

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Redwood Empire Public Television, Inc. ("KEET TV"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of KEET TV as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KEET TV and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 1(q) to the financial statements, in 2023, the entity adopted new accounting guidance for leases. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KEET TV's ability to continue as a going concern for one year after the date that the financial statements are issued.

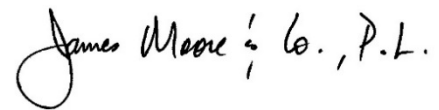
### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KEET TV's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KEET TV's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida  
February 13, 2024

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 465,213	\$ 714,737
Accounts receivable, net	50,335	41,585
Pledges receivable	8,317	11,743
Prepaid expenses	39,541	45,710
Total current assets	563,406	813,775
<b>Non-current assets</b>		
Property and equipment, net	444,947	689,345
Operating lease right of use asset, net	6,152	-
Financing lease right of use asset, net	273,716	-
Board designated endowment fund	256,583	451,043
Deposits	465	465
Total non-current assets	981,863	1,140,853
<b>Total Assets</b>	<b>\$ 1,545,269</b>	<b>\$ 1,954,628</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Accounts payable	\$ 21,893	\$ 18,839
Current portion of capital lease payable	-	42,859
Current portion of operating lease liability	6,212	-
Current portion of financing lease liability	49,206	-
Sales tax payable	2,260	2,260
Deferred revenue	31,786	31,137
Accrued payroll	-	27,036
Compensated absences	38,213	29,147
Total current liabilities	149,570	151,278
<b>Long-term liabilities</b>		
Line of credit, less current portion	170,425	170,425
Capital lease payable, less current portion	-	59,597
Financing lease liability, less current portion	29,179	-
Total current liabilities	199,604	230,022
Total liabilities	349,174	381,300
<b>Net assets</b>		
Without donor restrictions	868,187	1,234,437
With donor restrictions	327,908	338,891
Total net assets	1,196,095	1,573,328
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,545,269</b>	<b>\$ 1,954,628</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, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenues</b>			
Contracts and grants	\$ 812,298	\$ -	\$ 812,298
Membership	495,856	-	495,856
In-kind and trade-out support	49,345	-	49,345
Underwriting	87,905	-	87,905
Lease income	271,950	-	271,950
Power reimbursement	93,449	-	93,449
Other income	70,314	-	70,314
Interest income	3,538	-	3,538
Investment returns, net	7,008	-	7,008
Net assets released from restrictions:			
Restricted funds expended and expiration of time restrictions	10,983	(10,983)	-
Total support and revenues	<u>1,902,646</u>	<u>(10,983)</u>	<u>1,891,663</u>
<b>Expenses</b>			
Program services:			
Programming and production	921,875	-	921,875
Broadcasting	312,337	-	312,337
Program information and promotion	40,977	-	40,977
Total program services	<u>1,275,189</u>	<u>-</u>	<u>1,275,189</u>
Support services:			
Fund-raising and membership	374,705	-	374,705
General and administrative	619,002	-	619,002
Total support services	<u>993,707</u>	<u>-</u>	<u>993,707</u>
Total expenses	<u>2,268,896</u>	<u>-</u>	<u>2,268,896</u>
<b>Change in net assets</b>	<u>(366,250)</u>	<u>(10,983)</u>	<u>(377,233)</u>
<b>Net assets, beginning of year</b>	1,234,437	338,891	1,573,328
<b>Net assets, end of year</b>	<u>\$ 868,187</u>	<u>\$ 327,908</u>	<u>\$ 1,196,095</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, 2022**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Support and revenues</b>			
Contracts and grants	\$ 810,842	\$ -	\$ 810,842
Membership	567,611	-	567,611
In-kind and trade-out support	33,415	-	33,415
Underwriting	35,842	-	35,842
Rents	266,133	-	266,133
Power reimbursement	78,089	-	78,089
Other income	69,695	-	69,695
Interest income	12,901	-	12,901
Investment returns, net	(94,344)	-	(94,344)
Forgivable advance income	126,137	-	126,137
Net assets released from restrictions:			
Restricted funds expended and expiration of time restrictions	6,032	(6,032)	-
Total support and revenues	1,912,353	(6,032)	1,906,321
<b>Expenses</b>			
Program services:			
Programming and production	849,020	-	849,020
Broadcasting	319,846	-	319,846
Program information and promotion	36,892	-	36,892
Total program services	1,205,758	-	1,205,758
Support services:			
Fund-raising and membership	326,680	-	326,680
General and administrative	571,063	-	571,063
Total support services	897,743	-	897,743
Total expenses	2,103,501	-	2,103,501
<b>Change in net assets</b>	(191,148)	(6,032)	(197,180)
<b>Net assets, beginning of year</b>	1,425,585	344,923	1,770,508
<b>Net assets, end of year</b>	\$ 1,234,437	\$ 338,891	\$ 1,573,328

