

REDWOOD EMPIRE PUBLIC TELEVISION, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

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REDWOOD EMPIRE PUBLIC TELEVISION, INC.

BOARD OF DIRECTORS

June 30, 2019

MEMBERS

ADDRESS

Paul McNally, President	Eureka, California
Cynthia Denbo, Vice President	Eureka, California
Nancy Kay, Treasurer	Eureka, California
Margaret Fleming, Secretary	Eureka, California
Mary Bullwinkel, Director	Eureka, California
Lora Canzoneri, Director	Eureka, California
Mandi Kindred, Director	Eureka, California
Carol Larsen, Director	Ferndale, California
Michelle Sievertson, Director	Eureka, California
Doralee Smith, Director	Arcata, California
Alexandra Stillman, Director	Arcata, California
John VanderMolen, Director	Eureka, California
Chris Young, Director	Eureka, California

EXECUTIVE DIRECTOR/CEO

David Gordon

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To the Board of Directors
Redwood Empire Public Television, Inc.

We have audited the accompanying statement of financial position of Redwood Empire Public Television, Inc. (a nonprofit organization) as of June 30, 2019 and 2018, 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.

Auditor's 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 Redwood Empire Public Television, Inc. as of June 30, 2019 and 2018, 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.

Aycock & Edgmon

Aycock and Edgmon
February 10, 2020

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FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

June 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 157,363	\$ 205,535
Accounts receivable - Net	52,144	28,601
Unconditional promises to give	11,061	13,814
Grants receivable	6,000	-
Prepaid expenses	39,011	48,149
Total Current Assets	<u>265,579</u>	<u>296,099</u>
Property and Equipment		
Land and land improvements	175,637	434,799
Buildings and equipment	448,629	448,629
Engineering building and equipment	2,992,510	2,972,502
Studio equipment	2,031,587	2,027,587
Office furniture and equipment	207,581	196,731
Vehicles	211,355	91,321
Accumulated depreciation	<u>(5,322,696)</u>	<u>(5,219,597)</u>
Total Property and Equipment	<u>744,603</u>	<u>951,972</u>
Other Assets		
Board designated endowment fund	642,149	438,901
Deposits	465	465
Total Other Assets	<u>642,614</u>	<u>439,366</u>
TOTAL ASSETS	<u>\$ 1,652,796</u>	<u>\$ 1,687,437</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 46,265	\$ 24,494
Current portion of notes payable	6,694	6,568
Line of credit	61,425	-
Sales tax payable	1,968	547
Refundable advances	33,425	13,450
Accrued liabilities:		
Accrued payroll	24,118	-
Compensated absences	27,442	16,485
Total Current Liabilities	<u>201,337</u>	<u>61,544</u>
Long-Term Liabilities		
Notes payable	12,022	18,716
TOTAL LIABILITIES	<u>213,359</u>	<u>80,260</u>
Net Assets		
Without donor restriction	1,439,437	1,604,291
With donor restriction	-	2,886
Total Net Assets	<u>1,439,437</u>	<u>1,607,177</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,652,796</u>	<u>\$ 1,687,437</u>

