

SOUTHERN OREGON PUBLIC TELEVISION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

SOUTHERN OREGON PUBLIC TELEVISION, INC.
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JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Oregon Public Television, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Oregon Public Television, Inc. as of June 30, 2021 and 2020, 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.

James Moore & Co., P.L.

Gainesville, Florida
January 14, 2022

SOUTHERN OREGON PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 2,054,018	\$ 1,170,497
Certificate of deposit	-	100,000
Accounts receivable, net	9,356	71,917
Contributions receivable, net	4,347	5,037
Prepaid program rights	130,449	129,412
Prepaid expenses	39,469	16,189
Total current assets	2,237,639	1,493,052
Non-current assets		
Investment in partnership	19,624	31,031
Property and equipment, net	503,690	534,659
Total non-current assets	523,314	565,690
Total Assets	\$ 2,760,953	\$ 2,058,742
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 117,506	\$ 40,919
Deferred revenue	2,070	4,416
Refundable advance	156,097	156,698
Accrued payroll liabilities	84,441	70,779
Total current liabilities	360,114	272,812
Net assets		
Without donor restrictions		
Undesignated	1,336,067	1,238,104
Board designated	577,437	541,644
With donor restrictions	487,335	6,182
Total net assets	2,400,839	1,785,930
Total Liabilities and Net Assets	\$ 2,760,953	\$ 2,058,742

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
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
Federal debt forgiveness	156,698	-	156,698
Net assets released from restrictions:			
Expiration of time restriction	6,182	(6,182)	-
Total support and revenues	2,364,684	481,153	2,845,837
Expenses			
Program services:			
Programming and production	993,314	-	993,314
Technology and operations	205,254	-	205,254
Total program services	1,198,568	-	1,198,568
Supporting services:			
Development and underwriting	665,068	-	665,068
Management and general	367,292	-	367,292
Total supporting services	1,032,360	-	1,032,360
Total expenses	2,230,928	-	2,230,928
Change in net assets	133,756	481,153	614,909
Net assets, beginning of year	1,779,748	6,182	1,785,930
Net assets, end of year	\$ 1,913,504	\$ 487,335	\$ 2,400,839

