PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

FINANCIAL REPORT

JUNE 30, 2020

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

CONTENTS

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Public Media Group of Southern California

Report on the Financial Statements

We have audited the accompanying financial statements of Public Media Group of Southern California (the "Organization"), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2020 and the nine months (period) ended June 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, and the change in its net assets and its cash flows for the year and period then ended in accordance with accounting principles generally accepted in the United States of America.

2050 Main St. 7th Floor Irvine, CA 92614 T: 949.261.8600 F: 949.261.8610
877.754.4557

Report on Summarized Comparative Information

We have previously audited Public Media Group of Southern California's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the nine months (period) ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Singer Lewak LLP

December 16, 2020

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	2020	2019
Current assets		
Cash and cash equivalents	$ 23,308,152	$ 6,740,855
Escrow fund	945,506	1,253,740
Investments	52,552,085	68,269,980
Grants receivable	2,596,518	1,104,564
Accounts receivable, net	877,793	959,645
Note receivable	843,765	875,000
Donated property available for sale	-	750,000
Prepaid expenses and other current assets	1,375,315	1,760,681
Total current assets	82,499,134	81,714,465
Noncurrent assets		
Grants receivable	-	319,569
Note receivable	-	764,688
Beneficial interest in charitable remainder trusts	420,117	362,069
Investment in partnership	10,640	5,445
Investment in SoCal Facilities, LLC	121,458	134,676
Fractional interest in land	420,000	420,000
Broadcasting license, net	13,939,575	13,939,575
Other intangible assets, net	1,230,000	1,230,000
Property and equipment, net	7,510,214	7,373,291
Endowment investments	11,595,711	11,492,625
Deposits	49,868	69,369
Total noncurrent assets	35,297,583	36,111,307
Total assets	**$117,796,717**	**$117,825,772**

See notes to financial statements.

LIABILITIES AND NET ASSETS

	2020	2019
Current liabilities		
Accounts payable and accrued expenses	$ 4,900,176	$ 3,865,661
Notes payable	1,888,987	750,000
Charitable gift annuities payable	27,648	38,503
Advances	141,269	299,026
Total current liabilities	6,958,080	4,953,190
Noncurrent liabilities		
Notes payable	8,125,631	7,334,381
Charitable gift annuities payable	101,427	102,889
Deferred rent and lease incentive	3,537,598	4,225,605
Total noncurrent liabilities	11,764,656	11,662,875
Total liabilities	18,722,736	16,616,065
Net assets		
Without donor restrictions	80,134,208	84,935,398
With donor restrictions	18,939,773	16,274,309
Total net assets	99,073,981	101,209,707
Total liabilities and net assets	**$117,796,717**	**$117,825,772**

See notes to financial statements.

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2020 and the Nine Month Period Ended June 30, 2019

	2020 (12 months)			2019 (9 months)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Contributions, grants, and contracts	$ 28,236,636	$ 6,741,986	$ 34,978,622	$ 24,023,408	$ 3,526,248	$ 27,549,656
Facility and other rental income	2,998,373	-	2,998,373	2,348,880	-	2,348,880
Net investment return	380,912	181,706	562,618	2,107,734	349,533	2,457,267
Educational programs	402,539	-	402,539	317,865	-	317,865
Other	342,267	-	342,267	499,366	-	499,366
Net assets released from restrictions	4,258,228	(4,258,228)	-	2,735,638	(2,735,638)	-
Total support and revenue	36,618,955	2,665,464	39,284,419	32,032,891	1,140,143	33,173,034
Functional expenses						
Program services						
Programming and production	13,568,658	-	13,568,658	10,425,407	-	10,425,407
Broadcasting	10,907,546	-	10,907,546	10,308,292	-	10,308,292
Underwriting and grant solicitation	2,375,712	-	2,375,712	2,244,530	-	2,244,530
Total program services	26,851,916	-	26,851,916	22,978,229	-	22,978,229
Supporting services						
Fundraising and development	6,995,687	-	6,995,687	4,277,082	-	4,277,082
General and administrative	7,572,542	-	7,572,542	6,508,614	-	6,508,614
Total supporting services	14,568,229	-	14,568,229	10,785,696	-	10,785,696
Total functional expenses	41,420,145	-	41,420,145	33,763,925	-	33,763,925
Change in net assets	(4,801,190)	2,665,464	(2,135,726)	(1,731,034)	1,140,143	(590,891)
Net assets, beginning of period	84,935,398	16,274,309	101,209,707	86,666,432	15,134,166	101,800,598
Net assets, end of year	**$ 80,134,208**	**$ 18,939,773**	**$ 99,073,981**	**$ 84,935,398**	**$ 16,274,309**	**$ 101,209,707**

See notes to financial statements.