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

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT, REVENUE, AND GAINS			
Support			
Contracts and grants	\$ 69,025	\$ -	\$ 69,025
Contributions	1,149,611	-	1,149,611
Fund-raising	175,024	-	175,024
In-kind and trade-out support	163,515	-	163,515
Total Support	<u>1,557,175</u>	<u>-</u>	<u>1,557,175</u>
Revenue and Gains			
Production	8,027	-	8,027
Underwriting	84,700	-	84,700
Rents	232,086	-	232,086
Power reimbursement	96,442	-	96,442
Other income	20,276	-	20,276
Interest	17,763	-	17,763
Investment return, net	(40,109)	-	(40,109)
Total Revenue and Gains	<u>419,185</u>	<u>-</u>	<u>419,185</u>
Net assets released from restrictions	<u>2,886</u>	<u>(2,886)</u>	<u>-</u>
TOTAL SUPPORT, REVENUE, AND GAINS	<u>1,979,246</u>	<u>(2,886)</u>	<u>1,976,360</u>
EXPENSES			
Program Services			
Programing and production	815,560	-	815,560
Broadcasting	459,914	-	459,914
Program information and promotion	33,019	-	33,019
Total Program Services	<u>1,308,493</u>	<u>-</u>	<u>1,308,493</u>
Support Services			
Fund-raising and membership	452,949	-	452,949
General and administrative	382,657	-	382,658
Total Support Services	<u>835,606</u>	<u>-</u>	<u>835,606</u>
TOTAL EXPENSES	<u>2,144,099</u>	<u>-</u>	<u>2,144,099</u>
CHANGE IN NET ASSETS	(164,853)	(2,886)	(167,739)
NET ASSETS, JULY 1	<u>1,604,290</u>	<u>2,886</u>	<u>1,607,176</u>
NET ASSETS, JUNE 30	<u>\$ 1,439,437</u>	<u>\$ -</u>	<u>\$ 1,439,437</u>

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

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT, REVENUE, AND GAINS			
Support			
Contracts and grants	\$ 55,856	\$ -	\$ 55,856
Contributions	1,043,961	-	1,043,961
Fund-raising	143,319	-	145,319
In-kind and trade-out support	77,715	-	77,715
Total Support	<u>1,322,851</u>	<u>-</u>	<u>1,322,851</u>
Revenue and Gains			
Production	1,244	-	1,244
Underwriting	94,535	-	94,535
Rents	203,102	-	203,102
Power reimbursement	97,636	-	97,636
Other income	102	-	102
Interest income	13,686	-	13,686
Investment returns - net	24,420	-	24,420
Total Revenue and Gains	<u>434,725</u>	<u>-</u>	<u>434,725</u>
TOTAL SUPPORT, REVENUE, AND GAINS	<u>1,757,576</u>	<u>-</u>	<u>1,757,576</u>
EXPENSES			
Program Services			
Programing and production	648,690	-	648,690
Broadcasting	455,456	-	455,456
Program information and promotion	37,084	-	37,084
Total Program Services	<u>1,141,230</u>	<u>-</u>	<u>1,141,230</u>
Support Services			
Fund-raising and membership	312,246	-	312,246
General and administrative	388,686	-	388,686
Total Support Services	<u>700,932</u>	<u>-</u>	<u>700,932</u>
TOTAL EXPENSES	<u>1,842,162</u>	<u>-</u>	<u>1,842,163</u>
CHANGE IN NET ASSETS	(84,586)	-	(84,586)
Depreciation on grant funded equipment	625	(625)	-
NET ASSETS, JULY 1	<u>1,688,252</u>	<u>3,511</u>	<u>1,691,763</u>
NET ASSETS, JUNE 30	<u>\$ 1,604,291</u>	<u>\$ 2,886</u>	<u>\$ 1,607,177</u>

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

	Program Services			Total Program Services
	Programming and Production	Broadcasting	Program Information and Promotion	
Salaries, payroll taxes, and employee benefits	\$ 167,797	\$ 141,971	\$ -	\$ 309,768
Advertising	140,507	-	3,674	144,181
Bad debt	-	-	-	-
Bank charges	-	25	-	25
Commissions	-	-	-	-
Dues and subscriptions	298,295	1,146	911	300,352
Freight	-	5,689	-	5,689
Insurance	-	-	-	-
Interest expense	-	-	-	-
Membership campaign expense	-	-	-	-
Postage	43	8	6,041	6,092
Premiums	-	-	-	-
Printing/graphics	-	-	11,390	11,390
Professional	105,018	2,590	400	108,008
Programming	64,940	-	-	64,940
Rent	-	29,698	150	29,848
Repair and maintenance	18,550	40,348	-	58,898
Supplies	593	14,901	-	15,494
Taxes and licenses	221	-	-	221
Telephone	-	-	-	-
Travel and training	344	2,724	6,052	9,120
Utilities	-	160,731	-	160,731
Miscellaneous	-	-	4,401	4,401
TOTAL EXPENSES BEFORE DEPRECIATION AND LOSSES	796,308	399,831	33,019	1,229,158
Depreciation	19,252	60,083	-	79,335
TOTAL EXPENSES AND LOSSES	\$ 815,560	\$ 459,914	\$ 33,019	\$ 1,308,493

