PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

FINANCIAL REPORT
JUNE 30, 2023

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

CONTENTS

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Public Media Group of Southern California

Opinion

We have audited the financial statements of Public Media Group of Southern California (the Organization), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year 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 the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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.

Emphasis of Matter

As described in Note 2 to the financial statements, the Organization adopted Accounting Standards Update 2016-02, *Leases (Topic 842)*, during the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Singer Lewak LLP

December 5, 2023

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	2023	2022
Current assets		
Cash and cash equivalents	$ 7,049,898	$ 17,132,638
Escrow fund	291,870	286,336
Investments	63,798,699	57,608,356
Grants receivable	4,131,354	4,664,622
Accounts receivable, net	749,751	406,055
Tenant improvement allowance receivable	3,998,775	-
Prepaid expenses and other assets	984,600	1,313,110
Total current assets	81,004,947	81,411,117
Noncurrent assets		
Grants receivable	279,000	3,743,000
Beneficial interest in charitable remainder trusts	537,494	477,455
Investment in partnership	10,640	10,640
Investment in SoCal Facilities, LLC	1,473,024	1,529,894
Broadcasting license, net	13,939,575	13,939,575
Other intangible assets, net	1,230,000	1,230,000
Property and equipment, net	4,666,552	5,302,552
Right of use assets - operating	26,500,784	-
Deposits	465,877	386,262
Endowment investments	13,326,912	12,012,560
Total noncurrent assets	62,429,858	38,631,938
Total assets	**$ 143,434,805**	**$ 120,043,055**

See notes to financial statements.

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities		
Accounts payable and accrued expenses	$ 4,080,057	$ 4,298,525
Notes payable	750,000	750,000
Charitable gift annuities payable	59,300	28,821
Advances	249,902	74,439
Operating lease liabilities	1,773,774	-
Total current liabilities	6,913,033	5,151,785
Noncurrent liabilities		
Notes payable	5,757,055	6,180,694
Operating lease liabilities	29,198,424	-
Charitable gift annuities payable	80,188	75,244
Deferred rent and lease incentive	-	1,806,818
Total noncurrent liabilities	35,035,667	8,062,756
Total liabilities	41,948,700	13,214,541
Net assets		
Without donor restrictions	76,509,096	77,656,158
With donor restrictions	24,977,009	29,172,356
Total net assets	101,486,105	106,828,514
Total liabilities and net assets	**$ 143,434,805**	**$ 120,043,055**

See notes to financial statements.

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Contributions, grants, and contracts	$ 32,057,627	$ 1,644,258	$ 33,701,885	$ 30,104,856	$ 18,355,516	$ 48,460,372
In-kind contributions	354,113	-	354,113	343,368	-	343,368
Facility and other rental income	3,249,387	-	3,249,387	3,189,643	-	3,189,643
Net investment return (loss)	5,761,560	1,314,352	7,075,912	(6,040,459)	(1,679,522)	(7,719,981)
Educational programs	341,250	-	341,250	376,538	-	376,538
Other	476,327	-	476,327	883,470	-	883,470
Net assets released from restrictions	7,153,957	(7,153,957)	-	5,258,453	(5,258,453)	-
Total support and revenue	49,394,221	(4,195,347)	45,198,874	34,115,869	11,417,541	45,533,410
Functional expenses						
Program services						
Programming and production	16,622,102	-	16,622,102	13,850,584	-	13,850,584
Broadcasting	11,727,525	-	11,727,525	10,947,810	-	10,947,810
Underwriting and grant solicitation	2,821,021	-	2,821,021	3,012,213	-	3,012,213
Total program services	31,170,648	-	31,170,648	27,810,607	-	27,810,607
Supporting services						
Fundraising and development	7,785,686	-	7,785,686	7,485,791	-	7,485,791
General and administrative	11,584,949	-	11,584,949	9,120,101	-	9,120,101
Total supporting services	19,370,635	-	19,370,635	16,605,892	-	16,605,892
Total functional expenses	50,541,283	-	50,541,283	44,416,499	-	44,416,499
Change in net assets	(1,147,062)	(4,195,347)	(5,342,409)	(10,300,630)	11,417,541	1,116,911
Net assets, beginning	77,656,158	29,172,356	106,828,514	87,956,788	17,754,815	105,711,603
Net assets, ending	**$ 76,509,096**	**$ 24,977,009**	**$ 101,486,105**	**$ 77,656,158**	**$ 29,172,356**	**$ 106,828,514**

See notes to financial statements.