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

(Summarized Information for the Nine Month Period Ended June 30, 2019)

	Program Services				Supporting Services			Total	
	Programming and production	Broadcasting	Underwriting and grant solicitation	Total program services	Fundraising and development	General and administrative	Total supporting services	2020 (12 months)	2019 (9 months)
Wages, taxes, and benefits	$ 5,924,485	$ 1,710,618	$ 1,279,550	$ 8,914,653	$ 1,482,762	$ 3,570,387	$ 5,053,149	$ 13,967,802	10,767,241
Professional fees	1,965,839	1,470,103	382,491	3,818,433	1,047,491	911,070	1,958,561	5,776,994	4,003,037
On air programming	786,910	4,603,543	-	5,390,453	100,293	-	100,293	5,490,746	4,542,277
Rental	1,532,896	1,053,622	387,975	2,974,493	396,153	884,588	1,280,741	4,255,234	3,470,647
Mail processing and printing	37,331	1,348	1,276	39,955	1,838,825	9,794	1,848,619	1,888,574	1,580,995
Depreciation and amortization	703,571	489,812	127,901	1,321,284	153,321	362,873	516,194	1,837,478	1,624,266
General office supplies and equipment	347,491	145,333	41,270	534,094	1,054,567	124,925	1,179,492	1,713,586	1,109,055
Other	327,456	44,714	17,767	389,937	655,395	13,871	669,266	1,059,203	715,154
Contracted production services	989,548	-	-	989,548	-	-	-	989,548	1,835,784
Utilities	357,033	383,274	43,657	783,964	79,067	107,351	186,418	970,382	730,808
Advertising	41,030	-	6,648	47,678	6,585	909,372	915,957	963,635	678,208
Travel	250,094	53,164	61,304	364,562	140,836	216,658	357,494	722,056	570,835
Engineering infrastructure	170,476	406,003	-	576,479	-	234	234	576,713	1,157,237
Repairs and maintenance	134,498	157,775	25,873	318,146	40,390	70,558	110,948	429,094	312,702
Insurance	-	4,200	-	4,200	2	386,394	386,396	390,596	242,460
Interest	-	384,037	-	384,037	-	4,467	4,467	388,504	423,219
	$ 13,568,658	**$ 10,907,546**	**$ 2,375,712**	**$ 26,851,916**	**$ 6,995,687**	**$ 7,572,542**	**$ 14,568,229**	**$ 41,420,145**	**$ 33,763,925**

See notes to financial statements.

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2020 and the Nine Month Period Ended June 30, 2019

	2020 (12 months)	2019 (9 months)
Cash flows from operating activities		
Change in net assets	$ (2,135,726)	$ (590,891)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation and amortization of property and equipment	1,837,478	1,624,266
Provision for doubtful accounts	(39,300)	-
Amortization of discount on note payable – CCCD	384,037	301,100
Net realized and unrealized loss (gain) on investments	1,336,185	(888,187)
Contributions received in the form of investments	165,684	(593,323)
Contributions received in the form of property	-	(750,000)
Change in value of split-interest agreements	(12,317)	(5,366)
(Increase) decrease in:		
Escrow fund	308,234	171,128
Grants receivable	(1,172,385)	(39,618)
Accounts receivable	121,152	495,126
Note receivable	795,923	(70,235)
Prepaid expenses and other current assets	385,366	3,140,293
Deposits	19,501	(10,000)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,034,515	(1,417,215)
Advances	(157,757)	(415,002)
Deferred rent and lease incentive	(688,007)	(309,283)
Net cash flows provided by operating activities	2,182,583	642,793
Cash flows from investing activities		
Purchase of property and equipment	(1,974,401)	(681,180)
Sale of donated property	750,000	-
Purchase of other intangible assets	-	(346,731)
Investment in partnership	(5,195)	-
Distributions from SoCal Facilities, LLC	13,218	101,175
Reinvestment of investment income	(2,166,504)	(1,802,354)
Purchases of investments	(112,166,043)	(18,681,664)
Sales of investments	128,387,439	26,667,286
Net cash flows provided by investing activities	12,838,514	5,256,532
Cash flows from financing activities		
Borrowings on line of credit	-	2,000,000
Principal payments on line of credit	-	(5,500,000)
Borrowings on note payable - PPP loan	2,296,200	-
Principal payments on note payable – Coast Community College District (CCCD)	(750,000)	(562,500)
Net cash flows provided by (used in) financing activities	1,546,200	(4,062,500)
Net change in cash and cash equivalents	16,567,297	1,836,825
Cash and cash equivalents, beginning of the period	6,740,855	4,904,030
Cash and cash equivalents, end of the period	**$ 23,308,152**	**$ 6,740,855**
Supplemental disclosure for cash flows information		
Interest paid	**$ -**	**$ 122,119**

