

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2021 AND 2020**

	<u>Page(s)</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4 – 5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 18



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Redwood Empire Public Television, Inc. ("KEET TV"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 auditors' 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 KEET TV as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

The financial statements of KEET TV for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on December 8, 2020.

*James Moore & Co., P.L.*

Gainesville, Florida  
February 11, 2022

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 946,961	\$ 507,565
Accounts receivable, net	6,295	28,535
Pledges receivable	12,581	13,812
Prepaid expenses	20,238	37,328
Total current assets	986,075	587,240
<b>Non-current assets</b>		
Property and equipment, net	837,105	941,555
Board designated endowment fund	537,369	405,772
Deposits	465	465
Total non-current assets	1,374,939	1,347,792
<b>Total Assets</b>	<b>\$ 2,361,014</b>	<b>\$ 1,935,032</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Accounts payable	\$ 20,780	\$ 56,444
Current portion of note and leases payable	42,558	44,179
Line of credit	180,425	190,424
Sales tax payable	2,260	2,260
Deferred revenue	20,202	10,300
Refundable advance	126,137	130,000
Accrued payroll	24,531	28,060
Compensated absences	38,340	46,568
Total current liabilities	455,233	508,235
<b>Long-term liabilities</b>		
Note and leases payable, less current portion	105,596	157,992
Total liabilities	560,829	666,227
<b>Net assets</b>		
Without donor restrictions	1,316,855	1,254,993
With donor restrictions	483,330	13,812
Total net assets	1,800,185	1,268,805
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,361,014</b>	<b>\$ 1,935,032</b>

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

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

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Support and revenues</b>			
Contracts and grants	\$ 835,882	\$ 470,749	\$ 1,306,631
Membership	501,617	12,581	514,198
In-kind and trade-out support	13,020	-	13,020
Underwriting	35,955	-	35,955
Rents	270,020	-	270,020
Power reimbursement	106,724	-	106,724
Other income	63,325	-	63,325
Interest income	5,512	-	5,512
Investment returns, net	131,597	-	131,597
Federal debt forgiveness	130,000	-	130,000
Net assets released from restrictions:			
Expiration of time restriction	13,812	(13,812)	-
Total support and revenues	<u>2,107,464</u>	<u>469,518</u>	<u>2,576,982</u>
<b>Expenses</b>			
Program services:			
Programming and production	795,011	-	795,011
Broadcasting	361,233	-	361,233
Program information and promotion	52,149	-	52,149
Total program services	<u>1,208,393</u>	<u>-</u>	<u>1,208,393</u>
Support services:			
Fund-raising and membership	312,520	-	312,520
General and administrative	524,689	-	524,689
Total support services	<u>837,209</u>	<u>-</u>	<u>837,209</u>
Total expenses	<u>2,045,602</u>	<u>-</u>	<u>2,045,602</u>
<b>Change in net assets</b>	<u>61,862</u>	<u>469,518</u>	<u>531,380</u>
<b>Net assets, beginning of year</b>	1,254,993	13,812	1,268,805
<b>Net assets, end of year</b>	<u>\$ 1,316,855</u>	<u>\$ 483,330</u>	<u>\$ 1,800,185</u>

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

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Support and revenues</b>			
Contracts and grants	\$ 1,031,411	\$ -	\$ 1,031,411
Contributions	27,463	-	27,463
Membership	374,658	13,812	388,470
Fund-raising	17,115	-	17,115
In-kind and trade-out support	107,858	-	107,858
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 support and revenues	<u>1,983,426</u>	<u>13,812</u>	<u>1,997,238</u>
<b>Expenses</b>			
Program services:			
Programming 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>
<b>Change in net assets</b>	<u>(184,444)</u>	<u>13,812</u>	<u>(170,632)</u>
<b>Net assets, beginning of year</b>	1,439,437	-	1,439,437
<b>Net assets, end of year</b>	<u><u>\$ 1,254,993</u></u>	<u><u>\$ 13,812</u></u>	<u><u>\$ 1,268,805</u></u>

