

BLUE RIDGE PUBLIC TELEVISION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

BLUE RIDGE PUBLIC TELEVISION, INC.
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JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Blue Ridge Public Television, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Blue Ridge 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 Blue Ridge 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.

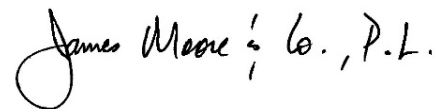
Auditors' Responsibilities for the Audit of the Financial Statements

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
December 13, 2022

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 157,983	\$ 727,979
Accounts receivable, net	33,943	70,500
Contributions receivable, net	164,287	142,819
Prepaid expenses	33,692	51,145
Total current assets	389,905	992,443
Non-current assets		
Investments	4,504,142	5,246,427
Property and equipment, net	749,586	811,523
Total non-current assets	5,253,728	6,057,950
Total Assets	\$ 5,643,633	\$ 7,050,393
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 26,688	\$ 117,316
Deferred revenue	59,835	33,600
Refundable advance	-	83,000
Other accrued liabilities	33,622	46,232
Total current liabilities	120,145	280,148
Net assets		
Without donor restrictions	4,959,388	6,013,859
With donor restrictions	564,100	756,386
Total net assets	5,523,488	6,770,245
Total Liabilities and Net Assets	\$ 5,643,633	\$ 7,050,393

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

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions and related support:			
Subscriptions and membership revenues	\$ 818,319	\$ 190,067	\$ 1,008,386
Bequests	9,024	-	9,024
Program underwriting	130,972	-	130,972
In-kind contributions	107,946	-	107,946
Trade	20,750	-	20,750
Special events and other support	43,924	-	43,924
Grants:			
Corporation for Public Broadcasting	976,380	-	976,380
Other	69,085	350,000	419,085
Education and program revenue:			
Production-other	86,150	-	86,150
Other revenue and support:			
Rental and leasing	153,733	-	153,733
Gain from sale of property and equipment, net	4,017	-	4,017
Investment return, net	(738,407)	-	(738,407)
Forgivable advance income	83,000	-	83,000
Net assets released from restrictions:			
Restricted funds expended and expiration of time restrictions	732,353	(732,353)	-
Total support and revenues	2,497,246	(192,286)	2,304,960
Expenses			
Program services:			
Programming and production	2,082,255	-	2,082,255
Broadcasting	299,915	-	299,915
Program information	21,219	-	21,219
Total program services	2,403,389	-	2,403,389
Supporting services:			
Development and underwriting	526,390	-	526,390
Management and general	621,938	-	621,938
Total supporting services	1,148,328	-	1,148,328
Total expenses	3,551,717	-	3,551,717
Change in net assets	(1,054,471)	(192,286)	(1,246,757)
Net assets, beginning of year	6,013,859	756,386	6,770,245
Net assets, end of year	\$ 4,959,388	\$ 564,100	\$ 5,523,488

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

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues			
Contributions and related support:			
Subscriptions and membership revenues	\$ 714,922	\$ 163,381	\$ 878,303
Bequests	33,274	-	33,274
Program underwriting	125,456	-	125,456
In-kind contributions	99,178	-	99,178
Trade	17,536	-	17,536
Special events and other support	54,836	-	54,836
Grants:			
Corporation for Public Broadcasting	778,080	473,963	1,252,043
Other	116,350	350,000	466,350
Education and program revenue:			
Production-other	74,668	-	74,668
Other revenue and support:			
Rental and leasing	149,699	-	149,699
Investment return, net	1,248,887	-	1,248,887
Forgivable advance income	182,300	-	182,300
Net assets released from restrictions:			
Restricted funds expended and expiration of time restrictions	992,869	(992,869)	-
Total support and revenues	<u>4,588,055</u>	<u>(5,525)</u>	<u>4,582,530</u>
Expenses			
Program services:			
Programming and production	1,531,233	-	1,531,233
Broadcasting	387,853	-	387,853
Program information	47,883	-	47,883
Total program services	<u>1,966,969</u>	<u>-</u>	<u>1,966,969</u>
Supporting services:			
Development and underwriting	830,818	-	830,818
Management and general	611,976	-	611,976
Total supporting services	<u>1,442,794</u>	<u>-</u>	<u>1,442,794</u>
Total expenses	<u>3,409,763</u>	<u>-</u>	<u>3,409,763</u>
Change in net assets	<u>1,178,292</u>	<u>(5,525)</u>	<u>1,172,767</u>
Net assets, beginning of year	4,835,567	761,911	5,597,478
Net assets, end of year	<u>\$ 6,013,859</u>	<u>\$ 756,386</u>	<u>\$ 6,770,245</u>