See notes to financial statements.

NOTE 1 – GENERAL

Public Media Group of Southern California (the "Organization"), is an independent nonprofit organization formed by a merger between KOCE-TV Foundation and KCETLink, on October 1, 2018. The Organization holds the broadcast licenses for both KOCE – PBS SoCal (channel 50) and KCET (channel 28); along with Link TV. PBS SoCal serves Greater Los Angeles and Southern California as the flagship PBS station. KCET produces and distributes award-winning local programs that explore the people, places and topics that are relevant to the region. Link TV connects American viewers with people at the heart of breaking events, organizations in the forefront of social change, and the cultures of an increasingly global community. The Organization is an important cultural and educational institution for the community. Its mission is to foster a love of learning, culture and community using the power of public media. It delivers on its mission by providing distinctive PBS programming, locally produced programs such as Artbound, Lost LA, SoCal Connected and Variety: Actors on Actors, 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.

KCET and PBS SoCal serve over 18 million people across six diverse counties – Los Angeles, Orange, Riverside, San Bernardino, Ventura and Santa Barbara – from locations in Burbank, Costa Mesa, and downtown Los Angeles, broadcast over-the-air, through OTT devices and on-demand.

The Organization is a locally operated organization committed specifically to serving the Southern California community, and its primary sources of revenue are contributions from 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

<u>Basis of Presentation</u>
The accompanying financial statements are prepared on the accrual basis of accounting 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)
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.

Reclassifications
Certain reclassifications have been made to the prior year's balances in order to conform to the current year's presentations. Such reclassification had no effect on net assets previously reported.

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.

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, 2020, 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 $12,533 and $51,833 as of June 30, 2020 and 2019, respectively, has been established based on historical collections.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Revenue Recognition
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.

Investments
Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at fair value, based on quoted market prices. Realized and unrealized gains and losses have been reflected in the statement of activities as increases or decreases in net assets without donor restrictions. The Organization's investments consist of equity, fixed-income, mutual funds and money market funds that have active and liquid markets. Management establishes fair value of publicly traded securities based on quoted market prices. Investments received through gifts are recorded at estimated fair value at the date of donation. Purchases and sales of securities are reflected on the trade dates.

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

The Organization also holds an ownership interest in land, which is reflected on the statement of financial position at fair value at the date of donation. The Organization reviews interest in land for impairments whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying value of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Asset – Broadcast License

The Organization's intangible assets consist of a public broadcasting license which was acquired on November 1, 2004 and stated at fair market value at the date of acquisition. Management has determined that the public broadcasting license has an indefinite life. As of June 30, 2020 and 2019, 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.

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, studio 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 year and period ended June 30, 2020 and 2019.

Advances

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Production Costs and Grants

Production costs are expensed as incurred. Direct production costs are funded by grants from individuals, corporations, and federal, state, and other governmental agencies. Amounts received under governmental grants related to production are recorded as advances and recognized as revenue as the related costs are incurred. Grants from individuals and corporations are recorded as contributions and are accounted for as described above.