REDWOOD EMPIRE PUBLIC TELEVISION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

Fund-raising and Membership Development	Support Services		Total Program and Support Services 2019
	General and Administrative	Total Support Services	
\$ 280,844	\$ 179,419	\$ 460,263	\$ 770,031
2,885	723	3,608	147,789
3,792	-	3,792	3,792
9,484	7,110	16,594	16,619
23,197	-	23,197	23,197
274	7,025	7,299	307,651
79	-	79	5,768
-	33,751	33,751	33,751
-	1,372	1,372	1,372
33,815	-	33,815	33,815
4,066	45	4,111	10,203
10,692	-	10,692	10,692
3,037	421	3,458	14,848
10,810	63,027	73,837	181,845
-	-	-	64,940
500	6,958	7,458	37,306
12,495	14,726	27,221	86,119
7,523	14,148	21,671	37,165
100	9,483	9,583	9,804
-	10,355	10,355	10,355
47,951	7,008	54,959	64,079
-	3,017	3,017	163,748
1,405	305	1,710	6,111
452,949	358,893	811,842	2,041,000
-	23,764	23,764	103,099
<u>\$ 452,949</u>	<u>\$ 382,657</u>	<u>\$ 835,606</u>	<u>\$ 2,144,099</u>

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

	Program Services			Total Program Services
	Programming and Production	Broadcasting	Program Information and Promotion	
Salaries, payroll taxes, and employee benefits	\$ 153,820	\$ 133,276	\$ 9,864	\$ 296,960
Advertising	56,219	-	200	56,419
Bad debt	-	-	-	-
Bank charges	-	-	-	-
Commissions	-	-	-	-
Dues and subscriptions	281,557	520	1,704	283,781
Freight	-	1,703	508	2,211
Insurance	-	-	-	-
Interest expense	-	-	-	-
Membership campaign expense	-	-	-	-
Postage	39	16	5,632	5,687
Premiums	-	-	-	-
Printing/graphics	292	-	11,108	11,400
Professional	48,723	13,401	7,099	69,223
Programming	68,913	-	-	68,913
Rent	-	28,947	-	28,947
Repair and maintenance	15,784	41,066	159	57,009
Supplies	72	7,916	-	7,988
Taxes and licenses	193	-	-	193
Telephone	108	-	-	108
Travel and training	229	1,954	649	2,832
Utilities	-	162,476	-	162,476
Miscellaneous	2,012	-	161	2,173
TOTAL EXPENSES BEFORE DEPRECIATION AND LOSSES	627,961	391,275	37,084	1,056,320
Depreciation	20,729	64,181	-	84,910
TOTAL EXPENSES AND LOSSES	\$ 648,690	\$ 455,456	\$ 37,084	\$ 1,141,230

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

Fund-raising and Membership Development	Support Services		Total Program and Support Services 2018
	General and Administrative	Total Support Services	
\$ 190,731	\$ 191,410	\$ 382,141	\$ 679,101
-	60	60	56,479
-	-	-	-
9,897	5,346	15,243	15,243
16,153	-	16,153	16,153
-	4,894	4,894	288,675
45	11,006	11,051	13,262
-	27,552	27,552	27,552
-	868	868	868
16,036	-	16,036	16,036
2,883	82	2,965	8,652
13,142	-	13,142	13,142
4,469	435	4,904	16,304
3,828	56,834	60,662	129,885
-	-	-	68,913
-	6,665	6,665	35,612
11,952	16,799	28,751	85,760
2,141	3,025	5,166	13,154
100	11,989	12,089	12,282
-	11,426	11,426	11,534
38,061	11,516	49,577	52,409
-	2,755	2,755	165,231
2,808	137	2,945	5,118
312,246	362,799	675,045	1,731,365
-	25,887	25,887	110,797
<u>\$ 312,246</u>	<u>\$ 388,686</u>	<u>\$ 700,932</u>	<u>\$ 1,842,162</u>