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

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	<u>Total</u>	<u>Development and Underwriting</u>	<u>Management and General</u>	<u>Total</u>	
Salaries, payroll taxes and benefits	\$ 818,554	\$ 158,121	\$ 3,359	\$ 980,034	\$ 235,393	\$ 274,134	\$ 509,527	\$ 1,489,561
Program rental	736,829	-	-	736,829	-	-	-	736,829
Depreciation	78,610	41,282	-	119,892	-	21,186	21,186	141,078
Professional services	180,942	13,374	14,500	208,816	72,608	156,791	229,399	438,215
Telephone and utilities	41,398	42,390	-	83,788	10,443	36,878	47,321	131,109
Brokerage/financing fees	-	-	-	-	28,029	3,140	31,169	31,169
Premiums	-	-	-	-	36,002	-	36,002	36,002
Program services	24,715	-	-	24,715	-	-	-	24,715
Insurance	30,437	6,087	-	36,524	8,854	9,961	18,815	55,339
Building, equipment and land rental	41,113	8,223	-	49,336	11,960	13,455	25,415	74,751
Auto and travel	30,344	5,570	49	35,963	4,744	12,593	17,337	53,300
Postage and shipping	1,429	161	-	1,590	37,013	2,075	39,088	40,678
In-kind	-	-	-	-	20,750	28,741	49,491	49,491
General supplies	33,719	2,302	400	36,421	11,496	17,306	28,802	65,223
Repairs and maintenance	17,064	12,111	-	29,175	1,889	2,258	4,147	33,322
Membership dues and subscriptions	14,094	604	411	15,109	3,089	31,405	34,494	49,603
Computer	22,664	9,644	-	32,308	-	3,319	3,319	35,627
Printing and publications	588	-	2,500	3,088	40,341	6,846	47,187	50,275
Other taxes and licenses	-	46	-	46	-	-	-	46
Bad debts	-	-	-	-	3,779	-	3,779	3,779
Miscellaneous	9,755	-	-	9,755	-	1,850	1,850	11,605
	<u>\$ 2,082,255</u>	<u>\$ 299,915</u>	<u>\$ 21,219</u>	<u>\$ 2,403,389</u>	<u>\$ 526,390</u>	<u>\$ 621,938</u>	<u>\$ 1,148,328</u>	<u>\$ 3,551,717</u>

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

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	<u>Total</u>	<u>Development and Underwriting</u>	<u>Management and General</u>	<u>Total</u>	
Salaries, payroll taxes and benefits	\$ 607,492	\$ 240,256	\$ 36,588	\$ 884,336	\$ 263,030	\$ 295,483	\$ 558,513	\$ 1,442,849
Program rental	567,783	-	-	567,783	-	60	60	567,843
Depreciation	34,067	49,447	-	83,514	-	20,927	20,927	104,441
Professional services	142,122	5,945	683	148,750	73,304	145,094	218,398	367,148
Telephone and utilities	36,622	43,518	2,217	82,357	13,303	39,586	52,889	135,246
Brokerage/financing fees	-	-	-	-	25,512	313	25,825	25,825
Premiums	-	-	-	-	34,350	-	34,350	34,350
Program services	12,457	-	-	12,457	-	-	-	12,457
Insurance	22,893	9,266	1,635	33,794	9,811	10,901	20,712	54,506
Building, equipment and land rental	27,142	10,987	1,939	40,068	11,633	12,925	24,558	64,626
Auto and travel	5,692	3,009	-	8,701	589	1,001	1,590	10,291
Postage and shipping	826	2,477	106	3,409	32,665	-	32,665	36,074
In-kind	-	-	-	-	17,536	28,613	46,149	46,149
General supplies	27,322	2,340	1,472	31,134	21,707	16,628	38,335	69,469
Repairs and maintenance	19,505	7,845	1,083	28,433	6,498	7,219	13,717	42,150
Membership dues and subscriptions	11,364	440	2,134	13,938	49	27,687	27,736	41,674
Computer	748	12,298	-	13,046	-	1,058	1,058	14,104
Printing and publications	388	-	26	414	14,811	2,649	17,460	17,874
Other taxes and licenses	-	25	-	25	-	-	-	25
Bad debts	-	-	-	-	306,020	-	306,020	306,020
Loss on disposal of equipment	1,195	-	-	1,195	-	-	-	1,195
Miscellaneous	13,615	-	-	13,615	-	1,832	1,832	15,447
	<u>\$ 1,531,233</u>	<u>\$ 387,853</u>	<u>\$ 47,883</u>	<u>\$ 1,966,969</u>	<u>\$ 830,818</u>	<u>\$ 611,976</u>	<u>\$ 1,442,794</u>	<u>\$ 3,409,763</u>