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

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

	Program Services				Support Services			Totals
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Fund-raising and Membership	General and Administrative	Total Support Services	
Salaries, payroll taxes, and employee benefits	\$ 328,477	\$ 566	\$ -	\$ 329,043	\$ 215,948	\$ 254,415	\$ 470,363	\$ 799,406
Advertising	1,183	-	23,761	24,944	-	500	500	25,444
Bank charges	-	-	-	-	9,874	5,644	15,518	15,518
Commissions	-	-	-	-	4,289	-	4,289	4,289
Dues and subscriptions	282,920	831	158	283,909	12,809	6,188	18,997	302,906
Freight	34	-	-	34	-	35	35	69
Insurance	-	-	-	-	-	44,160	44,160	44,160
Interest expense	-	-	-	-	-	9,214	9,214	9,214
Membership campaign expense	-	-	-	-	41,413	-	41,413	41,413
Postage	33	-	468	501	1,850	526	2,376	2,877
Premiums	-	-	-	-	15,146	-	15,146	15,146
Printing/graphics	-	-	468	468	1,429	-	1,429	1,897
Professional	61,018	293	25,187	86,498	-	64,911	64,911	151,409
Programming	70,278	-	-	70,278	-	-	-	70,278
Rent	-	31,408	-	31,408	-	6,300	6,300	37,708
Repair and maintenance	28,044	46,246	-	74,290	2,314	34,512	36,826	111,116
Supplies	1,706	29,538	905	32,149	2,904	6,110	9,014	41,163
Taxes and licenses	-	-	-	-	-	5,987	5,987	5,987
Telephone	-	-	-	-	-	2,991	2,991	2,991
Travel and training	589	132	1,186	1,907	4,544	6,207	10,751	12,658
Utilities	-	193,432	-	193,432	-	18,966	18,966	212,398
Loss on disposal	-	6,806	-	6,806	-	-	-	6,806
Miscellaneous	-	-	16	16	-	1,726	1,726	1,742
Depreciation	20,729	51,981	-	72,710	-	56,297	56,297	129,007
Total expenses	<u>\$ 795,011</u>	<u>\$ 361,233</u>	<u>\$ 52,149</u>	<u>\$ 1,208,393</u>	<u>\$ 312,520</u>	<u>\$ 524,689</u>	<u>\$ 837,209</u>	<u>\$ 2,045,602</u>

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



**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services				Support Services			Totals
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Fund-raising and Membership	General and Administrative	Total Support Services	
Salaries, payroll taxes, and employee benefits	\$ 247,729	\$ 120,618	\$ -	\$ 368,347	\$ 233,008	\$ 209,143	\$ 442,151	\$ 810,498
Advertising	67,135	-	21,943	89,078	4,954	-	4,954	94,032
Bank charges	-	-	-	-	9,193	8,140	17,333	17,333
Commissions	-	-	-	-	14,466	-	14,466	14,466
Dues and subscriptions	342,618	1,771	500	344,889	3,038	7,958	10,996	355,885
Freight	-	1,135	-	1,135	-	51	51	1,186
Insurance	-	-	-	-	-	35,309	35,309	35,309
Interest expense	-	-	-	-	-	12,290	12,290	12,290
Membership campaign expense	-	-	-	-	39,142	-	39,142	39,142
Postage	37	3	12	52	2,775	33	2,808	2,860
Premiums	-	-	-	-	14,722	-	14,722	14,722
Printing/graphics	340	-	55	395	3,090	274	3,364	3,759
Professional	100,198	1,810	7,328	109,336	-	81,553	81,553	190,889
Programming	15,649	-	-	15,649	-	-	-	15,649
Rent	-	30,496	660	31,156	3,094	8,595	11,689	42,845
Repair and maintenance	16,702	22,615	-	39,317	31,453	62,518	93,971	133,288
Supplies	951	25,783	851	27,585	4,629	12,128	16,757	44,342
Taxes and licenses	224	-	-	224	200	7,220	7,420	7,644
Telephone	-	-	-	-	-	5,737	5,737	5,737
Travel and training	229	781	353	1,363	3,582	8,041	11,623	12,986
Utilities	-	185,203	-	185,203	-	5,809	5,809	191,012
Miscellaneous	537	75	692	1,304	52	656	708	2,012
Depreciation	20,730	55,264	-	75,994	-	43,990	43,990	119,984
<b>Total expenses</b>	<b>\$ 813,079</b>	<b>\$ 445,554</b>	<b>\$ 32,394</b>	<b>\$ 1,291,027</b>	<b>\$ 367,398</b>	<b>\$ 509,445</b>	<b>\$ 876,843</b>	<b>\$ 2,167,870</b>