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, 2023**

	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	\$ 411,956	\$ -	\$ -	\$ 411,956	\$ 265,815	\$ 249,523	\$ 515,338	\$ 927,294
Advertising	15,925	-	26,148	42,073	-	395	395	42,468
Bank charges	-	-	-	-	11,259	2,694	13,953	13,953
Commissions	-	-	-	-	13,448	-	13,448	13,448
Dues and subscriptions	20,879	1,258	597	22,734	1,324	9,787	11,111	33,845
Freight	178	138	-	316	82	-	82	398
Insurance	-	-	-	-	-	46,250	46,250	46,250
Interest expense	-	-	-	-	-	13,937	13,937	13,937
Interest on financing lease liabilities	-	4,617	-	4,617	-	-	-	4,617
Membership campaign expense	-	-	-	-	45,553	-	45,553	45,553
Operating lease	-	12,376	-	12,376	-	-	-	12,376
Postage	98	1	202	301	2,490	59	2,549	2,850
Premiums	-	-	-	-	5,954	-	5,954	5,954
Printing/graphics	-	-	299	299	1,548	67	1,615	1,914
Professional	103,168	-	7,779	110,947	-	108,003	108,003	218,950
Programming	325,439	-	-	325,439	-	-	-	325,439
Short-term lease	1,010	20,772	1,130	22,912	-	8,591	8,591	31,503
Repair and maintenance	21,636	37,307	-	58,943	19,784	52,129	71,913	130,856
Supplies	6,003	2,674	543	9,220	837	7,996	8,833	18,053
Taxes and licenses	235	-	-	235	-	5,977	5,977	6,212
Telephone	-	-	-	-	-	23,079	23,079	23,079
Travel and training	7,173	685	2,956	10,814	6,611	20,081	26,692	37,506
Utilities	-	192,593	-	192,593	-	11,800	11,800	204,393
Miscellaneous	415	5,651	1,323	7,389	-	1,030	1,030	8,419
Amortization of financing lease right of use asset	-	22,376	-	22,376	-	-	-	22,376
Depreciation	7,760	11,889	-	19,649	-	57,604	57,604	77,253
<b>Total expenses</b>	<b>\$ 921,875</b>	<b>\$ 312,337</b>	<b>\$ 40,977</b>	<b>\$ 1,275,189</b>	<b>\$ 374,705</b>	<b>\$ 619,002</b>	<b>\$ 993,707</b>	<b>\$ 2,268,896</b>