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

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (167,739)	\$ (84,586)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	103,099	110,797
Investment returns, net	40,109	(24,419)
(Increases) decreases in operating assets:		
Accounts receivable	(23,543)	9,468
Grants receivable	(6,000)	3,841
Unconditional promises to give	2,753	4,990
Prepaid expenses	9,137	7,400
Increase (decrease) in operating liabilities:		
Accounts payable	21,771	6,860
Refundable advances	19,975	150
Accrued liabilities	36,496	(6,082)
Total Adjustments	<u>203,797</u>	<u>113,004</u>
Net Cash Provided by Operating Activities	36,058	28,418
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of asset	210,128	-
Purchase of equipment	(154,892)	(96,876)
Purchase of investments	(194,323)	(8,963)
Net Cash Used by Investing Activities	<u>(139,087)</u>	<u>(105,839)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowing	122,425	36,500
Debt repayments	(67,568)	(47,622)
Net Cash Used by Financing Activities	<u>54,857</u>	<u>(11,122)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,172)	(88,543)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>205,535</u>	<u>294,078</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 157,363</u>	<u>\$ 205,535</u>

Supplemental information:

Interest expense for the years ended June 30, 2019 and 2018 was \$1,372 and \$868, respectively.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIESNature of Activities

Redwood Empire Public Television, Inc. (KEET TV) is a nonprofit corporation chartered on December 11, 1962 for the purpose of providing alternative and educational television to the general public.

Basis of Accounting

The financial statements of KEET TV. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Net assets, revenues, gains and losses are reported on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource as restricted has been fulfilled, or both.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, KEET TV considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to KEET TV. All grants receivable are deemed to be fully collectible. KEET TV uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and Equipment

Property and equipment are valued at historical cost for purchased items and at estimated fair value for donated items. Depreciation is computed on all depreciable property using the straight line method based on estimated useful lives. The estimated lives of such assets range between four and twenty years. KEET TV has not established an explicit capitalization policy.

Revenue Recognition

Contributions are recognized as revenue in the earlier of the period promised or received. Grants are recognized as revenue in the period earned. Contributions and grants received are considered available for use unless specifically restricted by the grantor or donor. Amounts received that are designated for a future period, or are restricted by the grantor or donor for specific purposes, are reported as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUEDRevenue Recognition - Continued

Donated property and equipment are recorded at their estimated fair value. All such donations are reported as assets without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as assets with donor restriction. Absent donor stipulations regarding how long those donated assets must be maintained, KEET TV. reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by KEET TV. Volunteers also provide services throughout the year in serving KEET TV's mission that are not recognized as contributions in the financial statements because the recognition criteria was not met.

Compensated Absences

Employees accrue vacation leave benefits based on duration of employment. Unpaid vacation leave is recognized as a current liability. The vacation leave liability was \$27,442 and \$16,485 as of June 30, 2019 and 2018, respectively.

Refundable Advances

KEET TV records amounts received on grants and contracts as a refundable advance until it is expended for the purpose of the grant or contract, at which time it is recognized as revenue. The balance in refundable advances represents amounts received under cost reimbursable contracts that will be expended in the next fiscal year in accordance with the contract provisions.

Functional Expenses

KEET TV allocates its expenses on a functional basis between its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various statistical bases.