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

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (1,246,757)	\$ 1,172,767
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	141,078	104,441
Bad debts	3,779	306,020
Net unrealized gain (loss) on investments	1,118,471	(1,102,147)
Net realized gains on sales of investments	(328,659)	(105,266)
Gain from sale of property and equipment	(4,017)	-
Loss on disposal of property and equipment	-	1,195
Change in:		
Accounts and contributions receivable	11,310	304,206
Prepaid expenses	17,453	4,574
Accounts payable	(90,628)	200
Deferred revenue	26,235	(6,384)
Refundable advance	(83,000)	(99,300)
Other accrued liabilities	(12,610)	13,372
Net cash provided by (used in) operating activities	(447,345)	593,678
Cash flows from investing activities		
Proceeds from sale of investments	1,113,441	708,100
Purchases of investments	(1,160,968)	(745,292)
Purchases of property and equipment	(79,141)	(182,974)
Proceeds from sale of property and equipment	4,017	-
Net cash used in investing activities	(122,651)	(220,166)
Change in cash and cash equivalents	(569,996)	373,512
Cash and cash equivalents, beginning of year	727,979	354,467
Cash and cash equivalents, end of year	\$ 157,983	\$ 727,979
Supplemental disclosure of noncash investing activities		
Purchases of property and equipment included in accounts payable	\$ -	\$ 81,235

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

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

(a) **Organization**—Blue Ridge Public Television, Inc. (the “Station”) is a nonprofit corporation formed in 1967. The Station provides educational and informational programming for southwest Virginia and instructional television to area schools. The Station is committed to extensive local programming, educational services and community involvement opportunities for the coverage area of twenty counties in Virginia as well as four in West Virginia and two in North Carolina. The Station provides radio programming and cultural performances for the community.

The Station receives significant funding from the Corporation of Public Broadcasting (“CPB”). Reductions in this and other 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 State Department of Education grant funds, which are restricted to spending on educational programming and services and purchases of equipment for educational productions. At June 30, 2021, net assets with donor restrictions included contributions receivable subject to implied time restrictions, State Department of Education grant funds which are restricted to spending on educational programming and services, 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”.

(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.

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

(e) **Investments**—Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the accompanying statements of activities. See Note 3 for further information on fair value reporting.

(f) **Accounts and contributions receivable**—Accounts and contributions receivable are carried at original amounts billed or pledged, less an estimate for doubtful receivables 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 uncollectible contributions receivable totaled \$26,410 and \$20,656 at June 30, 2022 and 2021, respectively. The allowance for accounts receivable totaled \$2,122 and \$4,876 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.

(g) **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 method over the estimated useful lives of the assets as follows:

	Years
Broadcasting and related equipment	3 – 25
Studio building and parking lot	5 – 30
Transmitter buildings	15 – 30
Furniture and fixtures	3 – 15
Automobiles and trucks	5 – 10

(h) **Deferred revenue**—Income from advance rental payments and the unearned portions of education and program revenue is deferred and recognized over the period to which the dues and fees relate.

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

Contributions, including subscriptions and membership revenues, 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.

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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.

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

(j) **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.

(k) **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.

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

(l) **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 (CSGs) 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.

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.

(m) **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.

(n) **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.

(o) **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.

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

(p) **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 \$7,500 and \$2,469, respectively.

(q) **Subsequent events**—The Station has evaluated events and transactions through December 13, 2022, the date the financial statements were available to be issued. No subsequent events have been identified or disclosed.

(r) **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.

(s) **Reclassifications**—Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on net assets.

(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>
Cash	\$ 157,983	\$ 727,979
Accounts receivable	33,943	70,500
Contributions receivable	164,287	142,819
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 356,213</u>	<u>\$ 941,298</u>

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(2) **Liquidity and Availability:** (Continued)

None of the financial assets are subject to donor or other contractual restrictions or internal board designations that make them unavailable for general expenditure within one year of the statement of financial position date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year. Additionally, the Station has investments of \$4,504,142 and \$5,246,427 at June 30, 2022 and 2021, respectively. The Station structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. Although the Station does not intend to liquidate assets other than for amounts needed for general expenditures budgeted during the year, these amounts could be made available if necessary. See Note 3 for additional information regarding investments.