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, 2022**

	<u>Program Services</u>				<u>Support Services</u>			<u>Totals</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information and Promotion</u>	<u>Total Program Services</u>	<u>Fund-raising and Membership</u>	<u>General and Administrative</u>	<u>Total Support Services</u>	
Salaries, payroll taxes, and employee benefits	\$ 353,843	\$ -	\$ -	\$ 353,843	\$ 240,355	\$ 242,408	\$ 482,763	\$ 836,606
Advertising	4,312	-	19,602	23,914	-	1,548	1,548	25,462
Bank charges	-	-	-	-	10,163	3,747	13,910	13,910
Commissions	-	-	-	-	3,278	-	3,278	3,278
Dues and subscriptions	16,045	2,368	245	18,658	10,167	5,900	16,067	34,725
Freight	-	259	-	259	-	-	-	259
Insurance	-	-	-	-	-	45,263	45,263	45,263
Interest expense	-	6,697	-	6,697	-	8,679	8,679	15,376
Membership campaign expense	-	-	-	-	44,313	-	44,313	44,313
Postage	49	-	561	610	2,211	592	2,803	3,413
Premiums	-	-	-	-	7,316	-	7,316	7,316
Printing/graphics	-	-	741	741	456	138	594	1,335
Professional	78,698	4,500	11,868	95,066	-	78,522	78,522	173,588
Programming	344,576	-	-	344,576	-	-	-	344,576
Rent	-	32,152	350	32,502	596	6,340	6,936	39,438
Repair and maintenance	20,571	32,071	-	52,642	4,690	64,492	69,182	121,824
Supplies	10,158	3,371	22	13,551	938	3,954	4,892	18,443
Taxes and licenses	-	-	-	-	-	9,227	9,227	9,227
Telephone	-	-	24	24	-	12,726	12,726	12,750
Travel and training	994	180	2,558	3,732	2,141	21,571	23,712	27,444
Utilities	-	185,430	-	185,430	-	6,605	6,605	192,035
Miscellaneous	92	1,787	921	2,800	56	1,749	1,805	4,605
Depreciation	19,682	51,031	-	70,713	-	57,602	57,602	128,315
<b>Total expenses</b>	<b>\$ 849,020</b>	<b>\$ 319,846</b>	<b>\$ 36,892</b>	<b>\$ 1,205,758</b>	<b>\$ 326,680</b>	<b>\$ 571,063</b>	<b>\$ 897,743</b>	<b>\$ 2,103,501</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, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (377,233)	\$ (197,180)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	77,253	128,315
Amortization of right of use asset	34,420	-
Investment returns, net	(7,008)	94,344
Changes in operating assets and liabilities:		
Accounts receivable	(8,750)	(35,290)
Pledges receivable	3,426	838
Prepaid expenses	6,169	(25,472)
Accounts payable	3,054	(1,941)
Deferred revenue	649	10,935
Refundable advance	-	(126,137)
Operating lease liability	(11,984)	-
Accrued payroll and compensated absences	(17,970)	(6,688)
Net cash used in operating activities	(297,974)	(158,276)
<b>Cash flows from investing activities</b>		
Purchases of investments	(9,029)	(12,945)
Proceeds from sale of investments	210,497	4,927
Purchases of property and equipment	(108,909)	(10,232)
Net cash (used in) provided by investing activities	92,559	(18,250)
<b>Cash flows from financing activities</b>		
Principal payments on financing lease liability	(44,109)	-
Payments on capital lease payable	-	(45,698)
Payments on line of credit, net	-	(10,000)
Net cash used in financing activities	(44,109)	(55,698)
<b>Change in cash and cash equivalents</b>	(249,524)	(232,224)
<b>Cash and cash equivalents, beginning of year</b>	714,737	946,961
<b>Cash and cash equivalents, end of year</b>	\$ 465,213	\$ 714,737
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 18,554	\$ 15,376

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

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

(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, 2023 and 2022, net assets with donor restrictions included unspent American Rescue Plan Act (“ARPA”) Stabilization grant funds and pledges receivable. 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.”

(d) **Recently adopted accounting guidance**—In February 2016, the FASB issued Accounting Standards Update 2016-02: Leases (Topic 842), to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

KEET TV adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

KEET TV elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, KEET TV recognized on July 1, 2022 a lease liability at the carrying amount of the capital lease obligations on June 30, 2022, of \$102,456 and a right of use asset at the carrying amount of the capital lease asset of \$310,207. KEET TV also recognized on July 1, 2022 a lease liability of \$18,196, which represents the present value of the remaining operating lease payments of \$18,563, discounted using the KEET TV's risk-free rate of 2.8%, and a right-of-use asset of \$18,196.

The standard had a material impact on the KEET TV's statements of financial position but did not have an impact on KEET TV's statements of activities, functional expenses, and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while KEET TV's accounting for finance leases remained substantially unchanged.

(e) **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.

(f) **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.

(g) **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:

	<u>Years</u>
Buildings and equipment	3 – 20
Engineering building and equipment	7 – 20
Studio equipment	4 – 10
Office furniture and equipment	4 – 10
Vehicles	5

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

(h) **Leases**—KEET TV leases tower space, transmission equipment, and office equipment. KEET TV determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use (ROU) assets and operating lease liabilities on KEET TV's statements of financial position. Finance leases are included in financing lease right of use (ROU) assets and financing lease liabilities on KEET TV's statements of financial position.

ROU assets represent KEET TV's right to use an underlying asset for the lease term and lease liabilities represent KEET TV's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of KEET TV's leases do not provide an implicit rate, KEET TV uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. KEET TV's lease terms may include options to extend or terminate the lease when it is reasonably certain that the entity will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

KEET TV's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, KEET TV considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

KEET TV has elected to apply the short-term lease exemption to one of its classes of underlying assets: storage facility rentals. In 2023, KEET TV has only a small number of leases within this class of underlying assets that qualify for the exemption. The short-term lease cost recognized and disclosed for those leases in 2023 is \$31,503. The remaining lease payments due in 2024 are approximately \$24,615.

(i) **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.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

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

(j) **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.

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.

(k) **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.