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

Contributed Goods and Services

Contributed goods, services and other noncash contributions are reflected in the accompanying statements at their estimated fair market value in the period received. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by individuals possessing those skills. Other volunteer services that do not meet the criteria are not recognized in the financial statements, as there is no objective basis of deriving their value. For the year and period ended June 30, 2020 and 2019, the amount of contributed goods and services reported in the accompanying statement of activities amounted to $230,935 and $166,058, respectively.

Contributed Use of Long-lived Assets

The Organization recognizes the contributed use of long-lived assets as revenues in the period in which it is received, with a corresponding expense in the period the assets are used, at fair value. There were no contributions of long-lived assets during the year ended June 30, 2020 and contributions of long-lived assets valued at $750,000 during the nine month period ended June 30, 2019.

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)

Deferred Rent and Lease Incentive
The Organization recognizes the benefits of tenant improvement allowances and escalating rent provisions on a straight-line basis over the term of the lease. The Organization accounts for its lease incentives as a deferred liability. The deferred liability is then amortized on a straight-line basis over the lease term as a reduction in rent expense.

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. Advertising expenses for the year and period ended June 30, 2020 and 2019 totaled approximately $963,635 and $678,208, respectfully.

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 on 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 year and period ended June 30, 2020 and 2019, 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 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)
On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law and includes changes to the Internal Revenue Code for refundable payroll tax credits and deferment of employer payments for social security tax. The Organization is currently evaluating the impact of the CARES Act.

Recently Adopted Accounting Pronouncements
In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU No. 2016-01 provides guidance for the recognition, measurement, presentation and disclosure of financial instruments. The new pronouncement revises an entity's accounting related to equity investments and the presentation of certain fair value changes for financial liabilities measured at fair value. Among other things, it amends the presentation and disclosure requirements of equity securities that do not result in consolidation and are not accounted for under the equity method. Changes in the fair value of these equity securities will be recognized directly in net income. ASU No. 2016-01 is effective for fiscal years and interim periods within those years beginning after December 15, 2018. The Organization adopted ASU 2016-01 effective July 1, 2019. The adoption ASU 2016-01 did not materially impact the financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. The Organization adopted ASU 2016-15 effective July 1, 2019. The adoption of ASU 2016-15 did not have an impact on the Organization's cash flow statement.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides clarification and improvement on the scope and the accounting guidance for contributions received and contributions made. The Organization has adopted ASU 2018-08 on July 1, 2019 on a prospective basis to all contributions received after the date of adoption. The adoption of ASU 2018-08 did not materially impact the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The FASB has also issued several updates to ASU 2014-09. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2019. The Organization's management has not yet selected a transition method and is assessing the impact of this new guidance on the Organization's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for years beginning after December 15, 2021, including interim periods within those years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842)—Targeted Improvements*, which provides entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption consistent with the preparers' requests. Consequently, an entity's reporting for the comparative periods presented in the financial statements, in which it adopts the new leases standard, will continue to be in accordance with Topic 840, *Leases*. An entity that elects this additional (and optional) transition method must provide the required Topic 840 disclosures for all periods that continue to be in accordance with Topic 840. The effective date and transition requirements for these amendments to ASU 2016-02 are the same as the effective date of ASU 2016-02. The Organization's management is in the process of implementing its transition and is assessing the impact of this new standard on the Organization's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)
In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation costs in a cloud-computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred for internal-use software. ASU 2018-15 is effective for the Organization beginning on January 1, 2021. The amendments in this ASU may be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Organization's management is in the process of evaluating the impact of this accounting pronouncement on the Organization's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* which enhances the presentation and disclosure of contributed nonfinancial assets including fixed assets (such as, land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU should be applied to be applied on a retrospective basis and effective for fiscal years beginning after June 14, 2021, and interim periods within fiscal years beginning after June 15, 2022. Early adoption is permitted. The Organization's management is in the process of evaluating the impact of this accounting pronouncement on the Organization's financial statements.

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.

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

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, and Fixed Income Securities – Government Bonds</u>
The fair value of equity, money market, 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.

<u>Fixed Income Securities – Corporate Bonds</u>
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.

<u>Beneficial Interests in Charitable Remainder Trusts</u>
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, and an annual yield of 7% over the remaining life expectancy of the donors.

