Public Television 19, Inc.

Consolidated Financial Report
June 30, 2022

Contents

Independent Auditor's Report

RSM US LLP

Board of Directors
Public Television 19, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Public Television 19, Inc., and its subsidiary (the Organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization, as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, 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.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 auditor's 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 the Organization'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 the Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information (statements of activities by department) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
December 2, 2022

Public Television 19, Inc.

Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 16,170,778	$ 6,416,050
Receivables:		
Accounts, net of allowance for doubtful accounts of $10,000 and $15,000 in 2022 and 2021, respectively	75,713	126,419
Pledges, net of discount of $27,174 and $36,408 in 2022 and 2021, respectively	1,149,310	1,184,476
Prepaid expenses	166,334	182,552
Investments	4,676,221	5,217,963
New market tax credit loan receivable	8,490,000	-
Deferred lease asset	1,267,355	1,199,399
Property and equipment, net	5,770,995	3,831,468
	$ 37,766,706	$ 18,158,327
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 689,970	$ 188,403
Accrued expenses	645,852	615,757
Deferred revenue	954,316	752,428
New market tax credit loan obligation	11,880,000	-
Long-term debt	5,504,113	918,725
	19,674,251	2,475,313
Net assets:		
Without donor restrictions (undesignated)	9,954,928	7,442,262
Without donor restrictions (board-designated)	4,676,221	5,217,963
With donor restrictions	3,461,306	3,022,789
	18,092,455	15,683,014
	$ 37,766,706	$ 18,158,327

See notes to consolidated financial statements.

Public Television 19, Inc.

Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Membership income	$ 5,359,777	$ -	$ 5,359,777
Grants	1,779,054	-	1,779,054
Contributions, bequests and capital grants	1,422,264	-	1,422,264
Contributions, capital campaign	1,029,333	2,592,000	3,621,333
In-kind contributions	178,707	-	178,707
Program and production underwriting	1,036,756	-	1,036,756
Educational services	83,621	-	83,621
Rental income	1,152,500	-	1,152,500
Miscellaneous	130,786	-	130,786
Investment income (loss)	(669,930)	-	(669,930)
Loss on disposal of assets	(521,016)	-	(521,016)
Net assets released from restrictions	2,153,483	(2,153,483)	-
Total revenues, gains and other support	13,135,335	438,517	13,573,852
Expenses:			
Program services	7,371,427	-	7,371,427
Fundraising	2,251,416	-	2,251,416
Management and general	1,541,568	-	1,541,568
Total expenses (including total depreciation of $421,153)	11,164,411	-	11,164,411
Change in net assets	1,970,924	438,517	2,409,441
Net assets:			
Beginning	12,660,225	3,022,789	15,683,014
Ending	$ 14,631,149	$ 3,461,306	$ 18,092,455

See notes to consolidated financial statements.

Public Television 19, Inc.

Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Membership income	$ 5,053,597	$ -	$ 5,053,597
Grants	2,370,054	-	2,370,054
Contributions, bequests and capital grants	1,634,365	-	1,634,365
Contributions, capital campaign	158,414	580,865	739,279
In-kind contributions	900	-	900
Program and production underwriting	914,833	-	914,833
Educational services	92,235	-	92,235
Rental income	1,092,818	-	1,092,818
Broadcast royalties	77,902	-	77,902
Miscellaneous	206,222	-	206,222
Investment income	1,036,812	-	1,036,812
Paycheck Protection Program loan forgiveness	934,047	-	934,047
Net assets released from restrictions	376,375	(376,375)	-
Total revenues, gains and other support	13,948,574	204,490	14,153,064
Expenses:			
Program services	6,959,365	-	6,959,365
Fundraising	2,257,657	-	2,257,657
Management and general	1,424,452	-	1,424,452
Total expenses (including total depreciation of $588,439)	10,641,474	-	10,641,474
Change in net assets	3,307,100	204,490	3,511,590
Net assets:			
Beginning	9,353,125	2,818,299	12,171,424
Ending	$ 12,660,225	$ 3,022,789	$ 15,683,014

See notes to consolidated financial statements.