(3) **Investments and Fair Value Measurements:**

The Station invests in various securities primarily based on its investment policy and liquidity needs. The following is a summary of investment funds at June 30, 2022 and 2021:

<u>Year</u>	<u>Cost</u>	<u>Fair Value</u>
2022	<u>\$ 3,972,496</u>	<u>\$ 4,504,142</u>
2021	<u>\$ 3,550,916</u>	<u>\$ 5,246,427</u>

Net investment return on the statements of activities is comprised of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest	\$ 22,057	\$ 16,312
Dividends	70,147	60,531
Realized gains/(losses), net	328,659	105,266
Unrealized gains/(losses), net	(1,118,471)	1,102,147
Investment expense	<u>(40,799)</u>	<u>(35,369)</u>
Investment return, net	<u>\$ (738,407)</u>	<u>\$ 1,248,887</u>

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

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(3) **Investments and Fair Value Measurements:** (Continued)

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

Level 2 – Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation of other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes to the methodology used at June 30, 2022 and 2021.

Mutual funds – Valued at quoted market prices which represent the net asset value of shares held by the Station.

Equity securities – Valued at quoted market prices.

Fixed income – Valued at quoted market prices, when available. When quoted market prices are not available, valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.

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

The following table summarizes the investments of the Station.

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,224,177	\$ -	\$ -	\$ 1,224,177
Equity securities	2,397,082	-	-	2,397,082
Fixed income	267,783	557,141	-	824,924
	<u>\$ 3,889,042</u>	<u>\$ 557,141</u>	<u>\$ -</u>	4,446,183
Money market accounts				57,959
				<u>\$ 4,504,142</u>

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(3) **Investments and Fair Value Measurements:** (Continued)

	Fair Value Measurements as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,343,500	\$ -	\$ -	\$ 1,343,500
Equity securities	3,009,137	-	-	3,009,137
Fixed income	252,922	609,089	-	862,011
	<u>\$ 4,605,559</u>	<u>\$ 609,089</u>	<u>\$ -</u>	<u>5,214,648</u>
Money market accounts				31,779
				<u>\$ 5,246,427</u>

The amounts shown in money market accounts are held in cash accounts with financial services companies and are considered to be a part of total investments, as they will be used for investment purposes in the near future. The amounts have been included in the table above to reconcile with the statements of financial position.

(4) **Property and Equipment:**

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

	2022	2021
Broadcasting and related equipment	\$ 3,314,325	\$ 3,412,360
Studio building and parking lot	1,576,138	1,589,193
Transmitter buildings	324,046	324,046
Furniture and fixtures	244,889	245,419
Automobiles and trucks	103,194	139,880
Total property and equipment	<u>5,562,592</u>	<u>5,710,898</u>
Less: Accumulated depreciation	4,813,006	4,991,573
Construction in process	-	92,198
Property and equipment, net	<u>\$ 749,586</u>	<u>\$ 811,523</u>

For the years ended June 30, 2022 and 2021, depreciation expense for property and equipment was \$141,078 and \$104,441, respectively.

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(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 the following:

	2022	2021
Services	\$ 33,196	\$ 34,553
Building rent	74,750	64,625
Total	\$ 107,946	\$ 99,178

Services recognized comprise professional services and are valued using current rates of the professional firms and telecommunications companies.

Building rent is valued based on the current market rate for rent of a similar size facility.

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) **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. There was no uninsured balance at June 30, 2022. As of June 30, 2021 the uninsured cash balance totaled \$547,457.

- (b) **Revenues**—The CPB approximated 42% and 27% of the Station’s revenue during the fiscal years ended June 30, 2022 and 2021, respectively.

- (c) **Accounts receivable**—The Station had accounts receivable of \$33,943 and \$70,500 at June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, two customers represented approximately 54% and 76% of accounts receivable, respectively. The Station has no policy requiring collateral or other security to support these amounts.

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(7) **Line of Credit:**

The Station has an unsecured bank line of credit for borrowings to a maximum of \$400,000. During fiscal year 2022, the line of credit had a variable interest based on the bank's prime rate (4.75% as of June 30, 2022), with a floor rate of 5%. During fiscal year 2021, the line of credit had a variable interest rate based on the bank's prime rate (3.25% as of June 30, 2021) with a floor rate of 5%. Borrowings are payable on demand. Interest accrues on the unpaid balance until the line is paid in full. Accrued interest is repayable monthly. The line of credit is secured by any inventory, chattel paper, accounts, equipment, and several intangibles held by the Station. There were no outstanding borrowings on the line of credit as of June 30, 2022 and 2021.