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023
(Summarized Information for the Year Ended June 30, 2022)

	Program Services				Supporting Services			Totals	
	Programming and Production	Broadcasting	Underwriting and Grant Solicitation	Total Program Services	Fundraising and Development	General and Administrative	Total Supporting Services	2023	2022
Wages, taxes, and benefits	$ 6,681,687	$ 1,649,483	$ 1,942,565	$ 10,273,735	$ 1,942,500	$ 5,272,290	$ 7,214,790	$ 17,488,525	15,470,137
On air programming	1,485,097	5,814,812	400	7,300,309	334,751	16,032	350,783	7,651,092	6,524,604
Professional fees	1,305,780	684,710	273,196	2,263,686	972,252	2,540,742	3,512,994	5,776,680	5,142,226
Lease expenses	1,396,904	989,887	266,061	2,652,852	472,095	544,202	1,016,297	3,669,149	3,871,429
Depreciation and amortization	966,130	748,114	120,825	1,835,069	379,316	307,064	686,380	2,521,449	2,465,564
General office supplies and equipment	476,636	116,441	44,154	637,231	858,602	167,185	1,025,787	1,663,018	1,688,436
Mail processing and printing	111	-	7,259	7,370	1,859,630	-	1,859,630	1,867,000	1,742,133
Other	522,766	40,697	40,863	604,326	710,314	142,155	852,469	1,456,795	1,232,340
Utilities	410,679	564,566	45,539	1,020,784	144,376	129,290	273,666	1,294,450	1,234,086
Contracted production services	2,553,534	-	-	2,553,534	-	-	-	2,553,534	837,829
Advertising	62,521	-	-	62,521	-	1,542,206	1,542,206	1,604,727	1,699,018
Engineering infrastructure	413,342	572,798	-	986,140	1,800	-	1,800	987,940	975,710
Insurance	-	-	-	-	105	496,002	496,107	496,107	467,551
Interest	-	326,361	-	326,361	-	-	-	326,361	346,533
Repairs and maintenance	97,266	174,810	15,872	287,948	26,261	44,070	70,331	358,279	305,442
Travel	249,649	44,846	64,287	358,782	83,684	383,711	467,395	826,177	413,461
	$ 16,622,102	**$ 11,727,525**	**$ 2,821,021**	**$ 31,170,648**	**$ 7,785,686**	**$ 11,584,949**	**$ 19,370,635**	**$ 50,541,283**	**$ 44,416,499**

See notes to financial statements.

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (5,342,409)	$ 1,116,911
Adjustments to reconcile change in net assets to net cash flows (used in) provided by operating activities:		
Depreciation and amortization of property and equipment	2,521,449	2,465,564
Provision for doubtful accounts	-	9,784
Amortization of discount on note payable – CCCD	326,361	346,532
Net realized and unrealized (gain) loss on investments	(5,456,753)	9,322,541
Contributions received in the form of investments	85,686	1,976,982
Change in value of split-interest agreements	35,423	(12,475)
Noncash lease expense	2,830,616	-
(Increase) decrease in:		
Escrow fund	(5,534)	257,098
Grants receivable	3,997,268	(5,322,395)
Accounts receivable	(343,696)	217,818
Prepaid expenses and other current assets	328,510	(295,576)
Deposits	(79,615)	(6,747)
Increase (decrease) in:		
Accounts payable and accrued expenses	(218,468)	(153,043)
Advances	175,463	(84,562)
Deferred rent and lease incentive	-	(948,421)
Net cash flows (used in) provided by operating activities	(1,145,699)	8,890,011
Cash flows from investing activities		
Purchase of property and equipment	(1,885,449)	(1,099,139)
Distributions from SoCal Facilities, LLC	56,870	-
Investments in SoCal Facilities, LLC	-	(510,052)
Reinvestment of investment income	(1,679,198)	(1,559,919)
Purchases of investments	(24,780,767)	(22,644,958)
Sales of investments	24,266,298	23,477,977
Net cash flows used in investing activities	(4,022,246)	(2,336,091)

See notes to financial statements.

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from financing activities		
Principal payments on note payable – Coast Community College District (CCCD)	(750,000)	(750,000)
Principal payments on operating lease liabilities	(4,164,795)	-
Net cash flows used in financing activities	(4,914,795)	(750,000)
Net change in cash and cash equivalents	(10,082,740)	5,803,920
Cash and cash equivalents, beginning	17,132,638	11,328,718
Cash and cash equivalents, ending	**$ 7,049,898**	**$ 17,132,638**
Supplemental schedule of noncash financing activities		
Noncash change in operating lease liabilities at date of adoption of ASC 842	**$ 12,766,875**	**$ -**
Noncash change in operating lease right-of-use asset at the date of adoption of ASC 842	**$ 10,960,057**	**$ -**
Removal of deferred rent and lease incentive at the date of adoption of ASC 842	**$ 1,806,818**	**$ -**
Noncash change in tenant improvement allowance receivable from modification of existing leases	**$ 3,998,775**	**$ -**
Noncash change in operating lease liabilities from modification of existing leases	**$ 22,103,358**	**$ -**
Noncash change in operating lease right-of-use asset from modification of existing leases	**$ 18,104,583**	**$ -**
Noncash change in operating lease right-of-use asset and operating lease liabilities from measurment of new lease	**$ 266,760**	**$ -**

See notes to financial statements.

NOTE 1 – GENERAL

Public Media Group of Southern California ("PMGSC" or the "Organization") owns and operates the primary PBS channels in the region: PBS SoCal (KOCE 50.1) and KCET (28.1).

