

REDWOOD EMPIRE PUBLIC TELEVISION, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

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BOARD OF DIRECTORS

June 30, 2020

MEMBERS

ADDRESS

Chris Young, President	Eureka, California
Cynthia Denbo, Vice President	Eureka, California
Nancy Kay, Treasurer	Eureka, California
Margaret Fleming, Secretary	Eureka, California
Mary Bullwinkel, Director	Eureka, California
Mandi Kindred, Director	Eureka, California
Gary Ogle, Director	Eureka, California
Michelle Sievertson, Director	Eureka, California
Doralee Smith, Director	Arcata, California
Alexandra Stillman, Director	Arcata, California
John VanderMolen, Director	Eureka, California
Troy Vizenor, 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 financial statements of Redwood Empire Public Television, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and 2019, 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, 2020 and 2019, 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.

A handwritten signature in cursive script that reads "Aycock & Edgmon".

Aycock and Edgmon
December 8, 2020

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FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

June 30, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 507,565	\$ 157,363
Accounts receivable - Net	28,535	52,144
Unconditional promises to give	13,812	11,061
Grants receivable	-	6,000
Prepaid expenses	<u>37,328</u>	<u>39,011</u>
Total Current Assets	<u>587,240</u>	<u>265,579</u>
Property and Equipment		
Land and land improvements	175,637	175,637
Buildings and equipment	448,629	448,629
Engineering building and equipment	3,309,446	2,992,510
Studio equipment	2,031,587	2,031,587
Office furniture and equipment	207,581	207,581
Vehicles	211,355	211,355
Accumulated depreciation	<u>(5,442,680)</u>	<u>(5,322,696)</u>
Total Property and Equipment	<u>941,555</u>	<u>744,603</u>
Other Assets		
Board designated endowment fund	405,772	642,149
Deposits	<u>465</u>	<u>465</u>
Total Other Assets	<u>406,237</u>	<u>642,614</u>
TOTAL ASSETS	<u>\$ 1,935,032</u>	<u>\$ 1,652,796</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 56,444	\$ 46,265
Current portion of notes and leases payable	44,179	6,694
Line of credit	190,424	61,425
Sales tax payable	2,260	1,968
Refundable advances	140,300	33,425
Accrued liabilities:		
Accrued payroll	28,060	24,118
Compensated absences	<u>46,568</u>	<u>27,442</u>
Total Current Liabilities	<u>508,235</u>	<u>201,337</u>
Long-Term Liabilities		
Notes and leases payable	<u>157,992</u>	<u>12,022</u>
TOTAL LIABILITIES	<u>666,227</u>	<u>213,359</u>
Net Assets		
Without donor restriction	1,268,805	1,439,437
With donor restriction	<u>-</u>	<u>-</u>
Total Net Assets	<u>1,268,805</u>	<u>1,439,437</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,935,032</u>	<u>\$ 1,652,796</u>

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

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT, REVENUE, AND GAINS			
Support			
Contracts and grants	\$ 73,024	\$ -	\$ 73,024
Contributions	1,374,320	-	1,374,320
Fund-raising	17,115	-	17,115
In-kind and trade-out support	107,858	-	107,858
Total Support	<u>1,572,317</u>	<u>-</u>	<u>1,572,317</u>
Revenue and Gains			
Production	-	-	-
Underwriting	63,689	-	63,689
Rents	248,131	-	248,131
Power reimbursement	96,752	-	96,752
Other income	8,521	-	8,521
Interest income	11,432	-	11,432
Investment returns - net	(3,604)	-	(3,604)
Total Revenue and Gains	<u>424,921</u>	<u>-</u>	<u>424,921</u>
TOTAL SUPPORT, REVENUE, AND GAINS	<u>1,997,238</u>	<u>-</u>	<u>1,997,238</u>
EXPENSES			
Program Services			
Programing and production	813,079	-	813,079
Broadcasting	445,554	-	445,554
Program information and promotion	32,394	-	32,394
Total Program Services	<u>1,291,027</u>	<u>-</u>	<u>1,291,027</u>
Support Services			
Fund-raising and membership	367,398	-	367,398
General and administrative	509,445	-	509,445
Total Support Services	<u>876,843</u>	<u>-</u>	<u>876,843</u>
TOTAL EXPENSES	<u>2,167,870</u>	<u>-</u>	<u>2,167,870</u>
CHANGE IN NET ASSETS	(170,632)	-	(170,632)
NET ASSETS, JULY 1	<u>1,439,437</u>	<u>-</u>	<u>1,439,437</u>
NET ASSETS, JUNE 30	<u>\$ 1,268,805</u>	<u>\$ -</u>	<u>\$ 1,268,805</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.