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

Beneficial Interests in Charitable Remainder Trusts (Continued)
The current market interest rate used for the remainder interest at June 30, 2020 and 2019 is 0.6% and 2.8%, respectively. Beneficial interests in charitable remainder trusts are classified within Level 3 of the fair value hierarchy.

As of June 30, 2020 and 2019, the Organization's beneficial interest in charitable remainder trusts amounted to $420,117 and $362,069, respectively.

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, 2020 and 2019 was 0.6% and 2.8%, 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 $199,970 and $215,804 as of June 30, 2020 and 2019, 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, 2020 and 2019, the annuities payable totaled $129,075 and $141,392, 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, 2020:

	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	$ 29,889	$ -	$ -	$ 29,889
Equity securities	17,055,499	-	-	17,055,499
Fixed income securities - government bonds	32,843,980	-	-	32,843,980
Fixed income securities - corporate bonds	-	3,517,647	-	3,517,647
Mutual funds	10,700,781	-	-	10,700,781
Total investments at fair value	60,630,149	3,517,647	-	64,147,796
Other financial assets				
Beneficial interest in charitable remainder trust	-	-	420,117	420,117
Total assets	**$ 60,630,149**	**$ 3,517,647**	**$ 420,117**	**$ 64,567,913**
Financial liabilities				
Charitable gift annuities payable	$ -	$ -	$ (129,075)	$ (129,075)
Total liabilities	**$ -**	**$ -**	**$ (129,075)**	**$ (129,075)**

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, 2019:

	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	$ 262,532	$ -	$ -	$ 262,532
Equity securities	41,507,453	-	-	41,507,453
Fixed income securities - government bonds	8,638,304	-	-	8,638,304
Fixed income securities - corporate bonds	-	15,532,005	-	15,532,005
Mutual funds	13,822,311	-	-	13,822,311
Total investments at fair value	64,230,600	15,532,005	-	79,762,605
Other financial assets				
Beneficial interest in charitable remainder trust	-	-	362,069	362,069
Total assets	**$ 64,230,600**	**$15,532,005**	**$ 362,069**	**$ 80,124,674**
Financial liabilities				
Charitable gift annuities payable	$ -	$ -	$ (141,392)	$ (141,392)
Total liabilities	**$ -**	**$ -**	**$ (141,392)**	**$ (141,392)**

Investments consisted of the following at June 30, 2020 and 2019:

	2020	2019
Endowment investments	$ 11,595,711	$ 11,492,625
Investments available for general operations	52,352,115	68,054,176
Charitable gift annuities	199,970	215,804
	$ 64,147,796	**$ 79,762,605**

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

For the year and period ended June 30, 2020 and 2019, respectively, 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, October 1, 2018	$ 315,632	$ 146,758
Payments	-	(17,138)
Change in value	46,437	11,772
Balance, June 30, 2019	362,069	141,392
Payments	-	(24,089)
Change in value	58,048	11,772
Balance, June 30, 2020	**$ 420,117**	**$ 129,075**

The following table represents the Organization's Level 3 financial instruments for the year ended June 30, 2020, 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	$ 420,117	Income Approach	Discount Rate	7%
Charitable gift annuities payable	$ 129,075	Disbursement Approach	Discount Rate	0.6%

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.

NOTE 4 – CONCENTRATIONS OF RISK (Continued)

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. As of June 30, 2020 and 2019, the Organization had $11,908,597 and $7,405,704, respectively, in excess of the federally insured amounts. 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 cash equivalents and 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. As of June 30, 2020 and 2019, the Organization had $75,104,496 and $78,696,515, respectively, in excess of the amount covered by SIPC. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

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, 2020 and 2019, property and equipment consisted of the following:

	2020	2019
Leasehold improvements	$ 14,374,120	$ 14,374,120
Broadcasting equipment	13,902,273	13,096,010
Office furniture, fixtures, studio equipment and automobiles	5,742,043	4,721,897
	34,018,436	32,192,027
Less accumulated depreciation and amortization	(26,730,371)	(25,138,752)
Net depreciable property and equipment	7,288,065	7,053,275
Construction-in-process	222,149	320,016
Total	**$ 7,510,214**	**$ 7,373,291**