Advertising

Advertising costs are charged to the operations when incurred. The amount charged to expenses was \$147,788 and \$56,479 for 2019 and 2018, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

KEET TV is exempt from federal income taxes under Internal Revenue Code Section (IRC) 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Additionally, the Internal Revenue Service has determined that KEET TV is not a private foundation within the meaning of IRC Section 509(a). Accordingly, no income taxes are reflected in the accompanying financial statements, KEET TV has evaluated its tax positions and determined that it has no uncertain tax positions at June 30, 2019 and 2018. The federal income tax returns for fiscal years June 30, 2018, 2017, and 2016 are open for examination by the IRS.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUEDChange in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. KEET TV implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Subsequent Events

Management has evaluated subsequent events through February 10, 2020 the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 2019 and 2018 cash and cash equivalents were composed of the following:

	2019	2018
Petty cash	\$ 242	\$ 207
Checking and savings	157,121	205,328
	<u>\$ 157,363</u>	<u>\$ 205,535</u>

NOTE C - LIQUIDITY AND AVAILABILITY

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

	2019	2018
Cash and cash equivalents	\$ 157,363	\$ 205,535
Board designated endowment fund	642,149	438,901
Accounts receivable	69,205	42,415
	<u>868,717</u>	<u>686,851</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 868,717</u>	<u>\$ 686,851</u>

Included in the above amounts are \$23,125 and \$3,150 for the fiscal years ended June 30, 2019 and 2018, respectively, in a refundable advance that is available to be used in the next year.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable were composed of the following as of June 30, 2019 and 2018:

	2019	2018
Trade receivables - Net	\$ 52,144	\$ 38,069
Pledge receivables	11,061	13,814
Grant receivable	6,000	-
	<u>\$ 69,205</u>	<u>\$ 42,415</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE E - PROPERTY AND EQUIPMENT

The following is a summary of the changes in property and equipment:

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Land and land improvements	\$ 434,799	\$ -	\$ 259,162	\$ 175,637
Engineering building and equipment	2,972,502	20,008	-	2,992,510
Studio equipment	2,027,587	4,000	-	2,031,587
Vehicles	91,321	120,034	-	211,355
Building and improvements	448,629	-	-	448,629
Office furniture and equipment	196,731	10,850	-	207,581
Accumulated depreciation	<u>(5,219,597)</u>	<u>(103,099)</u>	<u>-</u>	<u>(5,322,696)</u>
	<u>\$ 951,972</u>	<u>\$ 51,793</u>	<u>\$ 259,162</u>	<u>\$ 744,603</u>

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Land and land improvements	\$ 434,799	\$ -	\$ -	\$ 434,799
Engineering building and equipment	2,947,483	25,019	-	2,972,502
Studio equipment	1,962,294	65,293	-	2,027,587
Vehicles	91,321	-	-	91,321
Building and improvements	442,064	6,565	-	448,629
Office furniture and equipment	196,731	-	-	196,731
Accumulated depreciation	<u>(5,108,800)</u>	<u>(110,797)</u>	<u>-</u>	<u>(5,219,597)</u>
	<u>\$ 965,892</u>	<u>\$ (13,920)</u>	<u>\$ -</u>	<u>\$ 951,972</u>

Depreciation expense for the fiscal years ended June 30, 2019 and 2018 was \$103,099 and \$110,797, respectively.

NOTE F - ENDOWMENT

The endowment is comprised of a Board designated endowment fund pooled with the Humboldt Area Foundation. The changes in the endowment for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Investment returns:		
Interest and dividends earned	\$ 17,763	\$ 13,686
Realized gains (losses)	(304)	1,660
Unrealized gains (loss)	9,229	22,760
	<u>26,688</u>	<u>38,106</u>
Other changes:		
Gifts and transfers	181,728	-
Investment/Management fees	<u>(5,168)</u>	<u>(4,724)</u>
Net changes in endowment	203,248	33,382
Endowment, Beginning of period	<u>438,901</u>	<u>405,519</u>
Endowment, End of period	<u>\$ 642,149</u>	<u>\$ 438,901</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE G - REFUNDABLE ADVANCES