PMGSC channels are the home of award winning original local arts, culture and news programming, along with PBS programming. The organization delivers the entire PBS schedule, including popular and acclaimed hit drama series and crucial educational resources. Additionally, through the year ended June 30, 2023, PMGSC's operated the satellite and streaming platform, LinkTV. LinkTV provided content from around the world on Direct TV, Dish Network and Over-The-Top (OTT) on its website. In October 2023, the Organization discontinued its broadcast and OTT distribution operations related to LinkTV. The organization will continue to retain LinkTV's content rights and honor its mission of engaging, informing and inspiring viewers with international content through its other distribution platforms.

The Organization is an important cultural and educational institution for the community. Its mission is to strengthen the fabric of our communities and enrich the lives of all Southern Californians by delivering MEDIA for the PUBLIC GOOD. It delivers on this mission by providing distinctive PBS programming, locally produced award-winning programs such as Artbound, Lost LA, SoCal Wanderer and Variety: Actors on Actors, as well as person-to-person experiences in the classroom and in the community, diverse cultural and community partnerships, and content that is for, about and by Southern Californians.

PMGSC manages 7 local channels that reach nearly 18 million people across six diverse counties – Los Angeles, Orange, Riverside, San Bernardino, Ventura and Santa Barbara – across all distribution platforms including: broadcast (over-the-air), OTT streaming devices (Roku, FireTV), the PBS Passport app and digitally through our websites and YouTube. The Organization's LinkTV platform was available in approximately 21 million homes across the country.

PMGSC is a locally operated non-profit organization committed specifically to serving the Southern California community, and its primary sources of revenue are contributions from membership of local individuals, as well as grants and contributions from foundations, corporations, and the Corporation for Public Broadcasting (CPB).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The accompanying financial statements include the statements of financial position that present amounts for each of the two classes of net assets: without donor restrictions and with donor restrictions. These net assets are classified based on the existence or absence of donor-imposed restrictions and statement of activities that reflects the changes in those categories of net assets.

Net assets without donor restrictions are either not restricted by donors or the donor-imposed restrictions have been fulfilled. Net assets with donor restrictions include those assets whose use by the Organization has been limited by donors to later periods of time, in perpetuity, or for specified purposes. The investment return from assets held in perpetuity may be used for purposes as specified by the donor or, if the donor has not specified a purpose, for purposes approved by the board of trustees.

Prior-year Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Change in Accounting Principles

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, using the modified retrospective transition method. The Organization adopted ASC 842 using the effective date method, which requires the Organization to account for leases under ASC Topic 842 beginning July 1, 2022, without adjusting prior years. The prior year financial statements account for leases under the legacy standard (ASC Topic 840). The adoption of ASC Topic 842 resulted in a significant increase in the Organization's assets and liabilities presented on the Organization's Statements of Financial Position and the related changes in these balances presented on the Organization's Statements of Cash Flows. The adoption of ASC Topic 842 did not have an impact on the Organization's Statement of Activities; therefore, no cumulative adjustment to beginning retained earnings was required as a result of adoption. The adoption of ASC Topic 842 primarily resulted in the recognition of operating lease liabilities totaling $12,766,875 as of July 1, 2022, based upon the present value of the remaining minimum rental payments using discount rates as of the adoption date. In addition, the Organization recorded corresponding operating lease right-of-use assets totaling $10,960,057, and reclassification of previously existing deferred rent and tenant incentives of $1,313,564 and $493,254, respectively. See Note 13 for additional discussion related to leases.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principles (Continued)
Upon adoption, the Organization elected the following accounting policies or practical expedients related to ASC Topic 842:

- not reassess whether any expired or existing contracts are or contain leases, not reassess the lease classification for any expired or existing leases, and not reassess initial direct costs for any existing leases;
- to use the risk-free rate for a period comparable to the lease term published by U.S. Department of the Treasury on the lease commencement date;
- apply accounting similar to ASC Topic 840 operating leases accounting to leases that meet the definition of short-term leases; and
- the Company does not have to reassess initial direct costs.

Prior to the adoption of ASC 2016-02, the Organization recognized the benefits of tenant improvement allowances and escalating rent provisions on a straight-line basis over the term of the lease. The Organization accounted for its lease incentives as a deferred liability, which was then amortized on a straight-line basis over the lease term as a reduction in rent expense.

On July 1, 2022, the Organization adopted FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. The adoption of ASU 2020-07 resulted in in-kind contributions being broken out in the statement of activities from contributions. In addition, additional disclosures are now required for these in-kind contributions, see Note 9.

Use of Estimates
The preparation of financial statements in conformity 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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Revenue Recognition

The Organization records as revenue the following types of contributions under Financial Accounting Standards Board (FASB) ASC 958-605 when they are received unconditionally at their estimated fair value: cash, promises to give (pledges in the form of grants and contracts), and gifts of long-lived and other assets. Contributions received are recorded as with or without restrictions depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period the condition is met. Such contributions are required to be reported as donor restricted support and are reclassified to net assets without donor restrictions upon expiration of the restriction, usually when the funds are spent. Pledges for future contributions are recognized and recorded as receivables at their estimated realizable value in the year for which they are promised to the Organization.