Public Television 19, Inc.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services Expense	Fundraising Expense	Management and General Expense	Total Expenses
Operating expenses:				
Salaries and wages	$ 2,724,474	$ 993,231	$ 538,362	$ 4,256,067
Payroll taxes	197,986	113,330	-	311,316
Health benefits	456,723	135,365	56,002	648,090
Retirement expense	119,511	41,857	13,222	174,590
Equipment rental	430	-	4,905	5,335
Debt service	40,205	-	48,319	88,524
Taxes	-	-	5,505	5,505
Endowment admin fees	-	-	16,160	16,160
Affiliate payments	1,682,843	-	-	1,682,843
Tower rental	32,493	-	-	32,493
Postage	-	-	796	796
Vehicle expense	3,786	-	-	3,786
Direct mail	-	300,554	-	300,554
Guide expense	98,056	-	-	98,056
Printing	16,807	21,915	1,057	39,779
Office supplies	1,132	-	5,729	6,861
Telephone	64,260	-	-	64,260
IT services	90,138	-	-	90,138
Maintenance and repair	230,055	-	110,290	340,345
Travel	30,187	10,109	18,825	59,121
Utilities	160,586	-	83,534	244,120
Studio supplies	14,593	-	-	14,593
Liability insurance	411	-	164,663	165,074
Dues and subscriptions	138,395	2,170	58,380	198,945
Premiums	-	186,029	-	186,029
Advertising	169,788	-	-	169,788
Professional services	499,464	272,508	358,159	1,130,131
Special projects	171,731	119,497	25,362	316,590
Miscellaneous	6,432	54,851	32,086	93,369
Total expenses before depreciation	6,950,486	2,251,416	1,541,356	10,743,258
Depreciation	420,941	-	212	421,153
Total expenses	$ 7,371,427	$ 2,251,416	$ 1,541,568	$ 11,164,411

See notes to consolidated financial statements.

Public Television 19, Inc.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services Expense	Fundraising Expense	Management and General Expense	Total Expenses
Operating expenses:				
Salaries and wages	$ 2,657,289	$ 998,711	$ 566,901	$ 4,222,901
Payroll taxes	198,046	107,955	-	306,001
Health benefits	416,537	120,314	58,333	595,184
Retirement expense	114,815	39,983	-	154,798
Equipment rental	1,735	-	5,963	7,698
Debt service	38,361	-	-	38,361
Taxes	-	-	329	329
Endowment admin fees	-	-	15,458	15,458
Affiliate payments	1,617,502	-	-	1,617,502
Tower rental	26,699	-	-	26,699
Postage	-	-	1,536	1,536
Vehicle expense	4,086	-	-	4,086
Direct mail	-	292,792	-	292,792
Guide expense	76,087	-	-	76,087
Printing	4,204	10,077	-	14,281
Office supplies	78	-	3,183	3,261
Telephone	74,106	-	-	74,106
IT services	45,548	-	-	45,548
Maintenance and repair	141,903	-	63,902	205,805
Travel	5,151	5,049	4,992	15,192
Utilities	137,108	-	106,257	243,365
Studio supplies	5,003	-	-	5,003
Liability insurance	12,002	-	123,686	135,688
Dues and subscriptions	142,349	4,828	68,225	215,402
Premiums	-	229,606	-	229,606
Advertising	28,211	-	-	28,211
Professional services	400,300	244,962	344,830	990,092
Special projects	222,073	35,569	40,283	297,925
Miscellaneous	1,945	167,811	20,362	190,118
Total expenses before depreciation	6,371,138	2,257,657	1,424,240	10,053,035
Depreciation	588,227	-	212	588,439
Total expenses	$ 6,959,365	$ 2,257,657	$ 1,424,452	$ 10,641,474

See notes to consolidated financial statements.

Public Television 19, Inc.