KEET TV records grant and contract revenue as a refundable advance until it is expended for the purpose of the grant or contract, at which time it is recognized as revenue. The balances in refundable advances of \$33,425 and \$13,450 as of June 30, 2019 and 2018, respectively, represent amounts received from funding agencies and not expended for allowable program costs as follows:

	<u>2019</u>	<u>2018</u>
USDA, Rural Utilities Service		
Digital Transition Grant Agreement #BA1601-B33	\$ 10,300	\$ 10,300
Foundation grants and contracts	23,125	-
Tower rent	-	3,150
	<u>\$ 33,425</u>	<u>\$ 13,450</u>

NOTE H - CREDIT LINE

KEET TV has an available line of credit from Coast Central Credit Union for \$200,000. The credit line bears interest at a rate of 7.0%. The credit line is renewable every two years. A balance of \$61,425 and \$0 was outstanding as of June 30, 2019 and 2018, respectively.

NOTE I - NOTES PAYABLE

KEET TV is obligated under one promissory note as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Note payable to Coast Central Credit Union, payable at \$591 per month, including interest at 1.90%, secured by a 2016 Honda CRV	<u>\$ 6,694</u>	<u>\$ 12,022</u>	<u>\$ 18,716</u>

Future minimum payments at June 30, 2019 are approximately as follows:

Year Ending June 30	
2020	\$ 6,991
2021	6,991
2022	<u>5,243</u>
Minimum payments	19,225
Less interest	<u>509</u>
	18,716
Less current portion	<u>6,694</u>
Long-term portion	<u>\$ 12,022</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets, with donor restrictions as of June 30, 2018 consisted of equipment and public telecommunications facilities purchased with National Telecommunications and Information Administration/Public Telecommunications Facilities Program grants. All such equipment and facilities had recorded liens identifying the federal government (Department of Commerce) as the priority-secured creditor. The liens extended from the initial receipt of the equipment through a ten-year period following completion of the grant project. The liens expired and the net book value of \$2,886 was released from restrictions.

NOTE K - CONTRIBUTED SERVICES

KEET TV trades for goods and services with businesses in the community. Trade revenues were as follows:

	<u>2019</u>	<u>2018</u>
Underwriting	\$ 140,302	\$ 55,899
Operating supplies	17,851	21,596
Travel	5,362	-
Services	<u>-</u>	<u>220</u>
	<u>\$ 163,515</u>	<u>\$ 77,715</u>

NOTE L - SIGNIFICANT CONCENTRATION RISK

KEET TV does not maintain significant cash balances with financial institutions that are insured by the Federal Deposit Insurance Corporation. However, significant cash balances are insured by either the National Credit Union Administration or the Securities Investor Protection Corporation for up to \$250,000. Redwood Empire Public Television, Inc.'s uninsured cash balances at June 30, 2019 and 2018 total \$0 and \$0, respectively.

NOTE M - 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 (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations 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), (1983) Supplement. 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. Public broadcasters use these funds for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

The grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE N - CONTINGENT LIABILITIES

Financial awards from federal, state, and local governmental entities in the form of grants are subject to audit. Such audits could result in claims against KEET TV for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits because the amounts, if any, cannot be determined at this date.

NOTE O - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued a new accounting standard, ASU 2014-09 (Topic 606), which impacts revenue recognition for exchange transactions. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. KEET TV plans to adopt ASU 2014-09 (Topic 606) for the year beginning after December 15, 2018. KEET TV is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires recognition of assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The standard is effective beginning in 2020. KEET TV is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

In June 2018, the FASB issued a new accounting standard, ASU 2018-18 (Topic 958), to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted. KEET TV plans to adopt ASU 2018-08 (Topic 958) for the year beginning after December 15, 2018. KEET TV is currently evaluating the impact that the adoption of this guidance will have on its financial statements.