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

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 531,380	\$ (170,632)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	129,007	119,984
Loss on disposal of equipment	6,806	-
Investment returns, net	(131,597)	3,604
Changes in operating assets and liabilities:		
Accounts receivable	22,240	23,609
Grants receivable	-	6,000
Pledges receivable	1,231	(2,751)
Prepaid expenses	17,090	1,683
Accounts payable	(35,664)	10,179
Deferred revenue	9,902	-
Refundable advance	(3,863)	106,875
Accrued payroll and sales tax payable	(11,757)	23,360
Net cash provided by operating activities	<u>534,775</u>	<u>121,911</u>
<b>Cash flows from investing activities</b>		
Sale of investments	-	239,900
Purchases of property and equipment	(31,363)	(316,936)
Purchase of investments	-	(7,127)
Net cash used in investing activities	<u>(31,363)</u>	<u>(84,163)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of long-term note and leases payable	-	335,084
Payments on long-term note and leases payable	(54,017)	(22,630)
Payments on line of credit, net	(9,999)	-
Net cash provided by (used in) financing activities	<u>(64,016)</u>	<u>312,454</u>
<b>Change in cash and cash equivalents</b>	<u>439,396</u>	<u>350,202</u>
<b>Cash and cash equivalents, beginning of year</b>	507,565	157,363
<b>Cash and cash equivalents, end of year</b>	<u>\$ 946,961</u>	<u>\$ 507,565</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	<u>\$ 9,214</u>	<u>\$ 12,290</u>

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

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

(a) **Organization**—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.

(b) **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.

(c) **Basis of presentation**—KEET TV reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of KEET TV 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 either by actions of KEET TV 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, KEET TV reports the support as unrestricted.

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 (“ARPA”) Stabilization grant funds. ARPA Stabilization grant funds 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 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.

(e) **Accounts and pledges receivable**—Accounts and pledges 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. KEET TV does not require collateral or other security on accounts receivable.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

(f) **Property and equipment**—Property and equipment are valued at historical cost for purchased items and at estimated fair value for donated items. KEET TV has not established an explicit capitalization policy. Depreciation for financial reporting purposes is computed using straight-line basis over the estimated useful lives of the asset as follows:

	Years
Buildings and equipment	3 – 20
Engineering building and equipment	7 – 20
Studio equipment	4 – 10
Office furniture and equipment	4 – 10
Vehicles	5 – 6

(g) **Revenue recognition**—KEET TV 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 KEET TV to support its programming or activities in the form of underwriting credit. Nothing of commensurate value is exchanged for underwriting credit, and KEET TV provides refunds for any underwriting revenues collected if the spots are not aired. Therefore, underwriting revenues contain a barrier to overcome and a right of return or a right of release of the obligation, and are recognized as revenue when the related underwriting credits are aired.

Grants for specific projects and activities are recognized as revenue when awarded and all conditions have been met.

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.

(h) **Pledges and contributions**—KEET TV 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 KEET TV. 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 KEET TV. 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.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

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.

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

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

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

(j) **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 \$38,340 and \$46,568 as of June 30, 2021 and 2020, respectively.

(k) **Deferred revenue**—KEET TV records amounts received on grants and contracts as deferred revenue until it is earned for the purpose of the grant or contract, at which time it is recognized as revenue. The balance in deferred revenue represents amounts received under cost reimbursable contracts that will be expended in the next fiscal year in accordance with the contract provisions.

(l) **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 based on time or effort.