Conditional promises to give that are conditioned upon future events or future matching are not recorded until the condition has been satisfied. If funds are received from such gifts, they are recorded as refundable advances until the condition is satisfied. When the condition has been satisfied, the gift is recognized as either with or without donor restrictions depending on the intent of the donor.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowments or other long-term purposes are excluded from this definition.

Grants Receivable

Grants receivable consist primarily of monies due for grants. There was no allowance established at June 30, 2023 and 2022, as all outstanding grants were deemed collectible by management.

Accounts Receivable

Accounts receivable consist primarily of monies due for underwriting services. An allowance for uncollectible receivables of $72,217 as of June 30, 2023 and 2022 has been established based on historical collections.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statement of activities as increases or decreases in net assets with or without donor restrictions.

Dividend and interest income are accrued when earned. Interest and investment income and dividends are presented net of related investment expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Asset – Broadcast License

The Organization owns several public broadcast licenses, which management has determined all have indefinite lives. One such license was acquired on November 1, 2004 and stated at fair market value at the date of acquisition. As of June 30, 2023 and 2022, the broadcast license, net of purchase price allocation discounts of $10,261,660, amounted to $16,238,339, respectively. Through June 30, 2010, the Organization applied the amortization guidance in U.S. GAAP to their license and recorded accumulated amortization of $2,298,764. Effective July 1, 2010, the Organization conformed with a change in U.S. GAAP and stopped amortizing their license. Other public broadcast licenses were obtained at no cost and no value has been attributed to them.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the donation, less accumulated depreciation. Depreciation and amortization is computed, using the straight-line method over the estimated useful lives of the various classes of assets as follows:

Leasehold improvements	Lesser of useful life or term of lease
Broadcasting equipment	5 to 20 years
Office furniture, fixtures, production equipment and automobiles	5 to 10 years

Contributions received that contain donor restrictions for capital projects are classified as net assets with donor restrictions; those restrictions expire when the capital projects are placed in service.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the change in net assets.

Impairment of Long-lived Assets

Impairment losses are recorded on long-lived assets and intangible assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management has determined that no indicators of impairment have occurred during the years ended June 30, 2023 and 2022.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advances

Amounts collected in advance of services to be provided by the Organization are reflected as advances in the accompanying statement of financial position.

Production Costs and Grants

Production costs are expensed as incurred. Direct production costs are funded by grants from individuals, corporations, foundations and federal, state and other governmental agencies. Under certain conditions, amounts received under these types of grants are recorded as advances and recognized as revenue as the related costs are incurred. Otherwise, all other grants are recorded as contributions and are accounted for as described above.

Amounts received under these arrangements are reported in the accompanying statements of activities as contributions, grants and contracts, along with other contributions received by the Organization.

In-Kind Contributions

Contributed nonfinancial assets included donated professional services and other in-kind contributions, which are recorded in the accompanying statements at their respective fair values of the goods or services received. Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet the recognition criteria prescribed by U.S. GAAP are not recognized in the financial statements, as there is no objective basis of deriving their value. Contributed nonfinancial assets are recorded at fair value at the date of donation. See Note 9 for more details.

Split-interest Agreements

The Organization is the beneficiary of charitable remainder trusts, for which its beneficial interest is expressed as either a percentage or a dollar amount of the trusts' assets' fair value. Trust assets are recorded at net present value, discounted using a market interest rate at each year end and an annual yield over the remaining life expectancy of the donors.

The Organization is also the beneficiary of charitable gift annuities, which the Organization records as assets, although these assets are held in a custodial account at a financial institution. The Organization records these assets, which are held as investments, at fair value at each year end, and records an annuity payment liability for an amount equal to the present value of the estimated future cash flows to be distributed to the income beneficiaries over their expected lives. The difference between the fair value of the assets received and the annuity payment liability is recognized as revenue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses
The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, repairs and maintenance, general office equipment rentals and purchases, office supplies, professional services, utilities, depreciation and amortization, which are allocated based on an employee head count as of a specific date, typically at the mid-point of the fiscal year.

Advertising Costs
The Organization expenses advertising and promotional costs as incurred.

Income Taxes
The Organization is exempt from taxation under Internal Revenue Code §501(c)(3) and California Revenue and Taxation Code §23701(d) and is generally not subject to federal or state income taxes.

However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption; the Organization does engage in certain activities that are statutorily defined as unrelated business.

U.S. GAAP clarifies the accounting for uncertainty in income taxes. U.S. GAAP prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. U.S. GAAP requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. U.S. GAAP also provides guidance related to derecognition, classification, interest and penalties, accounting in interim periods and disclosure. During the years ended June 30, 2023 and 2022, the Organization performed an evaluation of uncertain tax positions and did not have any matters that require recognition in the financial statements or which may have an effect on its tax-exempt status.

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS

As defined in FASB Accounting Standards Codification ("ASC") Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses the market or income approach. Based on this approach, the Organization utilizes certain assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and the reliability of the information used to determine fair values.

As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace

Level 3 – Unobservable inputs which are supported by little or no market activity

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Following are descriptions of the valuation methodologies used for assets measured at fair value:

<u>Equity, Money Market, Public Equity and Fixed Income Securities – Government Bonds</u>
The fair value of equity, money market, public equity and government bonds is the market value based on quoted prices for identical assets in an active market. They are classified within Level 1 of the fair value hierarchy.