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

		2022		2021
Cash flows from operating activities:				
Change in net assets	**$**	**2,409,441**	$	3,511,590
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Investment (income) loss		**769,294**		(1,036,812)
Loss on disposal of fixed assets		**521,016**		-
Depreciation		**421,153**		588,439
Gain on extinguishment of Paycheck Protection Program loan		**-**		(934,047)
Contributions and grants restricted for capital acquisition and construction		**(1,463,000)**		(259,250)
(Increase) decrease in operating assets:				
Accounts receivable		**50,706**		12,946
Pledges receivable		**35,166**		466,863
Prepaid expenses		**16,218**		66,842
Deferred lease asset		**(67,956)**		(67,314)
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses		**531,662**		66,060
Deferred revenue		**201,888**		(106,052)
Net cash provided by operating activities		**3,425,588**		2,309,265
Cash flows from investing activities:				
Purchases of property and equipment		**(2,881,696)**		(480,822)
Contribution to investments		**(551,056)**		(360,013)
Withdrawal from investments		**323,504**		176,156
Net cash used in investing activities		**(3,109,248)**		(664,679)
Cash flows from financing activities:				
Principal payments on long-term debt		**(939,222)**		(128,932)
Payment of new market tax credit loan receivable		**(8,490,000)**		-
Proceeds from long-term debt		**5,524,610**		-
Proceeds from new market tax credit QALICB loans		**11,880,000**		-
Proceeds from contributions and grants restricted for capital acquisition and construction		**1,463,000**		259,250
Net cash provided by financing activities		**9,438,388**		130,318
Increase in cash and cash equivalents		**9,754,728**		1,774,904
Cash and cash equivalents:				
Beginning		**6,416,050**		4,641,146
Ending	**$**	**16,170,778**	$	6,416,050
Supplemental disclosures of cash flow information:				
Cash paid during the year for interest	**$**	**40,205**	$	38,361
Gain on extinguishment of Paycheck Protection Program loan	**$**	**-**	$	934,047

See notes to consolidated financial statements.

Note 1. Nature of the Station and Summary of Significant Accounting Policies

Description of the Station: Public Television 19, Inc. (the Station/Organization) is a nonprofit corporation that operates a noncommercial public television station (KCPT) and an AAA Public Radio Station (KTBG) in Kansas City that serves numerous cities and towns in Missouri and Kansas. The Station is organized under the General Not for Profit Laws of the State of Missouri.

Principles of consolidation: The consolidated financial statements (collectively, the financial statements) include the accounts and transactions of the Station and its subsidiary, KCPT ESC, (collectively referred to as the Station), including the following:

- KCPT Expansion Supporting Corporation (KCPT ESC), was established in October 2021 as a nonprofit corporation, and a Type 1 supporting organization of Public Television 19, Inc. KCPT ESC was formed to support the operations of Public Television 19, Inc., including operating as a Qualified Active Low-Income Community Business (QALICB) as defined by the Internal Revenue Code for new markets tax credit compliance.

New market tax credits: Effective March 15, 2022, KCPT ESC closed on a New Market Tax Credit (NMTC) financing transaction. In connection with this transaction, the parties involved in the transaction were as follows:

- Enterprise Bank and Trust (Enterprise) is the tax credit investor and the owner of EBT Investment Fund V (investment fund).
- Public Television 19, Inc. is the leverage lender and provided a loan to the investment fund.
- The investment fund invested the proceeds of the loan from Public Television 19, Inc. and certain capital contributions provided by Enterprise, in Enterprise Sub-CDE 29, LLC (CDE 29).
- KCPT ESC as the QALICB and the owner of the building, received certain QALICB loans from the CDE.

A summary of significant accounting policies is as follows:

Basis of presentation: The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Station presents its financial statements based on Accounting Standards Codification (ASC) Topic 958, Presentation of Financial Statements.

Net assets without donor restrictions: Net assets without donor restrictions are not subject to donor-imposed restrictions but may be subject to board designations. Earnings on investments are reported as increases in net assets without donor restrictions unless their use is limited by donor stipulation or by laws.

Net assets with donor restrictions: Net assets with donor restrictions include gifts for which donor-imposed restrictions have not been met, deferred gifts and pledges receivable. Also included within this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Station that require that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

Restricted and unrestricted revenue and support: Contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. Donor-restricted support whose restrictions are satisfied in the same reporting period in which the contributions are received is classified as increases to net assets without donor restrictions.

The Station reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Station reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grant revenue: Grant revenues are recognized when program expenses are incurred in accordance with program guidelines.

Program and production underwriting and educational services: For these revenue streams, the Station recognizes revenue in accordance with ASC 606, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as performance obligations are satisfied.

Revenues generated from these sources includes television airtime that is paid for in advance of airing. The related performance obligation is satisfied at a point in time when the television spots are aired. The revenue is recognized as the applicable services are provided and all criteria are met. At June 30, 2022 and 2021, gross program, production underwriting and educational services was $1,120,377 and $1,007,068, respectively. Payments received in advance of satisfying the related performance obligations are classified as deferred revenue on the consolidated statements of financial position. At June 30, 2022 and 2021, there was $72,262 and $120,464, respectively, of deferred revenue related to program, production underwriting and educational services. Associated accounts receivable for program, production underwriting and educational services as of June 30, 2022 and 2021, were $85,713 and $141,419 respectively, and allowance for doubtful accounts for program, production underwriting and educational services was $10,000 and $15,000, at June 30, 2022 and 2021, respectively.