For the year and period ended June 30, 2020 and 2019, depreciation and amortization expenses amounted to $1,837,478 and $1,624,266, respectively.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2020 and 2019, accounts payable and accrued expenses consisted of the following:

	2020	2019
Accounts payable	$ 1,987,771	$ 1,021,507
Lease abandonment liability	1,051,757	1,352,260
Accrued payroll	958,866	703,232
Accrued vacation	779,187	567,611
Other accrued expenses	122,595	221,051
Total	**$ 4,900,176**	**$ 3,865,661**

NOTE 7 – LINE OF CREDIT

In April 2018, 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 $0 as of June 30, 2020. Outstanding balances bear interest at the prime rate less 1.0% for outstanding amounts over $2 million; at the prime rate for outstanding balances over $1 million; at the prime rate plus 0.5% for outstanding balances over $500,000; at the prime rate plus 1.0% for outstanding balances over $100,000; and at the prime rate plus 2.0% for outstanding balances less than $100,000. The prevailing prime rate as of June 30, 2020 was 3.25%. As of June 30, 2020, there was no outstanding balance on the line of credit. The Organization closed all deposit accounts with the bank, and therefore there is no availability on the line of credit. As of December 16, 2020, the Organization is in the process of closing 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 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 year and period ended June 30, 2020 and 2019, the Organization had amortized $384,037 and $301,100 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.

On April 21, 2020, the Organization received a PPP loan from the U.S. Small Business Administration (“SBA”) in the amount of $2,296,200. The note bears a fixed interest rate of 1% and any unforgiven proceeds must be repaid within two years of funding. Payments were scheduled to begin October 2020, however the bank has suspended payments until after status of forgiveness has been determined. On November 3, 2020, the Organization applied for loan forgiveness.

NOTE 8 – NOTES PAYABLE (Continued)

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

Year Ending June 30,	
2021	$ 1,888,987
2022	1,907,213
2023	750,000
2024	750,000
2025	750,000
Thereafter	6,938,500
Total future payments	12,984,700
Less total discount on CCCD note payable	(2,970,082)
Total	10,014,618
Less current portion	(1,888,987)
Long-term portion	**$ 8,125,631**

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2020 and 2019, net assets with donor restrictions are restricted for the following purposes:

	2020	2019
Subject to expenditure for specified purposes:		
Productions	$ 5,777,945	$ 2,711,825
Education	1,075,105	1,633,378
Beneficial interest in charitable remainder trust	420,117	362,069
Charitable gift annuities, net	70,895	74,412
Total	7,344,062	4,781,684
Gifts subject to restrictions in perpetuity:		
General operations	10,042,269	10,042,269
Unappropriated endowment earnings	1,553,442	1,450,356
Total	11,595,711	11,492,625
Total assets with donor restrictions	**$ 18,939,773**	**$ 16,274,309**

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During the year and period ended June 30, 2020 and 2019, respectively, net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2020	2019
Satisfaction of purpose restrictions:		
Productions	$ 3,614,493	$ 1,301,078
Education	619,646	77,660
Time restricted grants receivable	-	1,327,500
Charitable gift annuities	24,089	29,400
Total	**$ 4,258,228**	**$ 2,735,638**

NOTE 10 – ENDOWMENT INVESTMENTS

The endowment investments are comprised of funds established by donors to provide funding for the Organization's general activities. 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, 2020 and 2019.

As of June 30, 2020 and 2019, the Organization had the following endowment net asset composition by type of fund:

	2020	2019
Original donor-restricted gift amount and Amounts required to be maintained in Perpetuity by donor	$ 10,042,269	$ 10,042,269
Accumulated investment gains	1,553,442	1,450,356
	$ 11,595,711	**$ 11,492,625**

NOTE 10 – ENDOWMENT INVESTMENTS (Continued)

During the year and period ended June 30, 2020 and 2019, respectively, the donor restricted endowment funds had the following activity:

Balance at October 1, 2018	$ 11,182,644
Net investment return	309,981
Balance at June 30, 2019	11,492,625
Net investment return	103,086
Balance at June 30, 2020	**$ 11,595,711**

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 10 – 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 50% of equity-based investments and 50% 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 11 - AVAILABLE RESOURCES AND LIQUIDITY

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019, 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.

