**(9) Community Service Grants:**

The Station receives a CSG from the CPB annually. The CSGs received and expended during the most recent fiscal years were as follows:

| <b>Years of<br/>Grant</b> | <b>Grants<br/>Received</b> | <b>Expended</b> |                |                | <b>Uncommitted<br/>Balance at<br/>June 30, 2022</b> |
|---------------------------|----------------------------|-----------------|----------------|----------------|---|
|                           |                            | <b>2019-20</b>  | <b>2020-21</b> | <b>2021-22</b> |   |
| 2021-22                   | \$ 702,931                 | \$ -            | \$ -           | \$ 702,931     | \$ -  |
| 2020-21                   | 671,124                    | -               | 671,124        | -              | -   |
| 2019-20                   | 613,039                    | 613,039         | -              | -              | -   |

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
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**JUNE 30, 2022 AND 2021**

(10) **Risks and Uncertainties:**

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

(11) **Paycheck Protection Program:**

On February 10, 2021, the Station received proceeds in the amount of \$156,097, pursuant to the second round of the Paycheck Protection Program (“PPP”) established as part of the federal Consolidated Appropriations Act, 2021. Under the terms of the PPP, proceeds are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Station maintains its payroll levels over a specified period of time as described in the Consolidated Appropriations Act, 2021, during the covered period. Any unforgiven portion is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. On November 24, 2021, the Station received notice the forgiveness application had been approved in full. Forgivable advance income of \$156,097 has been recognized on the statement of activities for the fiscal year ended June 30, 2022.

On May 6, 2020, the Station received proceeds in the amount of \$156,698, pursuant to the Paycheck Protection Program established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). Under the terms of the PPP, proceeds are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Station maintains its payroll levels over a specified period of time as described in the CARES Act, during the covered period. Any unforgiven portion is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. On December 9, 2020, the Station received notice the forgiveness application had been approved in full. Forgivable advance income of \$156,698 has been recognized on the statement of activities for the fiscal year ended June 30, 2021.

(12) **Nonfederal Financial Support:**

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

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

**SOUTHERN OREGON PUBLIC TELEVISION, INC.**  
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(12) **Nonfederal Financial Support:** (Continued)

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

Reported NFFS for the Station was \$1,506,275 and \$1,231,142 for the years ended June 30, 2022 and 2021, respectively.