<u>Mutual Funds</u>
The fair value of mutual funds is at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

Fixed Income Securities – Corporate Bonds
The fair value of corporate bonds is generally priced by independent pricing services and are based on observable market inputs rather than market quotes. They are classified within Level 2 of the fair value hierarchy.

Beneficial Interests in Charitable Remainder Trusts
The Organization's beneficial interest in charitable remainder trusts is expressed as either a percentage or a dollar amount of the trusts' assets' fair value. The present value of the remainder is revalued each year end based on the trusts' assets, current fair market value, current market interest rate (4.2% and 3.6% as of June 30, 2023 and 2022, respectively), and an annual yield of 7% over the remaining life expectancy of the donors.

Beneficial interests in charitable remainder trusts are classified within Level 3 of the fair value hierarchy.

Charitable Gift Annuities
For charitable gift annuities, Organization's future payment liability is recorded in the statement of financial position as charitable gift annuities payable. Corresponding assets are held and recorded as investments, with any contribution in excess of the initial liability recognized as contribution revenue. The liability for each gift annuity is revalued each year under actuarial tables and market interest rates.

The current market interest rate used at June 30, 2023 and 2022 was 4.2% and 3.6%, respectively. Charitable gift annuities payable are classified within Level 3 of the fair value hierarchy.

The Organization received $117,476 under charitable gift annuities in prior years and these investments have a carrying amount of $181,687 and $179,222 as of June 30, 2023 and 2022, respectively. In accordance with the terms of the agreements, the Organization pays annual annuities of approximately $28,000 to the donors during the remainder of their lives. As of June 30, 2023 and 2022, the annuities payable totaled $139,488 and $104,065, respectively.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are 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.

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

The following tables set forth, by level within the fair value hierarchy, the Organization's investment assets at fair value as of June 30, 2023. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	$ 3,955,893	$ -	$ -	$ 3,955,893
Equity securities	3,159,109	-	-	3,159,109
Fixed income securities - government bonds	19,718,871	-	-	19,718,871
Fixed income securities - corporate bonds	-	5,495,614	-	5,495,614
Mutual funds	83,602	-	-	83,602
Public equity	34,867,181	-	-	34,867,181
Total investments	61,784,656	5,495,614	-	67,280,270
Other financial assets				
Beneficial interest in charitable remainder trust	-	-	537,494	537,494
Total assets	**$ 61,784,656**	**$ 5,495,614**	**$ 537,494**	**$ 67,817,764**
Financial liabilities				
Charitable gift annuities payable	$ -	$ -	$ (139,488)	$ (139,488)
Total liabilities	**$ -**	**$ -**	**$ (139,488)**	**$ (139,488)**

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

The following tables set forth, by level within the fair value hierarchy, the Organization's investment assets at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	$ 32,867	$ -	$ -	$ 32,867
Equity securities	3,428,236	-	-	3,428,236
Fixed income securities - government bonds	19,579,673	-	-	19,579,673
Fixed income securities - corporate bonds	-	5,376,646	-	5,376,646
Mutual funds	74,445	-	-	74,445
Public equity	31,334,952	-	-	31,334,952
Total investments	54,450,173	5,376,646	-	59,826,819
Other financial assets				
Beneficial interest in charitable remainder trust	-	-	477,455	477,455
Total assets	**$ 54,450,173**	**$ 5,376,646**	**$ 477,455**	**$ 60,304,274**
Financial liabilities				
Charitable gift annuities payable	$ -	$ -	$ (104,065)	$ (104,065)
Total liabilities	**$ -**	**$ -**	**$ (104,065)**	**$ (104,065)**

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

The following table summarizes the Organization's financial assets which are valued using the fair value practical expedient of net asset value as of June 30, 2023.

Investment	Number of Investments	Fair Value	Redemption Frequency	Redemption Notice Period
Hedge funds	2	$ 5,630,384	(a)	(a)
Private equity	7	2,842,874	(b)	(b)
Other pooled investment funds	3	1,372,083	(c)	(c)
Total		**$ 9,845,341**		

(a) The fair value of hedge funds has been estimated using net asset values per share of the investments and can be redeemed annually on January 1 or quarterly/annually depending on share class with a 65-day, 90-day or 91-day notice period, respectively. Restrictions include full redemption over four quarters (1 year) and full redemption over twelve quarters (3 years).

(b) The fair value of private equity investments without a readily determinable fair value, are generally valued at net asset value per share, or its equivalent, such as member units or an ownership interest in partner's capital, as a practical expedient. Investments in private equity companies are not readily redeemable; however, a secondary market does exist. Distributions normally are received through the liquidation of the underlying assets in the fund.

(c) The fair value of other pooled investment funds (i.e., limited partner or non-managing member interests ("LP/LLC Interests")) without a readily determinable fair value, are generally valued at net asset value per share, or its equivalent, such as member units or an ownership interest in partner's capital, as a practical expedient. Investments in other pooled investment funds are not readily redeemable; however, a secondary market does exist. Distributions normally are received through the liquidation of the underlying assets in the fund.