	Program Services			Total Program Services
	Programming and Production	Broadcasting	Program Information and Promotion	
Salaries, payroll taxes, and employee benefits	\$ 247,729	\$ 120,618	\$ -	\$ 368,347
Advertising	67,135	-	21,943	89,078
Bad debt	-	-	-	-
Bank charges	-	-	-	-
Commissions	-	-	-	-
Dues and subscriptions	342,618	1,771	500	344,889
Freight	-	1,135	-	1,135
Insurance	-	-	-	-
Interest expense	-	-	-	-
Membership campaign expense	-	-	-	-
Postage	37	3	12	52
Premiums	-	-	-	-
Printing/graphics	340	-	55	395
Professional	100,198	1,810	7,328	109,336
Programming	15,649	-	-	15,649
Rent	-	30,496	660	31,156
Repair and maintenance	16,702	22,615	-	39,317
Supplies	951	25,783	851	27,585
Taxes and licenses	224	-	-	224
Telephone	-	-	-	-
Travel and training	229	781	353	1,363
Utilities	-	185,203	-	185,203
Miscellaneous	537	75	692	1,304
TOTAL EXPENSES BEFORE DEPRECIATION	792,349	390,290	32,394	1,215,033
Depreciation	20,730	55,264	-	75,994
TOTAL EXPENSES	\$ 813,079	\$ 445,554	\$ 32,394	\$ 1,291,027

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

Support Services			
Fund-raising and Membership Development	General and Administrative	Total Support Services	Total Program and Support Services 2020
\$ 233,008	\$ 209,143	\$ 442,151	\$ 810,498
4,954	-	4,954	94,032
-	-	-	-
9,193	8,140	17,333	17,333
14,466	-	14,466	14,466
3,038	7,958	10,996	355,885
-	51	51	1,186
-	35,309	35,309	35,309
-	12,290	12,290	12,290
39,142	-	39,142	39,142
2,775	33	2,808	2,860
14,722	-	14,722	14,722
3,090	274	3,364	3,759
-	81,553	81,553	190,889
-	-	-	15,649
3,094	8,595	11,689	42,845
31,453	62,518	93,971	133,288
4,629	12,128	16,757	44,342
200	7,220	7,420	7,644
-	5,737	5,737	5,737
3,582	8,041	11,623	12,986
-	5,809	5,809	191,012
52	656	708	2,012
367,398	465,455	832,853	2,047,886
-	43,990	43,990	119,984
\$ 367,398	\$ 509,445	\$ 876,843	\$ 2,167,870

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	<u>796,308</u>	<u>399,831</u>	<u>33,019</u>	<u>1,229,158</u>
Depreciation	<u>19,252</u>	<u>60,083</u>	<u>-</u>	<u>79,335</u>
TOTAL EXPENSES	<u><u>\$ 815,560</u></u>	<u><u>\$ 459,914</u></u>	<u><u>\$ 33,019</u></u>	<u><u>\$ 1,308,493</u></u>

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

Fund-raising and Membership Development	Support Services General and Administrative	Total Support Services	Total Program and Support Services 2019
\$ 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
\$ 452,949	\$ 382,657	\$ 835,606	\$ 2,144,099