Memberships: In applying ASC Topic 606, Revenue from Contracts with Customers, management evaluated benefits offered to members and concluded that this has characteristics more consistent with contributions. Therefore, revenue is recognized at the time the donor's commitment is received.

In-kind contributions: In-kind contributions and in-kind services expense are recorded in the accompanying financial statements. In-kind contributions consist of donated broadcasting by commercial stations, services provided in exchange for underwriting services, and services that require specialized skills that are provided by individuals possessing those skills and would typically be purchased if not provided by donation. These donations are recorded at fair value.

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable are carried at original invoice less an estimate for doubtful accounts based on a review of all outstanding amounts on a quarterly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history. Receivables are written off when deemed uncollectible. A receivable is considered to be past due if the balance is outstanding after 30 days. Interest is not charged on past-due accounts.

Pledges receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

The Station also receives conditional promises to give from donors, which are not recognized as revenue or included in receivables until such time as the conditions are substantially met. As of June 30, 2022 and 2021, the Station had $325,000 and $1,325,000, respectively, of outstanding conditional promises to give.

New market tax credit loan receivable: In March 2022, the Station loaned $8,490,000 to the investment fund, see additional information in Note 13, as part of the new market tax credit transaction, which is anticipated to be netted against the new market tax credit loan obligation of $11,880,000 to the CDE at the end of seven years with the exercise of the put option. The note receivable bears interest at 1.0%. Interest is due quarterly and principal is due March 15, 2048.

Donated personal services of volunteers: Due to the nature of donated services, no amounts have been reflected in the financial statements for such services, since the services do not require specialized skills. The estimated fair value of donated personal services of volunteers incurred in connection with the annual auction and pledge drives, based upon standard valuation rates and job classifications developed by the Corporation for Public Broadcasting, was $2,276 and $7,049 for the years ended June 30, 2022 and 2021, respectively.

Deferred revenue: Grants received for programs that will be aired principally in the next fiscal year are included as deferred revenue. As the programs are telecast, the deferred revenue will be recognized as revenue. The Station also receives various down payments on operating lease income. The Station amortizes the payments over the life of the lease.

Deferred lease asset and rental income: The Station has an operating lease with annual rent increases. The Station recognizes rent revenue ratably over the term of the lease, with rent revenue based on the total payments received under the lease agreement recognized on a straight-line basis over the lease term. The deferred lease asset represents rent revenue in excess of cash payments received to date.

Property and equipment: Property and equipment is recorded at cost or, if donated, at the approximate fair value at date of donation. Major renewals and betterments are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are charged against net assets in the current period. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to 40 years.

The Station periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

Income tax status: The Station is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code; however, the Station is subject to income taxes on any net income from unrelated business activities. Uncertain tax positions, if any, are recorded in accordance with ASC Topic 740, Income Taxes (previously FIN 48). ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more likely than not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded as of June 30, 2022 and 2021.

Investments: The Station has invested in pooled funds held at the Greater Kansas City Community Foundation (the Foundation), which are recorded at fair value. A portion of this balance represents money market funds, which are reported at cost, which approximates fair value.

Cash and cash equivalents: The Station considers investments purchased with an original maturity of three months or less to be cash equivalents. The Station holds cash deposits with banks in excess of federally insured limits. The Station utilizes a large bank to minimize the risk to funds in excess of federal limits. The Station has not experienced any losses on these accounts.

Use of estimates: The preparation of financial statements in accordance with U.S. GAAP 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, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Functional expense allocations: Certain expenses, such as depreciation, interest, building services and personnel, are allocated among program and supporting services based primarily on direct payroll charges, equipment usage, or space occupied and on estimates made by the Station's management.

Fundraising: The Station participates in various fundraising activities, such as direct mail campaigns, membership development and special events. The expenses related to these fundraising activities are recorded in fundraising in the consolidated statements of activities and aggregated $2,128,230 and $1,963,699 for the years ended June 30, 2022 and 2021, respectively.

Advertising: The Station expenses advertising costs as incurred. Advertising expense was $169,788 and $28,211 for the fiscal years ended June 30, 2022 and 2021, respectively, of which $87,581 and $0 are related to allocation of in-kind contributions, respectively.