(8) **Operating Leases and Other Leasing Arrangements:**

The Station leases land in Virginia from unrelated parties (on which transmitter/microwave tower facilities are located) under operating leases with terms equal to the estimated fair rental value of the property described below:

Land in Roanoke County: \$16,159 per year, expiring in June 2025.

The following is a schedule by years of future minimum payments required under this lease as of June 30, 2022:

Years Ending June 30:	Amount
2023	\$ 16,647
2024	16,896
2025	17,150
Total future minimum payments	\$ 50,693

Rent expense under operating lease agreements totaled approximately \$16,000 for each of the fiscal years ended June 30, 2022 and 2021, respectively.

The Station leases office equipment requiring basic monthly payments of approximately \$1,000 through September 2021 and approximately \$500 through March 2027. Lease expense under the office equipment lease agreement totaled approximately \$7,500 and \$12,000 for the fiscal years ended June 30, 2022 and 2021, respectively.

The Station's primary facility is located on land owned by the City of Roanoke for which no lease agreement is currently in force. Management estimates the fair value of the land usage to total approximately \$75,000 annually, based on a land appraisal report, and charges this amount to land rental expense and in-kind contributions in the statement of activities.

BLUE RIDGE PUBLIC TELEVISION, INC.
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(8) **Operating Leases and Other Leasing Arrangements:** (Continued)

The Station receives revenue under three separate rental agreements for tower usage and space rental totaling approximately \$154,000 and \$150,000 for the fiscal years ended June 30, 2022 and 2021, respectively. The first rental agreement requires monthly payments of approximately \$2,200 with a 2% annual increase, and extends through December 2024, with an option for renewal of three-year periods upon mutual agreement by the parties. The second rental agreement requires monthly payments of approximately \$500 with an annual increase or decrease in the payment based on the Consumer Price Index, and extends through December 2030, with an option for renewal of one five-year period. The third rental agreement requires monthly payments of approximately \$10,000 with a 3% annual increase, and extends through January 2027, with an option for up to three five-year renewals at the discretion of the lessee.

The following is a schedule by years of future minimum rental receipts under these non-cancelable leases as of June 30, 2022:

Years Ending June 30:	Amount
2023	\$ 157,558
2024	161,826
2025	151,348
2026	72,310
2027	74,296
Thereafter	20,700
Total future minimum payments	\$ 638,038

(9) **Community Service Grants:**

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

Years of Grant	Grants Received	Expended			Uncommitted Balance at June 30, 2022
		2019-20	2020-21	2021-22	
2021-22	\$ 867,091	\$ -	\$ -	\$ 867,091	\$ -
2020-21	675,823	-	675,823	-	-
2019-20	662,312	662,312	-	-	-

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(10) **Employee Benefit Plans:**

The Station sponsors a defined contribution plan covering substantially all eligible employees.

Employees must complete a specific period of service and attain age 21 before becoming eligible. Under the provisions of the plan, eligible employees may defer a percentage of their compensation. Total deferrals in any taxable year may not exceed a prescribed dollar limit.

The plan provides for discretionary matching contributions by the Station equal to two percent of the amount of the employee's salary and a three percent safe harbor contribution. The Station contributed \$48,362 and \$45,193 to the plan in 2022 and 2021, respectively.

(11) **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.

(12) **Master Control Agreement:**

The Station entered into a master control services agreement on July 1, 2018. The agreement is for 60 months, ending on July 31, 2023. The Station is charged \$75,000 annually for services in connection with this master control services agreement.

During the fiscal year ended June 30, 2019, the Station was awarded a supplemental Community Service Grant of \$150,000 from the CPB. \$75,000 was recognized as revenue during each of the fiscal years ended June 30, 2020 and 2019. The grant requires the Station to receive services from a qualified provider of broadcast operating services for a continuous period of at least five years. If the agreement is terminated early, the supplemental Community Service Grant funds are required to be repaid.

(13) **Paycheck Protection Program:**

On February 4, 2021, the Station received proceeds in the amount of \$83,000, 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 September 29, 2021, the Station received notice the forgiveness application had been approved in full. Forgivable advance income of \$83,000 has been recognized on the statement of activities for the fiscal year ended June 30, 2022.

On April 14, 2020, the Station received proceeds in the amount of \$182,300, pursuant to the Paycheck Protection Program ("PPP") 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 November 4, 2020, the Station received notice the forgiveness application had been approved in full. Forgivable advance income of \$182,300 has been recognized on the statement of activities for the fiscal year ended June 30, 2021.

BLUE RIDGE PUBLIC TELEVISION, INC.
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(14) Nonfederal Financial Support (NFFS):

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on 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 broadcast station.

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 broadcast station.