	2020	2019
Cash and cash equivalents	$ 23,308,152	$ 6,740,855
Escrow fund	945,506	1,253,740
Investments	52,552,085	68,269,980
Accounts receivable, net	877,793	959,645
Note receivable	843,765	875,000
Financial assets available to meet cash needs for general expenditures within one year	**$ 78,527,301**	**$ 78,099,220**

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 12 – COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Organization leases certain transmitters, equipment and facilities under noncancelable lease agreements. The leases expire on various dates through December 2025 and require minimum monthly payments of $418,791.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

Lease Commitments (Continued)
Future minimum payments under noncancelable leases with initial terms of one year or more at June 30, 2020 were as follows:

Year Ending June 30,	Transmitter Leases	Equipment Leases	Facilities Leases	Total
2021	$ 386,832	$ 250,772	$ 4,393,684	$ 5,031,288
2022	262,211	147,526	4,262,092	4,671,829
2023	271,388	135,194	4,374,825	4,781,407
2024	280,887	96,475	2,237,200	2,614,562
2025	438,576	28,414	-	466,990
Total	**$ 1,639,894**	**$ 658,381**	**$15,267,801**	**$17,566,076**

For the year and period ended June 30, 2020 and 2019, respectively, total transmitter, equipment and facilities and equipment rent expense amounted to $4,255,234 and $3,470,647, respectively.

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 $120,111.

Future minimum payments due from lessees and sublessees under noncancelable leases with initial terms of one year or more at June 30, 2020 were as follows:

Year Ending June 30,	Airspace Lease	Transmitter Subleases	Facilities Subleases	Total
2021	$ 717,222	$ 763,504	$ 1,697,599	$ 3,178,325
2022	717,222	810,110	1,748,527	3,275,859
2023	59,769	824,798	1,800,983	2,685,550
2024	-	840,000	919,147	1,759,147
2025	-	855,734	-	855,734
Thereafter	-	1,160,868	-	1,160,868
Total	**$ 1,494,213**	**$ 5,255,014**	**$6,166,256**	**$12,915,483**

For the year and period ended June 30, 2020 and 2019, respectively, total airspace, transmitter, and facilities rental income amounted to $2,998,373 and $2,348,880, respectively.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

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 year and period ended June 30, 2020 and 2019, the Organization received $161,218 and $128,004, 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 13 – RETIREMENT PLAN

Eligible former employees of PBS SoCal participate in a defined-contribution plan (the "Plan") that covers all eligible employees, as defined in the Plan agreement. The Organization's contribution to the Plan is based on a certain percentage of the active participants' compensation and is paid biweekly through payroll. For period ended June 30, 2019, the Organization's contribution expenses amounted to $107,483. For the period ended June 30, 2019, the Organization's administrative expenses amounted to $5,076.

Eligible former employees of KCETLink participate in a defined contribution plan through the Teachers' Insurance and Annuity Association and College Retirement Equity Fund retirement programs. Contributions to the plan are made by KCETLink and are used to purchase individual retirement annuities and mutual funds. There were no KCETLink contributions for the period ended June 30, 2019.

As of July 1, 2019, all employees are able to participate in the Teachers' Insurance and Annuity Association and College Retirement Equity Fund defined-contribution plan which was amended to assimilate the previously PBS SoCal plan which includes adding an employer match. For the year ended June 30, 2020, the Organization's contribution expenses amounted to $320,363. For the year ended June 30, 2020, the Organization's administrative expenses amounted to $0.

NOTE 14 – SUBSEQUENT EVENTS

The effects of the COVID-19 pandemic are difficult to predict and may negatively impact the Organization's future operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 14 – SUBSEQUENT EVENTS (Continued)

Management has evaluated all activity through December 16, 2020 (the issuance date of the financial statements) and concluded that no additional subsequent events, other than those disclosed above, have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

Board of Trustees
Public Media Group of Southern California

We have audited the financial statements of Public Media Group of Southern California (the "Organization") as of and for the year ended June 30, 2020 and period ended June 30, 2019, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information 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.