Adopted and pending accounting pronouncements: In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). ASU 2016-02, as deferred one year by ASU 2020-05, requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2022, with early adoption permitted. The Station is in the process of evaluating the impact of this new guidance.

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities,* for contributed nonfinancial assets which addresses presentation and disclosure requirements for contributed nonfinancial assets. The amendment requires that contributed nonfinancial assets is presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Nonfinancial assets includes fixed assets, use of fixed assets or utilities, materials, supplies, intangible assets, services, and unconditional promises of those assets. For each category of contributed nonfinancial assets recognized, the entity must disclose whether the nonfinancial assets were monetized or utilized during the reporting period and if utilized, provide a description of the program or other activities in which those assets were used. Policy on monetizing rather than utilizing contribution nonfinancial assets, a description of any donor-imposed restrictions, description of valuation techniques and inputs to arrive at fair value measure, principal market used to arrive at the market value if it is in a market in which the recipient nonprofit entity is prohibited by a donor-imposed restriction from the selling or using the contributed nonfinancial assets. The Station adopted this pronouncement in the current year, and there was no significant impact to the financial statements.

Note 2. Pledges Receivable

Included in pledges receivable at June 30, 2022 and 2021, are the following unconditional promises to give:

	2022	2021
Restricted to future periods:		
Building renovations	$ 645,000	$ 185,000
Content Excellence Fund	205,000	502,000
Core operating systems—technology	140,125	230,125
General use	186,359	303,759
	$ 1,176,484	$ 1,220,884
Unconditional promises to give before unamortized discount	$ 1,176,484	$ 1,220,884
Less unamortized discount	(27,174)	(36,408)
	$ 1,149,310	$ 1,184,476
Amounts due in:		
One to five years	$ 1,176,396	$ 1,207,884
Six to 10 years	88	13,000
	$ 1,176,484	$ 1,220,884

Pledges receivable are considered contributions with donor restrictions due to timing, as well as restrictions specified by the donor, since the funds from such contributions are not available for use until received by the Station.

Note 3. Assets Held at the Greater Kansas City Community Foundation

The Board of Directors authorized two special trust funds established at the Foundation, an unrelated party. These trust funds were established for the benefit of the Station in the future with no variance power being granted to the Foundation. The assets held at the Foundation are directed by the Station's Board of Directors. Included in assets as investments are $4,676,221 and $5,217,963 for 2022 and 2021, respectively. The Public Television 19, Inc. Fund invests only in the Foundation's pooled funds and is designated for general operations in the future and had balances of $4,676,221 and $5,217,963 at June 30, 2022 and 2021, respectively.

Individual investments within the Greater Kansas City Foundation Pooled Fund comprise the following:

	2022	2021
Public Television 19, Inc. Fund:		
Fixed-income mutual fund pool	$ 1,701,232	$ 1,778,559
Equity mutual fund pool	2,963,880	3,376,360
Money market fund pool	11,109	63,044
	$ 4,676,221	$ 5,217,963

The change in value of assets held at the Greater Kansas City Community Foundation is as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	$ 99,364	$ 85,820
Net realized and unrealized gains (losses)	(769,294)	950,992
	$ (669,930)	$ 1,036,812

Note 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2022 and 2021:

	2022	2021
Land and land improvements	$ 290,436	$ 444,242
Buildings	2,011,978	9,767,850
Broadcast equipment	5,667,516	9,876,905
Transmission tower	2,004,257	1,886,226
Furniture and fixtures	319,097	1,029,340
Construction in progress	3,037,402	194,849
	13,330,686	23,199,412
Less accumulated depreciation	(7,559,691)	(19,367,944)
Property and equipment, net	$ 5,770,995	$ 3,831,468

At June 30, 2022, the Station has construction commitments of approximately $600,000 expected to be completed in fiscal year 2023.

Note 5. Pledged Assets, Line of Credit and Long-Term Debt

The Station had a $500,000 line-of-credit agreement with Bank of America secured by property and other assets. Interest was due monthly at a variable rate equal to the LIBOR Daily Floating Rate plus 2.20%, with all principal due on February 28, 2022. Effective March 2022, the Station has a $500,000 revolving credit note with Enterprise secured by property and other assets. Interest is due monthly at a variable rate equal to the WSJ Prime Rate (4.75% at June 30, 2022). At both June 30, 2022 and 2021, $0 was outstanding on these lines of credit.