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

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (170,632)	\$ (167,739)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	119,984	103,099
Investment returns, net	3,604	40,109
(Increases) decreases in operating assets:		
Accounts receivable	23,609	(23,543)
Grants receivable	6,000	(6,000)
Unconditional promises to give	(2,751)	2,753
Prepaid expenses	1,683	9,137
Increase (decrease) in operating liabilities:		
Accounts payable	10,179	21,771
Refundable advances	106,875	19,975
Accrued liabilities	23,360	36,496
Total Adjustments	<u>292,543</u>	<u>203,797</u>
Net Cash Provided by Operating Activities	121,911	36,058
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of asset	-	210,128
Sale of investments	239,900	-
Purchase of equipment	(316,936)	(154,892)
Purchase of investments	<u>(7,127)</u>	<u>(194,323)</u>
Net Cash Used by Investing Activities	(84,163)	(139,087)
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowing	335,084	122,425
Debt repayments	<u>(22,630)</u>	<u>(67,568)</u>
Net Cash Used by Financing Activities	312,454	54,857
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(350,202)	(48,172)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>157,363</u>	<u>205,535</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 507,565</u>	<u>\$ 157,363</u>

Supplemental information:

Interest expense for the years ended June 30, 2020 and 2019 was \$12,290 and \$1,372, respectively.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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, 2020

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 \$46,568 and \$27,442 as of June 30, 2020 and 2019, 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 \$94,032 and \$147,789 for 2020 and 2019, 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, 2020 and 2019. The federal income tax returns for fiscal years June 30, 2019, 2018, and 2017 are open for examination by the IRS.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUEDAccounting Pronouncements Adopted

In May 2014, the FASB issued Accounting Standards Update ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition guidance and replaces it with a principle-based approach for determining revenue recognition. The core principle of the standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to, memberships, sponsorships, grants, and contracts. KEET TV adopted this ASU as of and for the year ended June 30, 2020.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Made to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The ASU provides guidance to assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, Not-for-Profit Entities, or as exchanges, (reciprocal transactions) subject to Topic 606. The ASU also provides guidance to assist entities to determine whether contributions received are conditional or unconditional contributions. KEET TV has adopted this ASU as of and for the year ended June 30, 2020.

Analysis of the adopted ASUs resulted in no significant changes in KEET TV's revenue recognition policies. The presentation and disclosures of revenue have been enhanced in accordance with the ASUs.

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 2020 and 2019 cash and cash equivalents were composed of the following:

	<u>2020</u>	<u>2019</u>
Petty cash	\$ 56	\$ 242
Checking and savings	<u>507,509</u>	<u>157,121</u>
	<u>\$ 507,565</u>	<u>\$ 157,363</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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 507,565	\$ 157,363
Board designated endowment fund	405,772	642,149
Accounts receivable	<u>42,347</u>	<u>69,205</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 955,684</u>	<u>\$ 868,717</u>

Included in the above amounts are \$0 and \$23,125 for the fiscal years ended June 30, 2020 and 2019, respectively, in a refundable advance that is available to be used in the next year.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable were composed of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Trade receivables - Net	\$ 28,535	\$ 52,144
Pledge receivables	13,812	11,061
Grant receivable	-	6,000
	<u>\$ 42,347</u>	<u>\$ 69,205</u>

NOTE E - PROPERTY AND EQUIPMENT

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2020</u>
Land and land improvements	\$ 175,637	\$ -	\$ -	\$ 175,637
Engineering building and equipment	2,992,510	316,936	-	3,309,446
Studio equipment	2,031,587	-	-	2,031,587
Vehicles	211,355	-	-	211,355
Building and improvements	448,629	-	-	448,629
Office furniture and equipment	207,581	-	-	207,581
Accumulated depreciation	<u>(5,322,696)</u>	<u>(119,984)</u>	<u>-</u>	<u>(5,442,680)</u>
	<u>\$ 744,603</u>	<u>\$ 196,952</u>	<u>\$ -</u>	<u>\$ 941,555</u>

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2019</u>
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>