SingerLewak LLP

December 16, 2020

KOCE – TV FOUNDATION
dba PBS SoCal
STATEMENT OF ACTIVITIES
For the Three Months Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions, grants, and contracts	$ 3,577,516	$ 80,832	$ 3,658,348
Net investment return	608,497	-	608,497
Educational programs	119,072	-	119,072
Other	73,121	-	73,121
Net assets released from restrictions	80,832	(80,832)	-
Total support and revenue	4,459,038	-	4,459,038
Functional expenses			
Program services			
Programming and production	1,222,049	-	1,222,049
Broadcasting	1,901,146	-	1,901,146
Underwriting and grant solicitation	432,132	-	432,132
Total program services	3,555,327	-	3,555,327
Supporting services			
Fundraising and development	663,148	-	663,148
General and administrative	812,521	-	812,521
Total supporting services	1,475,669	-	1,475,669
Total functional expenses	5,030,996	-	5,030,996
Change in net assets	(571,958)	-	(571,958)
Net assets, beginning of year	48,435,109	-	48,435,109
Net assets, end of year	**$ 47,863,151**	**$ -**	**$ 47,863,151**

See independent auditor's report.

KCETLink

STATEMENT OF ACTIVITIES

For the Three Months Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions, grants, and contracts	$ 2,238,987	$ 206,756	$ 2,445,743
Facility and other rental income	1,616,267	-	1,616,267
Net investment return	1,364,777	371,440	1,736,217
Other	29,097	-	29,097
Net assets released from restrictions	4,350,619	(4,350,619)	-
Total support and revenue	9,599,747	(3,772,423)	5,827,324
Functional expenses			
Program services			
Programming and production	2,599,550	-	2,599,550
Broadcasting	1,717,850	-	1,717,850
Underwriting and grant solicitation	257,625	-	257,625
Total program services	4,575,025	-	4,575,025
Supporting services			
Fundraising and development	972,155	-	972,155
General and administrative	1,384,670	-	1,384,670
Total supporting services	2,356,825	-	2,356,825
Total functional expenses	6,931,850	-	6,931,850
Other changes			
Net loss on Switch transaction	(2,538,337)	-	(2,538,337)
Change in net assets	129,560	(3,772,423)	(3,642,863)
Net assets, beginning of year	38,673,721	18,906,589	57,580,310
Net assets, end of year	**$ 38,803,281**	**$ 15,134,166**	**$ 53,937,447**

See independent auditor's report.

PUBLIC MEDIA GROUP OF SOUTHERN CALIFORNIA

COMBINED STATEMENTS OF ACTIVITIES

For the Years Ended June 30,

	2020	2019			
	Total	KOCE 3 Months	KCETLink 3 Months	Public Media Group 9 Months	Total
Support and revenue					
Contributions, grants, and contracts	$ 34,978,622	$ 3,658,348	$ 2,445,743	$ 27,549,656	$ 33,653,747
Facility and other rental income	2,998,373	-	1,616,267	2,348,880	3,965,147
Net investment return	562,618	608,497	1,736,217	2,457,267	4,801,981
Educational programs	402,539	119,072	-	317,865	436,937
Other	342,267	73,121	29,097	499,366	601,584
Total support and revenue	39,284,419	4,459,038	5,827,324	33,173,034	43,459,396
Functional expenses					
Program services					
Programming and production	13,568,658	1,222,049	2,599,550	10,425,407	14,247,006
Broadcasting	10,907,546	1,901,146	1,717,850	10,308,292	13,927,288
Underwriting and grant solicitation	2,375,712	432,132	257,625	2,244,530	2,934,287
Total program services	26,851,916	3,555,327	4,575,025	22,978,229	31,108,581
Supporting services					
Fundraising and development	6,995,687	663,148	972,155	4,277,082	5,912,385
General and administrative	7,572,542	812,521	1,384,670	6,508,614	8,705,805
Total supporting services	14,568,229	1,475,669	2,356,825	10,785,696	14,618,190
Total functional expenses	41,420,145	5,030,996	6,931,850	33,763,925	45,726,771
Other changes					
Net loss on Switch transaction	-	-	(2,538,337)	-	(2,538,337)
Change in net assets	**$ (2,135,726)**	**$ (571,958)**	**$ (3,642,863)**	**$ (590,891)**	**$ (4,805,712)**

See independent auditor's report.