Long-term debt consists of the following at June 30, 2022 and 2021:

	2022	2021
Radio loan due July 27, 2022; interest at 3.9%; secured by all assets; payable in quarterly interest-only principal payments of $41,823 due quarterly with interest	$ -	$ 918,725
Enterprise NMTC Term Loan A due March 15, 2027; interest at 4.75%. Monthly interest payments; annual principal payment of $400,000	2,500,000	-
Enterprise NMTC Term Loan B due March 15, 2029; interest at 4.75%. Monthly interest payments, monthly principal begins March 2024	2,195,000	-
Radio loan due March 15, 2027; interest at 4.0%; secured by all assets; payable in monthly interest and principal payments of $8,399.40, of which principal is $6,823.36.	809,113	-
	$ 5,504,113	$ 918,725

Aggregate maturities of long-term debt outstanding at June 30, 2022, are as follows:

Years ending June 30:	
2023	$ 887,488
2024	560,442
2025	748,809
2026	765,336
2027	1,297,478
2028-2032	1,244,560
	$ 5,504,113

In March 2022, the Station refinanced the terms of its Radio loan previously held with Bank of America, into a new Radio loan with Enterprise Bank & Trust. The terms of this loan are described above.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law and is meant to address the economic fallout from the COVID-19 pandemic. In connection, the Station received a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan for $934,047 on April 15, 2020. Proceeds from this loan were used for the retention of employees and maintained payroll. The Station received notice of forgiveness of the loan from the SBA on May 1, 2021. Proceeds from the loan received in the prior year are recorded as a gain on forgiveness of Paycheck Protection Program loan on the statement of activities for the year ending June 30, 2021.

Note 6. Operating Leases

The Station is leasing tower and various equipment to several unrelated parties. Rental income for the years ended June 30, 2022 and 2021, is $1,152,500 and $1,092,818, respectively. As of June 30, 2022 and 2021, the Station has $1,267,355 and $1,199,399, respectively, recorded as a deferred lease asset on the consolidated statements of financial position due to future escalating rents. As of June 30, 2022 and 2021, the Station has $499,999 and $591,385, respectively, recorded as deferred revenue due to upfront cash payments on tower space leases.

The minimum future rental income under operating leases is as follows:

Years ending June 30:	
2023	$ 968,577
2024	862,835
2025	874,353
2026	886,216
2027	819,753
Thereafter	6,952,710
	$ 11,364,444

Note 7. Liquidity and Availability of Resources

The Station regularly monitors liquidity required to meet its annual operating needs and other contractual requirements while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2022 and 2021, the following financial assets are available to meet annual operating needs of the 2023 and 2022 fiscal years:

	2022	2021
Assets at year-end:		
Cash and cash equivalents	$ 16,170,778	$ 6,416,050
Accounts receivable, net	75,713	126,419
Pledge receivables, net	1,149,310	1,184,476
Prepaid expenses	166,334	182,552
Investments	4,676,221	5,217,963
New market tax credit loan receivable	8,490,000	-
Deferred lease asset	1,267,355	1,199,399
Property and equipment, net	5,770,995	3,831,468
Total assets	37,766,706	18,158,327
Assets not available to be used		
Pledge receivables for restricted gift, net	(1,149,310)	(1,184,476)
Prepaid expenses	(166,334)	(182,552)
New market tax credit loan receivable	(8,490,000)	-
Deferred lease asset	(1,267,355)	(1,199,399)
Property and equipment, net	(5,770,995)	(3,831,468)
Total assets not available to be used	(16,843,994)	(6,397,895)
Financial assets available to meet general expenditures within one year	$ 20,922,712	$ 11,760,432

Note 7. Liquidity and Availability of Resources (Continued)

The Station has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit. The Station's investments at the Greater Kansas City Community Foundation are board-designated and can be withdrawn at any time with Board approval and, therefore, could be used as another source of liquidity, if needed. Note 5 discusses the Station's Enterprise Credit Agreement for information about the Station's lines of credit.

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2022 and 2021, were available for the following:

	2020	2021
Building renovations	$ 3,091,892	$ 2,728,375
Core operating systems—technology	369,414	294,414
	$ 3,461,306	$ 3,022,789

Note 9. Board-Designated Net Assets (Without Donor Restrictions)

The Station reports Board-designated net assets (without any donor restrictions) for the balance of the investments owned by the Greater Kansas City Community Foundation, as these investments are directed by the Board, except the original grant funds received for the Content Excellence Fund, which are donor-restricted. The Board-designated net asset balance as of June 30, 2022 and 2021, was $4,676,221 and $5,217,963, respectively.