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

Investments consisted of the following at June 30, 2023 and 2022:

	2023	2022
Endowment investments	$ 13,326,912	$ 12,012,560
Investments available for general operations	63,617,012	57,429,134
Charitable gift annuities	181,687	179,222
	$ 77,125,611	**$ 69,620,916**

For the years ended June 30, 2023 and 2022, the change in investments and related liabilities classified as Level 3 are as follows:

	Beneficial Interest in Charitable Remainder Trust	Charitable Gift Annuities Payable
Balance, June 30, 2021	$ 520,096	$ 116,540
Payments	-	(15,736)
Change in value	(42,641)	3,261
Balance, June 30, 2022	477,455	104,065
Payments	-	(9,060)
Change in value	60,039	44,483
Balance, June 30, 2023	**$ 537,494**	**$ 139,488**

The following table represents the Organization's Level 3 financial instruments for the year ended June 30, 2023, the valuation technique used to measure the fair value of the financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range
Beneficial interest in charitable remainder trust	$ 537,494	Income Approach	Discount Rate	7%
Charitable gift annuities payable	$ 139,488	Disbursement Approach	Discount Rate	4.2%

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

The following table represents the Organization's Level 3 financial instruments for the year ended June 30, 2022, the valuation technique used to measure the fair value of the financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range
Beneficial interest in charitable remainder trust	$ 477,455	Income Approach	Discount Rate	7%
Charitable gift annuities payable	$ 104,065	Disbursement Approach	Discount Rate	3.6%

NOTE 4 – CONCENTRATIONS OF RISK

Concentration of Credit Risk
Certain financial instruments held by the Organization potentially subject the Organization to concentrations of credit risk. Financial instruments which potentially subject the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents, investments, grants receivable, accounts receivable and contribution revenues. Cash and cash equivalents and investments are placed with high-credit, quality financial institutions.

Cash and Cash Equivalents
The Organization maintains its cash and cash equivalent balances in several financial institutions that, from time to time, exceed amounts insured by the Federal Deposit Insurance Corporation. Deposits held in noninterest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category and the combined total insured up to at least $250,000. The Organization utilizes deposit accounts that sweep funds into partner banking institutions in unique $250,000 increments to reduce its FDIC uninsured risk. The organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments
The Organization maintains its investments in several financial institutions that, from time to time, exceed amounts covered by the Securities Investor Protection Corporation ("SIPC"). The limit of SIPC protection is $500,000, which includes a $250,000 limit in cash. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

NOTE 4 – CONCENTRATIONS OF RISK (Continued)

Contribution Revenue

The Organization receives grants from individuals, corporations, and federal, state, and local governmental agencies. The Organization has developed long-term relationships with many of its grantors and continually evaluates their financial position to determine the risk of uncollectible grants. In recent history, uncollectible grants have not been significant to the financial position of the Organization.

NOTE 5 – PROPERTY AND EQUIPMENT

As of June 30, 2023 and 2022, property and equipment consisted of the following:

	2023	2022
Leasehold improvements	$ 14,635,970	$ 14,635,970
Broadcasting equipment	15,555,125	14,740,013
Office furniture, fixtures, production equipment and automobiles	7,932,681	7,176,502
	38,123,776	36,552,485
Less accumulated depreciation and amortization	(33,804,879)	(31,376,391)
Net depreciable property and equipment	4,318,897	5,176,094
Construction-in-process	347,655	126,458
Total	**$ 4,666,552**	**$ 5,302,552**

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2023 and 2022, accounts payable and accrued expenses consisted of the following:

	2023	2022
Accounts payable	$ 2,075,596	$ 1,926,930
Accrued vacation	1,072,032	986,150
Accrued payroll	758,687	786,626
Lease abandonment liability	150,251	450,753
Other accrued expenses	23,491	148,066
Total	**$ 4,080,057**	**$ 4,298,525**

NOTE 7 – LINE OF CREDIT

In June 2021, the Organization entered into a secured revolving line of credit agreement with a bank, to borrow up to $5,000,000 with no stated maturity date. The line of credit is secured by the investments without donor restrictions held at the same bank, which totaled $15,692,344 and $13,378,604 as of June 30, 2023 and 2022, respectively. Outstanding balances bear interest at 1.50% plus Secured Overnight Financing Rate (SOFR). The prevailing SOFR rate as of June 30, 2023 and 2022 was 5.09% and 1.50%, respectively. As of June 30, 2023, there was no outstanding balance on the line of credit.

NOTE 8 – NOTES PAYABLE

In connection with the purchase of the KOCE Station's broadcasting license and related equipment in November 2004, KOCE paid $1,300,000 in cash and acquired financing from a financial institution for $6,700,000. The remaining balance was financed by Coast Community College District (CCCD) through a secured, noninterest bearing note payable in the amount of $20,000,000. Imputed interest on the note payable amounts to $10,261,660 based on the equivalent financing rate available to KOCE at the time of acquisition of LIBOR (2.02% on November 1, 2004) plus 2.75%. For the years ended June 30, 2023 and 2022, the Organization amortized $326,361 and $346,532 of the discount to interest expense, respectively. The note is payable in quarterly cash payments of $187,500 until the note is paid off on August 1, 2034.