(l) **Compensated absences**—Employees accrue vacation leave benefits based on duration of employment. Unpaid vacation leave is recognized as a current liability.

(m) **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.

(n) **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.

(o) **Advertising**—Advertising costs are charged to operations when incurred. The amount charged to expenses was \$42,468 and \$25,462 for the years ended June 30, 2023 and 2022, respectively.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

(p) **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.

(q) **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.

(r) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2023. KEET TV has considered the new pronouncements that altered accounting principles generally accepted in the United States of America and does not believe that any new or modified principles will have a material impact on the Station's reported financial position or operations in the near term.

(s) **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.

(t) **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.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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(1) **Summary of Significant Accounting Policies:** (Continued)

The CSGs are reported on the accompanying financial statements as increases in net assets without donor restrictions, provided they are spent in the same fiscal year they are received.

(u) **Subsequent events**—KEET TV has evaluated subsequent events through February 13, 2024, the date on which the financial statements were available to be issued. No subsequent events have been identified or disclosed except as noted in Note 7 regarding KEET TV’s line of credit renewal.

(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. Financial assets available for general expenditure, that is, without donor restrictions, or internal board designations limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets available within one year, at year end:		
Cash and cash equivalents	\$ 465,213	\$ 714,737
Accounts and pledges receivable	58,652	53,328
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	327,908	338,891
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 195,957</u>	<u>\$ 429,174</u>

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 \$256,583 and \$451,043 at June 30, 2023 and 2022, 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. Additionally, to help manage unanticipated liquidity needs, KEET TV has a line of credit which it can draw on, as detailed in Note 7.

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

Accounts and pledges receivable were composed of the following as of June 30, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Trade receivables	\$ 56,597	\$ 47,847	\$ 12,557
Pledge receivables	8,317	11,743	12,581
	<u>64,914</u>	<u>59,590</u>	<u>25,138</u>
Less: allowance for doubtful accounts	6,262	6,262	6,262
Total receivables	<u>\$ 58,652</u>	<u>\$ 53,328</u>	<u>\$ 18,876</u>



**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**(4) Property and Equipment:**

The following is a summary of property and equipment at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 175,637	\$ 175,637
Building and improvements	448,629	448,629
Engineering building and equipment	2,984,757	3,294,965
Studio equipment	2,045,753	2,031,587
Office furniture and equipment	214,311	224,543
Vehicles	211,355	211,355
Building CIP	104,661	-
Total property and equipment	<u>6,185,103</u>	<u>6,386,716</u>
Less: Accumulated depreciation	<u>5,740,156</u>	<u>5,697,371</u>
Property and equipment, net	<u>\$ 444,947</u>	<u>\$ 689,345</u>

Depreciation and amortization expense, including that related to finance leases, for the fiscal years ended June 30, 2023 and 2022, was \$99,629 and \$128,315, 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, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Investment returns:		
Interest and dividends earned and reinvested	\$ 5,774	\$ 11,445
Realized and unrealized gains (losses), net of fees	7,008	(94,344)
	<u>12,782</u>	<u>(82,899)</u>
Other changes:		
Gifts and transfers	3,255	1,500
Grant/scholarship payments	(210,497)	(4,927)
	<u>(207,242)</u>	<u>(3,427)</u>
Net changes in endowment	(194,460)	(86,326)
Endowment, beginning of period	451,043	537,369
Endowment, end of period	<u>\$ 256,583</u>	<u>\$ 451,043</u>

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

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.

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

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, 2023 and 2022.

*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, 2023 and 2022:

*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.

(6) **Paycheck Protection Program:**

On March 26, 2021, KEET TV received a second round of proceeds in the amount of \$126,137, pursuant to the second round of the Paycheck Protection Program (“PPP”) established as part of the federal Consolidated Appropriations Act, 2021. Under the terms of the PPP, proceeds are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and KEET TV maintains its payroll levels over a specified period of time as described in the Consolidated Appropriations Act, 2021, during the covered period. In November 2021, KEET TV received notice the forgiveness application had been approved in full. Forgivable advance income of \$126,137 has been recognized on the statement of activities for the fiscal year ended June 30, 2022.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
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(7) **Line of Credit:**

As of June 30, 2023 and 2022, KEET TV has an available line of credit from Coast Central Credit Union for \$200,000. During fiscal year 2023 and 2022, the line of credit had a variable interest rate based on the bank's prime rate (8.25% and 4.75% as of June 30, 2023 and 2022, respectively), plus 1.50%. The line of credit is renewable every two years and matured on September 1, 2023. It is secured by a 2nd Deed of Trust on real property. A balance of \$170,425 was outstanding as of June 30, 2023 and 2022. In September 2023, KEET TV renewed the line of credit for an additional two year term expiring September 1, 2025.