Note 10. Net Assets Released From Donor Restriction

Net assets were released from restriction for the years ended June 30, 2022 and 2021, for the following purpose:

	2022	2021
Content excellence programs	$ 165,000	$ 225,000
Building renovations	1,988,483	-
Core operating systems—technology	-	151,375
	$ 2,153,483	$ 376,375

Note 11. Retirement Plan

The Station maintains a defined contribution retirement plan for all its employees. The plan provisions call for the Station to make discretionary contributions to the plan equal to each employee's contributions, up to a stated maximum of 5%. Station contributions to the plan are made on a biweekly basis. Employer contributions for the years ended June 30, 2022 and 2021, were $174,590 and $154,463, respectively.

Note 12. Significant Concentrations

A substantial portion of the Station's programming is made possible through an agreement with the Public Broadcasting Service (PBS). Programs obtained from PBS constituted approximately 62% and 58% of the Station's airtime during the years ended June 30, 2022 and 2021, respectively.

Note 13. New Market Tax Credit

On March 15, 2022, the Station entered into a financing transaction with Enterprise Bank & Trust related to capital improvements and renovation work at the Station. Enterprise Bank & Trust made a capital contribution and Public Television 19, Inc. made a loan to the Investment Fund under a qualified NMTC program.

In connection with the financing transaction, Enterprise Bank & Trust served as the source lender, and executed two Bridge Loans with Public Television, 19, Inc. as the leverage lender. One of the Bridge Loans has an unsecured borrowing amount of $2,195,000 (Term Loan B, due in seven years with a 4.75% interest rate), and the other Bridge Loan is secured with donor pledges in an amount of $2,500,000 (Term Loan A, due in five years with a 4.75% interest rate). Public Television, 19, Inc. then served as a leverage lender and loaned $8,490,000 to the Investment Fund in exchange for a 1% note due March 2048, which is recognized in the accompanying consolidated statements of financial position as the new market tax credit loan receivable.

Simultaneously, Enterprise Bank & Trust, as the investor in the Investment Fund, contributed $3,510,000 to the Investment Fund and, as such, is entitled to substantially all of the benefits derived from the NMTCs. The Enterprise Bank & Trust contribution has been included in the Station's financial statements as a liability (excluding $120,000 of administration fees). This transaction also includes a put provision, whereby the Station may be obligated to repurchase the interest in the investment fund for $1,000. If the put provision is not exercised by Enterprise Bank & Trust, the Station may choose to repurchase the equity interest of Enterprise Bank & Trust for an amount equal to the fair market value (call option). The Station believes that Enterprise Bank & Trust will exercise the put option in March 2029 at the end of the recapture period. The value attributed to the put is de minimis. Additionally, the NMTC is subject to 100% recapture for a period of seven years as provided in the Internal Revenue Code.

The Investment Fund then contributed these combined loan proceeds of $12,000,000 to the Sub-CDE, which in turn loaned the funds on similar terms (as QLICI Loan A of $8,490,000 and QLICI Loan B of $3,390,000) to KCPT ESC, as financing for the renovation project. The proceeds of the loan from the Sub-CDE, including loans representing the capital contribution made by Enterprise Bank & Trust, are available only for use on the capital improvements and renovation project. Both loans have a term of 30 years and a 1.4724% interest rate, and the payment terms during the seven-year compliance period are quarterly interest only payments. In addition to the loans from the Sub-CDE, Public Television 19, Inc. made a contribution to KCPT ESC for $835,000.

Note 14. Fair Value Measurements

The Station has adopted the provisions of ASC Topic 820, Fair Value Measurements, for assets and liabilities measured and reported at fair value. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Level 2 investments include pooled investments that do not have any significant redemption restrictions that would cause liquidation and report date values to be significantly different, if redemption were requested at report date.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following tables summarize the assets measured at fair value on a recurring basis, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

Investment held with the Foundation and in pooled funds:

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Pooled funds at the Foundation:				
Fixed-income mutual fund pool	$ 1,701,232	$ -	$ 1,701,232	$ -
Equity mutual fund pool	2,963,880	-	2,963,880	-
	4,665,112	$ -	$ 4,665,112	$ -
Money market fund pool	11,109			
	$ 4,676,221			

Note 14. Fair Value Measurements (Continued)