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Major gifts	\$ 243,757	\$ -	\$ 243,757
Membership and pledges	853,653	6,182	859,835
CPB grants	1,020,049	-	1,020,049
Other grants	210,993	-	210,993
Program underwriting	160,844	-	160,844
Local production underwriting	5,000	-	5,000
Production contracts	17,154	-	17,154
Trade	43,004	-	43,004
In-kind	12,709	-	12,709
Other	13,709	-	13,709
Net assets released from restrictions:			
Expiration of time restriction	79,105	(79,105)	-
Total support and revenues	<u>2,659,977</u>	<u>(72,923)</u>	<u>2,587,054</u>
Expenses			
Program services:			
Programming and production	992,623	-	992,623
Technology and operations	171,119	-	171,119
Total program services	<u>1,163,742</u>	<u>-</u>	<u>1,163,742</u>
Supporting services:			
Development and underwriting	627,611	-	627,611
Management and general	378,049	-	378,049
Total supporting services	<u>1,005,660</u>	<u>-</u>	<u>1,005,660</u>
Total expenses	<u>2,169,402</u>	<u>-</u>	<u>2,169,402</u>
Change in net assets	<u>490,575</u>	<u>(72,923)</u>	<u>417,652</u>
Net assets, beginning of year	1,289,173	79,105	1,368,278
Net assets, end of year	<u>\$ 1,779,748</u>	<u>\$ 6,182</u>	<u>\$ 1,785,930</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.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services			Total Expenses
	Programming and Production	Technology and Operations	Total	Development and Underwriting	Management and General	Total	
Wages	\$ 314,675	\$ 8,644	\$ 323,319	\$ 198,442	\$ 158,160	\$ 356,602	\$ 679,921
Program	384,274	-	384,274	-	-	-	384,274
Contract labor	59,826	54,085	113,911	170,488	-	170,488	284,399
Insurance	52,698	23	52,721	51,224	33,815	85,039	137,760
Depreciation	50,411	57,760	108,171	-	6,763	6,763	114,934
Rent	41,280	12,988	54,268	27,374	17,568	44,942	99,210
Professional fees	150	-	150	-	70,068	70,068	70,218
Premiums	576	-	576	70,245	-	70,245	70,821
Utilities	3,561	26,353	29,914	1,824	5,056	6,880	36,794
Payroll taxes and other	25,682	109	25,791	13,956	11,962	25,918	51,709
Trade	-	-	-	41,155	1,849	43,004	43,004
Dues and subscriptions	5,000	4,550	9,550	550	30,238	30,788	40,338
Travel and entertainment	17,545	-	17,545	3,497	3,524	7,021	24,566
Telephone	8,265	1,234	9,499	5,780	3,487	9,267	18,766
Equipment rental	805	3,285	4,090	200	10,363	10,563	14,653
Printing and production	6,126	-	6,126	26,744	25	26,769	32,895
Repairs	2,475	1,202	3,677	-	-	-	3,677
Postage and delivery	9,152	84	9,236	4,426	133	4,559	13,795
Bank service charges	-	-	-	3,966	5,884	9,850	9,850
In-kind	-	325	325	684	11,700	12,384	12,709
Licenses and permits	-	-	-	9	884	893	893
Janitorial	3,382	79	3,461	2,264	1,754	4,018	7,479
Supplies	1,481	398	1,879	162	2,538	2,700	4,579
Advertising	4,639	-	4,639	127	-	127	4,766
Security	-	-	-	-	2,224	2,224	2,224
Training and seminars	500	-	500	-	54	54	554
Bad debts	-	-	-	4,494	-	4,494	4,494
Video tape	120	-	120	-	-	-	120
	<u>\$ 992,623</u>	<u>\$ 171,119</u>	<u>\$ 1,163,742</u>	<u>\$ 627,611</u>	<u>\$ 378,049</u>	<u>\$ 1,005,660</u>	<u>\$ 2,169,402</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, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 614,909	\$ 417,652
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	115,761	114,934
Bad debts	824	4,494
Investment in partnership	(3,593)	(3,009)
Change in:		
Accounts receivable	61,737	14,824
Contributions receivable	690	72,923
Prepaid program rights	(1,037)	(10,332)
Prepaid expenses	(23,280)	31,667
Accounts payable	52,947	18,690
Deferred revenue	(2,346)	(100,175)
Refundable advance	(601)	156,698
Accrued payroll liabilities	13,662	12,155
Net cash provided by (used in) operating activities	829,673	730,521
Cash flows from investing activities		
Purchases of property and equipment	(61,152)	(81,877)
Purchase of certificates of deposit	-	(426,000)
Capital distribution	15,000	-
Proceeds from sale of certificates of deposit	100,000	326,000
Net cash provided by (used in) investing activities	53,848	(181,877)
Change in cash and cash equivalents	883,521	548,644
Cash and cash equivalents, beginning of year	1,170,497	621,853
Cash and cash equivalents, end of year	\$ 2,054,018	\$ 1,170,497
Supplemental disclosure of noncash investing activities		
Purchases of property and equipment included in accounts payable	\$ 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, 2021 AND 2020

(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, 2021, 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, 2020, net assets with donor restrictions included contributions receivable subject to implied time restrictions.

(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.

(e) **Certificate of deposit**—The certificate of deposit is held for investment purposes. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as current assets.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(f) **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 \$4,999 for each of the fiscal years ended June 30, 2021 and 2020, 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 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, 2021 and 2020.

(h) **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.

(i) **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, 2021 AND 2020

(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 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.

(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.

(l) **Corporation for Public Broadcasting Community Service Grants**—The Corporation for Public Broadcasting (“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, 2021 AND 2020

(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.

(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.

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.

(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.

SOUTHERN OREGON PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(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, 2021 and 2020 was \$4,593 and \$4,766, respectively.

(q) **Subsequent events**—The Station has evaluated events and transactions through January 14, 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, 2021. 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 May 2014, the FASB issued ASU 2014-09: *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively “ASC 606”). These standards outline a five-step framework that supersedes the principles for recognizing revenue (previously “ASC 605”) and eliminated industry-specific guidance. The core principle of the guidance of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. The transaction price is allocated to identified performance obligations and recognized as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Station adopted ASC 606 for fiscal year 2021. There were no material impacts to the financial statements as a result of implementing ASC 606.