(m) **Advertising**—Advertising costs are charged to the operations when incurred. The amount charged to expenses was \$25,444 and \$94,032 for 2021 and 2020, respectively.

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

(o) **Income taxes**—KEET TV 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.

KEET TV files income tax returns in the U.S. Federal and state jurisdictions. KEET TV's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. KEET TV 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 KEET TV.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

(p) **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. KEET TV 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 KEET TV’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. KEET TV 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 KEET TV’s fiscal year ending June 30, 2023, and may be adopted early. KEET TV is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In August 2018, the FASB issued Accounting Standards Update 2018-13: *Fair Value Measurement* (Topic 820): *Changes to the Disclosure Requirements for Fair Value Measurement*, to improve the effectiveness of disclosures in the notes to the financial statements. KEET TV adopted ASU 2018-13 effective for its financial statements as of and for the year ended June 30, 2021. There were no material impacts to the financial statements as a result of implementing ASU 2018-13.

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 KEET TV’s fiscal year ending June 30, 2022. Early adoption is permitted. KEET TV is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(q) **Endowment fund**—The board designated endowment fund is carried at fair value, and realized and unrealized gains and losses are reflected in the accompanying statements of activities. See Note 5 for further information on fair value reporting for the endowment fund.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

(f) **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.

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.

(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.

(t) **Subsequent events**—KEET TV has evaluated subsequent events through February 11, 2022, the date on which the financial statements were available to be issued. No subsequent events have been identified or disclosed.

(2) **Liquidity and Availability:**

KEET TV manages liquidity and availability by monitoring all cash accounts. The process is completed on an as needed basis depending on the cash requirements of the business as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, KEET TV has a line of credit which it can draw on, as detailed in Note 7. 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:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 946,961	\$ 507,565
Accounts and pledges receivable	18,876	42,347
Financial assets available to meet cash needs for general expenditures within one year	\$ 965,837	\$ 549,912

The pledges receivable are subject to implied time restrictions, but are expected to be collected within one year.

KEET TV has a board designated endowment fund of \$537,369 and \$405,772 at June 30, 2021 and 2020, respectively. KEET TV structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. Although KEET TV does not intend to liquidate assets other than for amounts needed for general expenditures budgeted during the year, these amounts could be made available if necessary. See Note 5 for additional information regarding the board designated endowment fund.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(3) **Accounts and Pledges Receivable:**

Accounts and pledges receivable were composed of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Trade receivables	\$ 12,557	\$ 37,797
Pledge receivables	12,581	13,812
	<u>25,138</u>	<u>51,609</u>
Less: allowance for doubtful accounts	6,262	9,262
Total receivables	<u>\$ 18,876</u>	<u>\$ 42,347</u>

(4) **Property and Equipment:**

The following is a summary of property and equipment at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 175,637	\$ 175,637
Building and improvements	448,629	448,629
Engineering building and equipment	3,294,965	3,309,446
Studio equipment	2,031,587	2,031,587
Office furniture and equipment	214,311	207,581
Vehicles	211,355	211,355
Total property and equipment	<u>6,376,484</u>	<u>6,384,235</u>
Less: Accumulated depreciation	5,539,379	5,442,680
Property and equipment, net	<u>\$ 837,105</u>	<u>\$ 941,555</u>

Depreciation expense for the fiscal years ended June 30, 2021 and 2020, was \$129,007 and \$119,984, respectively.

(5) **Board Designated 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, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Investment returns:		
Interest and dividends earned	\$ 5,510	\$ 10,838
Realized and unrealized gains (losses)	130,918	(3,604)
	<u>136,428</u>	<u>7,234</u>
Other changes:		
Gifts and transfers	(4,391)	(238,750)
Investment/management fees	(440)	(4,861)
	<u>131,597</u>	<u>(236,377)</u>
Net changes in endowment	131,597	(236,377)
Endowment, beginning of period	405,772	642,149
Endowment, end of period	<u>\$ 537,369</u>	<u>\$ 405,772</u>



**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(5) **Board Designated Endowment:** (Continued)

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

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

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

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

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

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes to the methodology used at June 30, 2021 and 2020.