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Pooled funds at the Foundation:				
Fixed-income mutual fund pool	$ 1,778,559	$ -	$ 1,778,559	$ -
Equity mutual fund pool	3,376,360	-	3,376,360	-
	5,154,919	$ -	$ 5,154,919	$ -
Money market fund pool	63,044			
	$ 5,217,963			

Assets recorded at fair value on a recurring basis: A description of the valuation methodologies used for assets on a recurring basis is set forth below:

Pooled funds at the Foundation: The Station's investments are an investment in the funds held by the Foundation. The Station invests in the Foundation's fixed-income and equity mutual fund pools, which consist of all Level 1 investments; however, since the Station's investment is in the Foundation, not the individual investments, all of the Station's investment in the Foundation is classified as Level 2. The Foundation values their individual securities as follows: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow.

The Station does not have assets and liabilities recorded at fair market value on a nonrecurring basis.

The fair value estimates presented are based on pertinent information available to management at June 30, 2022 and 2021. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have been comprehensively revalued for purposes of the financial statements since that date; therefore, current estimates of fair value may differ significantly from the amounts presented herein.

Note 15. Subsequent Events

Management has evaluated and disclosed subsequent events up to and including December 2, 2022, the date the financial statements were available to be issued.

Public Television 19, Inc.

Statement of Activities by Department
Supplementary Information
Year Ended June 30, 2022

	KTBG	KCPT	Total
Revenues, gains and other support:			
Membership income	$ 411,152	$ 4,948,625	$ 5,359,777
Grants	93,079	1,685,975	1,779,054
Contributions, bequests and capital grants	-	1,422,264	1,422,264
Contributions, capital campaign	-	3,621,333	3,621,333
In-kind contributions	-	178,707	178,707
Program and production underwriting	320,176	716,580	1,036,756
Educational services	-	83,621	83,621
Rental income	-	1,152,500	1,152,500
Miscellaneous	-	130,786	130,786
Loss on disposal of assets	-	(521,016)	(521,016)
Investment income (loss)	-	(669,930)	(669,930)
Total revenues, gains and other support	824,407	12,749,445	13,573,852
Expenses:			
Program services	774,332	6,597,095	7,371,427
Fundraising	47,895	2,203,521	2,251,416
Management and general	-	1,541,568	1,541,568
Total expenses (including depreciation of $71,785 and $349,368 for KTBG and KCPT, respectively)	822,227	10,342,184	11,164,411
Changes in net assets	2,180	2,407,261	2,409,441
Net assets:			
Beginning	(973,915)	16,656,929	15,683,014
Ending	$ (971,735)	$ 19,064,190	$ 18,092,455

See notes to supplementary information.

Public Television 19, Inc.

Statement of Activities by Department
Supplementary Information
Year Ended June 30, 2021

	KTBG	KCPT	Total
Revenues, gains and other support:			
Membership income	$ 327,170	$ 4,726,427	$ 5,053,597
Grants	224,265	2,145,789	2,370,054
Contributions, bequests and capital grants	-	1,634,365	1,634,365
Contributions, capital campaign	-	739,279	739,279
In-kind contributions	-	900	900
Program and production underwriting	126,809	788,024	914,833
Educational services	-	92,235	92,235
Rental income	-	1,092,818	1,092,818
Broadcast royalties	-	77,902	77,902
Miscellaneous	-	206,222	206,222
Investment income (loss)	-	1,036,812	1,036,812
Forgiveness of Paycheck Protection Program loan	-	934,047	934,047
Total revenues, gains and other support	678,244	13,474,820	14,153,064
Expenses:			
Program services	722,421	6,236,944	6,959,365
Fundraising	53,064	2,204,593	2,257,657
Management and general	-	1,424,452	1,424,452
Total expenses (including depreciation of $74,599 and $513,840 for KTBG and KCPT, respectively)	775,485	9,865,989	10,641,474
Changes in net assets	(97,241)	3,608,831	3,511,590
Net assets:			
Beginning	(876,674)	13,048,098	12,171,424
Ending	$ (973,915)	$ 16,656,929	$ 15,683,014

See notes to supplementary information.

Notes to Supplementary Information

In addition to the basic financial statements, the Station presents a statement of activities for two departments of the Station. Brief explanations of the departments are as follows:

KTBG: This department is used to account for the operating activity of the radio station acquired and operated by the Station.

KCPT: This department is used to account for all other operations of the Station.