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.

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 ASU should be applied on a retrospective basis and is effective for the Station’s fiscal year ending June 30, 2022. Early adoption is permitted. 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.

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(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>2021</u>	<u>2020</u>
Financial assets available within one year, at year end		
Cash	\$ 2,054,018	\$ 1,170,497
Certificate of deposit	-	100,000
Accounts receivable, net	9,356	71,917
Contributions receivable, net	4,347	5,037
Less those unavailable for general expenditures within one year, due to		
Board designations	(577,437)	(541,644)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,490,284</u>	<u>\$ 805,807</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, a cash account, and, in 2020, a certificate of deposit, 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.

(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, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Studio equipment	\$ 3,510,433	\$ 3,447,273
Antennae and tower	478,020	478,020
Land and leasehold improvements	175,498	175,498
Furniture and fixtures	149,825	139,099
Automobiles and trucks	18,235	18,235
Total property and equipment	<u>4,332,011</u>	<u>4,258,125</u>
Less: Accumulated depreciation	<u>3,828,321</u>	<u>3,723,466</u>
Property and equipment, net	<u>\$ 503,690</u>	<u>\$ 534,659</u>

For the years ended June 30, 2021 and 2020, depreciation expense for property and equipment was \$115,761 and \$114,934, respectively.

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(5) **Line of Credit:**

The Station has a bank line-of-credit for borrowings to a maximum of \$150,000, with 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 and 2020). The Station's equipment serves as collateral for the borrowings. Interest accrues on the unpaid balance until the note is paid in full. The Station had no advances on the line-of-credit as of June 30, 2021 and 2020.

(6) **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 \$6,636 and \$6,436 per month for the fiscal years ended June 30, 2021 and 2020, respectively. The following is a schedule of future minimum lease payments under the non-cancellable lease terms for office facilities as of June 30, 2021:

<u>Years Ending June 30:</u>	<u>Amount</u>
2022	\$ 81,069
2023	34,207
Total future minimum payments	<u>\$ 115,276</u>

The Station broadcasts from various tower locations in its viewing region. Five of the tower sites involve partnerships with other broadcasting entities, and the Station owns a percentage of the equipment. One of these arrangements involves the payment of fees totaling less than \$1,000 annually.

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

Additionally, four 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.

(7) **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 and certificate of deposit**—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, 2021 and 2020, uninsured cash balances totaled \$1,488,724 and \$690,763, respectively.

(b) **Revenues**—The CPB provided approximately 46% and 39% of the Station's revenue during the fiscal years ended June 30, 2021 and 2020, respectively.

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(8) 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:

Years of Grant	Grants Received	Expended			Uncommitted Balance at June 30, 2021
		2018-19	2019-20	2020-21	
2020-21	\$ 671,124	\$ -	\$ -	\$ 671,124	\$ -
2019-20	613,039	-	613,039	-	-
2018-19	606,289	606,289	-	-	-

(9) 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.

(10) Refundable Advance:

On May 6, 2020, the Station received loan proceeds in the amount of \$156,698, 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, loan proceeds and accrued interest are forgivable after twenty-four weeks if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Station maintains its payroll levels as described in the CARES Act. Any unforgiven portion of the loan 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. Debt forgiveness of \$156,698 has been recognized on the statement of activities for the fiscal year ended June 30, 2021.

On February 10, 2021, the Station received loan proceeds in the amount of \$156,097, pursuant to the second round of the PPP established as part of the federal Consolidated Appropriations Act, 2021. Under the terms of the PPP, loan proceeds and accrued interest 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. Management intends to utilize loan proceeds for purposes consistent with the PPP and believes substantially all of the loan will be forgiven, though it is reasonably possible that conditions could arise that would make the Station ineligible for forgiveness of the loan, in whole or in part. The loan is presented separately as a refundable advance on the statement of financial position as of June 30, 2021.

(11) 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.

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(11) **Nonfederal Financial Support:** (Continued)

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.

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 \$1,231,142 and \$1,131,856 for the years ended June 30, 2021 and 2020, respectively.