*Endowment fund* – Valued at the net asset value (“NAV”) of the units held by KEET TV at year end, as reported by the investment manager.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although KEET TV believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no unfunded commitments related to the endowment fund and the redemption period is daily.

Following is a description of the significant investment strategy of each major category of investments for which fair value has been estimated using the NAV per share of the investments as a practical expedient as of June 30, 2021 and 2020:

*Endowment fund* – To provide preservation of capital, long-term growth, and purchasing power of the Foundation's assets after inflation and spending through an emphasis of total return, while assuming a level of risk consistent with reasonable and prudent investment practices for such funds.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**(6) Refundable Advance:**

On April 28, 2020, KEET TV received loan proceeds in the amount of \$130,000, 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 if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and KEET TV maintains its payroll levels over a specified period of time 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 ten months. In December 2021, the Corporation received notice the forgiveness application had been approved in full. Debt forgiveness of \$130,000 has been recognized on the statement of activities for the fiscal year ended June 30, 2021.

On March 26, 2021, KEET TV received a second round of loan proceeds in the amount of \$126,137, 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 KEET TV 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 KEET TV ineligible for forgiveness of the loan, in whole or in part. Subsequent to year end, it was confirmed that management utilized the loan proceeds for purposes consistent with the PPP and the loan was forgiven on November 2, 2021. Accordingly, the loan is presented separately as a refundable advance on the statement of financial position as of June 30, 2021.

**(7) Line of Credit:**

As of June 30, 2021 and 2020, KEET TV has an available line of credit from Coast Central Credit Union for \$200,000. The line of credit bears interest at an initial rate of 4.75%. The line of credit is renewable every two years and is secured by a 2nd Deed of Trust on real property. A balance of \$180,425 and \$190,424 was outstanding as of June 30, 2021 and 2020, respectively.

**(8) Capital Lease:**

KEET TV entered into 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:

<b>Years Ending June 30:</b>	<b>Amount</b>
2022	\$ 47,195
2023	47,195
2024	47,195
2025	14,098
Minimum payments	155,683
Less interest	12,730
	142,953
Less: current portion	37,357
Long-term portion	\$ 105,596

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(9) **Note Payable:**

Note payable as of June 30 is summarized as follows:

	<b>2021</b>	<b>2020</b>
Note payable to Coast Central Credit Union, payable at \$583 per month, including interest at 1.90%, secured by a 2016 Honda CRV	\$ 5,201	\$ 12,023
Less: Current portion	(5,201)	(6,822)
Long-term portion of debt	\$ -	\$ 5,201

Principal repayments on the note payable as of June 30, 2021 are as follows:

<b>Years Ending June 30:</b>	<b>Amount</b>
2022	\$ 5,201

Interest expense on the note payable for the yeas ended June 30, 2021 and 2020 totaled \$169 and \$211, respectively.

(10) **In-Kind and Trade-Out Support:**

KEET TV trades for goods and services with businesses in the community. In-kind and trade-out revenues were as follows:

	<b>2021</b>	<b>2020</b>
Underwriting	\$ 11,177	\$ 69,085
Operating supplies	1,843	38,773
	\$ 13,020	\$ 107,858

(11) **Significant Concentration Risk:**

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

(a) **Cash and cash equivalents**—KEET TV maintains its cash accounts at financial institutions which at times may exceed federally insured limits. KEET TV has not experienced any losses in such accounts. As of June 30, 2021, the uninsured cash balance totaled \$678,220. There was no uninsured cash balance as of June 30, 2020.

(b) **Revenues**—The CPB provided approximately 48% of revenue during each of the fiscal years ended June 30, 2021 and 2020.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(12) **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.

(13) **Community Service Grants:**

KEET TV 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
		2019-20	2020-21	
2020-22	\$ 618,480	\$ -	\$ 618,480	\$ -
2019-21	564,284	564,284	-	-

(14) **Nonfederal Financial Support:**

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

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

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

Reported NFFS for the Corporation was \$609,617 and \$623,962 for the years ended June 30, 2021 and 2020, respectively.

(15) **Risks and Uncertainties:**

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