(8) **Leases:**

For the year ended June 30, 2022, prior to the implementation of ASU 2016-02: *Leases* (Topic 842), KEET TV leased tower space under an operating lease for approximately \$1,000 per month with a 3% escalator in monthly rent occurring on an annual basis. The lease reverts to a month-to-month lease beginning December 1, 2022. KEET TV also leased land under an operating lease for approximately \$11,000 per year with a 3% escalator in annual rent occurring every year. The lease terminates on December 31, 2023. Rental expense under all operating leases was \$39,438 for the year ended June 30, 2022.

In addition, for the year ended June 30, 2022, KEET TV leased transmitter equipment under a capital lease (as defined prior to the adoption of ASU 2016-02). 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 transmitter equipment related to the capital lease was included in engineering building and equipment within property and equipment on the statement of financial position with a net book value of \$275,740 at June 30, 2022. The accumulated depreciation related to the transmitter equipment was \$34,467 at June 30, 2022.

For the year ended June 30, 2023, KEET TV has operating and finance leases for tower space, transmitter equipment, and office equipment which have remaining terms expiring in years 2023 through 2028. As of June 30, 2023, assets recorded under finance leases were \$330,560, and accumulated amortization associated with finance leases was \$56,844.

The components of lease expense for the year ended June 30, 2023 were as follows:

Operating lease cost	\$ 12,376
Short-term lease cost	31,503
Amortization of right of use assets	22,376
Interest on lease liabilities	4,617
	<u>\$ 70,872</u>

Other information related to leases for the year ended June 30, 2023 was as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	\$ 4,617
Operating cash flows from operating leases	12,315
Financing cash flows from finance leases	44,109
Weighted-average remaining lease term—finance leases	2.17 years
Weighted-average remaining lease term—operating leases	.50 years
Weighted-average discount rate for finance leases	5.19%
Weighted-average discount rate operating leases	2.82%

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
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(8) **Leases:** (Continued)

Future minimum lease payments under non-cancellable leases as of June 30, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>
2024	\$ 6,248	\$ 51,623
2025	-	20,160
2026	-	4,428
2027	-	4,428
2028	-	2,583
Total future minimum lease payments	6,248	83,221
Less: Imputed interest	36	4,863
	<u>\$ 6,212</u>	<u>\$ 78,350</u>

The Company is the lessor of tower space under operating leases with initial terms of three to twenty years. The Company recognizes revenue for these leases on a straight-line basis over the term of the lease. Revenues for the year ended June 30, 2023 were \$271,950. The following table presents information about the maturities of these operating leases as of June 30, 2023.

<u>Year Ending June 30,</u>	<u>Operating</u>
2024	\$ 218,889
2025	158,360
2026	88,486
2027	73,463
2028	53,712
Thereafter	238,189
	<u>\$ 831,099</u>

(9) **Contributed Nonfinancial Assets:**

KEET TV trades for goods and services with businesses in the community. In-kind and trade-out revenues were as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Underwriting	\$ 15,925	\$ 3,542
Professional services	20,100	18,200
Operating supplies	13,320	11,673
	<u>\$ 49,345</u>	<u>\$ 33,415</u>

Professional services are valued using current rates of the professional firms. In valuing underwriting and operating supplies, KEET TV estimated the fair value on the basis of estimates of values that would be received for selling similar products in the United States. In-kind contributions are not restricted.

KEET TV does not sell in-kind contributions and uses the contributed in-kind professional services and operating supplies in management and general activities and the contributed underwriting in programming and production activities.

**REDWOOD EMPIRE PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(10) 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, 2023 and 2022, the uninsured cash balance totaled \$206,846 and \$515,025, respectively.

(b) **Revenues**—The CPB provided approximately 41% of revenue during each of the fiscal years ended June 30, 2023 and 2022.

**(11) 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.

**(12) 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:

<u>Years of Grant</u>	<u>Grants Received</u>	<u>Expended</u>			<u>Uncommitted Balance at June 30, 2023</u>
		<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	
2022-24	\$ 646,706	\$ -	\$ -	\$ 646,706	\$ -
2021-23	637,896	-	637,896	-	-
2020-22	618,480	618,480	-	-	-

**(13) 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.

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

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 KEET TV was \$648,019 and \$699,350 for the years ended June 30, 2023 and 2022, respectively.

(14) **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.