Future minimum annual payments under these notes payable are as follows:

Year Ending June 30,	
2024	$ 750,000
2025	750,000
2026	750,000
2027	750,000
2028	750,000
Thereafter	4,688,500
Total future payments	8,438,500
Less total discount on CCCD note payable	(1,931,445)
Total	6,507,055
Less current portion	(750,000)
Long-term portion	**$ 5,757,055**

NOTE 9 – IN-KIND CONTRIBUTIONS

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities included the following:

	2023	2022
Advertising expenses	$ 354,113	$ 343,368

Contributed advertising is valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed advertising is used for general and administrative purposes.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 and 2022, net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purposes:		
Productions	$ 10,275,484	$ 14,353,510
Education	747,392	2,234,408
Beneficial interest in charitable remainder trust	537,494	477,455
Charitable gift annuities, net	89,727	94,423
Total	11,650,097	17,159,796
Gifts subject to restrictions in perpetuity:		
General operations	10,042,269	10,042,269
Unappropriated endowment earnings	3,284,643	1,970,291
Total	13,326,912	12,012,560
Total assets with donor restrictions	**$ 24,977,009**	**$ 29,172,356**

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During the years ended June 30, 2023 and 2022, respectively, net assets released from donor restrictions by incurring expenses satisfying the restricted purposes are as follows:

	2023	2022
Productions	$ 5,340,381	$ 3,838,625
Education	1,804,516	1,404,092
Charitable gift annuities	9,060	15,736
Total	**$ 7,153,957**	**$ 5,258,453**

NOTE 11 – ENDOWMENT INVESTMENTS

Endowment investments are comprised of funds established by donors to provide funding for the Organization's general operations. The earnings of the endowment funds support the mission of the Organization.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions, but there were no such deficiencies as of June 30, 2023 and 2022.

As of June 30, 2023 and 2022, the Organization had the following endowment net asset composition by type of fund:

	2023	2022
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 10,042,269	$ 10,042,269
Accumulated investment gains	3,284,643	1,970,291
	$ 13,326,912	**$ 12,012,560**

NOTE 11 – ENDOWMENT INVESTMENTS (Continued)

During the years ended June 30, 2023 and 2022, respectively, the donor-restricted endowment funds had the following activity:

Balance at June 30, 2021	$ 13,654,774
Net investment loss	(1,642,214)
Balance at June 30, 2022	12,012,560
Net investment return	1,314,352
Balance at June 30, 2023	**$ 13,326,912**

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Organization's endowment spending policy is based on the trailing market value of its endowment. The total annual distribution to be made from the fund each year shall not exceed 5% of the total fair market value of the fund, less all liabilities and accrued expenses of the fund. The spending rate will be applied to a twelve-quarter rolling average fair market value of the fund. After consultation with the Organization's finance committee and investment committee, the administrator may decide not to make a distribution from the fund.

The spending policy is reviewed by the finance committee and investment committee of the board of trustees periodically. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts. The Organization considers the following factors in making a determination to appropriate funds for distribution:

1. The duration and preservation of the fund
2. The purposes of the donor-restricted endowment funds
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

NOTE 11 – ENDOWMENT INVESTMENTS (Continued)

Return Objectives and Risk Parameters
As delegated authority by the full board, the finance committee and investment committee of the board has adopted investment policies that govern the management and oversight of the endowment funds and other investments. The policies set forth the objectives for the investments of the Organization, the strategies to achieve the objectives, procedures for monitoring and control, and the delineation of responsibilities for the finance committee, investment committee, consultant, investment managers, staff, and custodian in relation to the portfolio. The policies are intended to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while at the same time setting forth reasonable risk control parameters that a prudent person would take in the execution of the investment program. Investment assets are managed on a total return basis, with emphasis on both preservation of capital and acceptance of investment risk necessary to achieve favorable performance on a risk-adjusted basis.

Investment Policy
The Organization's primary investment objective is to provide for distributions and to preserve capital, adjusted for the rate of inflation as determined by the Consumer Price Index. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization has chosen a diversified asset allocation that targets 60% of equity-based investments and 40% of cash and fixed-income investments. Within the equity-based portion of the portfolio, the Organization has additionally allocated investments between large-capitalization and small/mid-capitalization investments, between growth and value objectives, and between domestic and international investments.

NOTE 12 – AVAILABLE RESOURCES AND LIQUIDITY

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, that are without donor or other contractual restrictions limiting their use and are available to meet general expenditures within one year of the date of the statement of financial position.