Depreciation expense for the fiscal years ended June 30, 2020 and 2019 was \$119,984 and \$103,099, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Investment returns:		
Interest and dividends earned	\$ 10,838	\$ 17,763
Realized gains (losses)	(3,422)	(304)
Unrealized gains (loss)	<u>(182)</u>	<u>9,229</u>
	7,234	26,688
Other changes:		
Gifts and transfers	(238,750)	181,728
Investment/Management fees	<u>(4,861)</u>	<u>(5,168)</u>
Net changes in endowment	(236,377)	203,248
Endowment, Beginning of period	<u>642,149</u>	<u>438,901</u>
Endowment, End of period	<u>\$ 405,772</u>	<u>\$ 642,149</u>

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 \$10,300 and \$33,425 as of June 30, 2020 and 2019, respectively, represent amounts received from funding agencies and not expended for allowable program costs.

KEET TV received a forgivable loan through the US Small Business Administration (SBA) under the CARES Act Paycheck Protection Program (PPP). The loan for \$130,000 was funded on May 5, 2020 and is outstanding as of June 30, 2020. The proceeds must be used for payroll costs, rent, and utilities over a 24-week period beginning from the day the funds were disbursed. At the end of the 24-week period, KEET TV will apply for forgiveness. The PPP loan is reported in the financial statements in accordance with ASU Subtopic 958-604 as a conditional contribution. The PPP loan will be recognized as a contribution in the period the SBA grants the loan forgiveness.

	<u>2020</u>	<u>2019</u>
USDA, Rural Utilities Service		
Digital Transition Grant Agreement #BA1601-B33	\$ 10,300	\$ 10,300
Foundation grants and contracts	-	23,125
Payroll Protection Program	<u>130,000</u>	<u>-</u>
	<u>\$ 140,300</u>	<u>\$ 33,425</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 an initial rate of 4.75%. The credit line is renewable every two years and is secured by a 2nd Deed of Trust on real property. A balance of \$190,424 and \$61,425 was outstanding as of June 30, 2020 and 2019, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE I - LEASES

KEET TV entered in a capital lease to finance the remainder balance for the acquisition of the Digital Television Transmitter for five years with an option to purchase the equipment at 5% of the original financed amount.

The future minimum lease payments due are as follows:

	Year Ending June 30,	
	2021	\$ 47,195
	2022	47,195
	2023	47,195
	2024	47,195
	2025	<u>27,655</u>
Minimum payments		216,435
Less interest		<u>26,287</u>
		190,148
Less current portion		<u>37,357</u>
Long-term portion		<u>\$ 152,791</u>

NOTE J - 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>\$ 6,822</u>	<u>\$ 5,201</u>	<u>\$ 12,023</u>

Future minimum payments at June 30, 2020 are approximately as follows:

Year Ending June 30	
2021	\$ 6,991
2022	<u>5,243</u>
Minimum payments	12,234
Less interest	<u>211</u>
	12,023
Less current portion	<u>6,822</u>
Long-term portion	<u>\$ 5,201</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE K - CONTRIBUTED SERVICES

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

	<u>2020</u>	<u>2019</u>
Underwriting	\$ 67,135	\$ 140,302
Operating supplies	38,773	17,851
Travel	-	5,362
	<u>\$ 107,858</u>	<u>\$ 163,515</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, 2020 and 2019 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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE O - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which provides guidance for accounting for leases for both lessees and lessors. 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. For not-for-profit entities, the standard is effective for fiscal years beginning after December 15, 2021. KEET TV is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

KEET TV considers the applicability and impact of all ASUs. ASUs not listed were assessed and determined to be either not applicable or are expected to have minimal impact on KEET TV's financial position and changes in its net assets

NOTE P - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date 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.

On March 11, 2020, the World Health Organization recognized the novel strain of coronavirus (COVID-19) as a pandemic. The COVID-19 outbreak has severely restricted the level of economic activity. As a result, KEET TV's spring 2020 fundraising event was cancelled, resulting in approximately \$30,000 in estimated lost revenue. The future impact of the outbreak is highly uncertain and cannot be predicted. Accordingly, the financial impact to KEET TV, if any, cannot be determined at this time.