	2023	2022
Cash and cash equivalents	$ 7,049,898	$ 17,132,638
Investments available for general operations	63,798,699	57,608,356
Less alternative investments that have redemption restrictions	(9,845,341)	(9,794,097)
Less charitable gift annuities	(181,687)	(179,222)
Accounts receivable, net	749,751	406,055
Financial assets available to meet cash needs for general expenditures within one year	**$ 61,571,320**	**$ 65,173,730**

NOTE 12 – AVAILABLE RESOURCES AND LIQUIDITY (Continued)

In addition, the Organization has access to the $5,000,000 unused line of credit in the event of cash shortfalls.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

When establishing the budget for each year, the Organizations' management and directors evaluate financial assets available to meet general expenditures over the next twelve months and the following sources of earned revenue:

Individual giving revenues:	Estimated on historical giving data
Grant revenues:	Estimated grants awarded and to be awarded from historical data
Corporate Sponsorship:	Estimated from historical data
Facility and other rental income:	Estimated based off on signed contracts

NOTE 13 – COMMITMENTS AND CONTINGENCIES

<u>Operating Leases</u>
Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments. Operating lease right-of-use assets represent the Organization's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments and lease incentives.

Lease term and discount rate for operating leases were as follows:

Weighted-average remaining lease term	10.3 years
Weighted-average discount rate	3.18%

The Organization leases certain transmission sites, equipment and facilities under noncancelable lease agreements. The leases expire on various dates through February 2051 and require minimum monthly payments of $410,240.

At June 30, 2023, the Organization has $37,143,376 of noncancelable operating lease commitments.

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases (Continued)
The following is a schedule by years of undiscounted future minimum lease payments as of June 30, 2023:

Year Ending June 30,	Transmitter Leases	Equipment Leases	Facilities Leases	Total
2024	$ 280,887	$ 245,478	$ 2,353,484	$ 2,879,849
2025	290,718	201,271	2,634,497	3,126,486
2026	300,893	193,375	3,327,438	3,821,706
2027	311,424	200,883	3,427,221	3,939,528
2028	322,324	208,685	3,529,999	4,061,008
Thereafter	2,803,819	2,743,496	13,767,482	19,314,797
Total lease payments	4,310,065	3,793,188	29,040,121	37,143,374
Less: Interest	(768,438)	(1,008,964)	(4,393,774)	(6,171,176)
Present value of lease liabilities	**$ 3,541,627**	**$ 2,784,224**	**$24,646,347**	**$30,972,198**

For the year ended June 30, 2023, total transmission sites, equipment and facilities and equipment rent expense amounted to $3,669,149.

As of June 30, 2023, a tenant improvement allowance receivable of $3,998,775 is outstanding related to amendments that occurred during 2023 related to the Organization's facilities leases where the Organization was given these allowances for tenant improvements to be used during the year ended June 30, 2024.

Future minimum lease commitments, as determined under Topic 840, for all noncancelable operating leases are follows as of June 30, 2022:

Year Ending June 30,	Transmitter Leases	Equipment Leases	Facilities Leases	Total
2023	$ 443,516	$ 307,571	$ 4,374,825	$ 5,125,912
2024	339,295	273,205	2,237,200	2,849,700
2025	290,718	189,679	-	480,397
2026	147,859	142,751	-	290,610
2027	-	148,234	-	148,234
Thereafter	-	554,475	-	554,475
Total	**$ 1,221,388**	**$ 1,615,915**	**$6,612,025**	**$9,449,328**

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases (Continued)
For the years ended June 30, 2022, total transmission sites, equipment and facilities and equipment rent expense amounted to $3,871,429.

The Organization also leases airspace and subleases facilities and transmitters under noncancelable lease agreements. The leases expire on various dates through August 2038 and require minimum monthly payments to the Organization of $120,461.

Future minimum payments due from lessees and sublessees under noncancelable leases with initial terms of one year or more at June 30, 2023 were as follows:

Year Ending June 30,	Airspace Lease	Transmitter Subleases	Facilities Subleases	Total
2024	$ 59,769	$ 840,000	$ 919,147	$ 1,818,916
2025	-	855,734	-	855,734
2026	-	449,868	-	449,868
2027	-	36,000	-	36,000
2028	-	36,000	-	36,000
Thereafter	-	366,000	-	366,000
Total	**$ 59,769**	**$ 2,583,602**	**$ 919,147**	**$ 3,562,518**

For the years ended June 30, 2023 and 2022, total airspace, transmitter, and facilities rental income amounted to $3,249,387 and $3,189,643, respectively.

Reimbursement of Shared Costs
The Organization subleases bandwidth from their broadcasting license to an unrelated third party. The Organization is reimbursed by the third party for all direct and certain indirect costs incurred for the use of the bandwidth. During the years ended June 30, 2023 and 2022, the Organization received $149,367 and $163,807, respectively, in reimbursed costs, which are recorded as an offset to broadcasting expenses in the accompanying statements of activities.

Litigation
The Organization, from time to time, is involved in certain legal matters which arise in the normal course of operations. Management believes that the resolution of such matters will not have a material adverse effect on the financial position of the Organization.

NOTE 14 – RETIREMENT PLAN

All employees are able to participate in the Teachers' Insurance and Annuity Association and College Retirement Equity Fund defined-contribution plan, which includes an employer match. For the years ended June 30, 2023 and 2022, the Organization's contribution expenses amounted to $463,335 and $398,551, respectively.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated all activity through December 5, 2023 (the issuance date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.