South Florida PBS, Inc. and Affiliates

Consolidated Financial Statements
and Additional Information
For the Years Ended June 30, 2022 and 2021

Keefe McCullough
CPA's + Trusted Advisors

South Florida PBS, Inc. and Affiliates

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Florida PBS, Inc. and Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of South Florida PBS, Inc. and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, 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 audit 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 26, 2022

FINANCIAL STATEMENTS

South Florida PBS, Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets:		
Current assets:		
Cash and cash equivalents	$ 5,922,072	$ 3,262,595
Receivables, net of allowance for doubtful accounts of approximately $ 17,000	21,848,705	556,676
Beneficial interest in a charitable lead annuity trust	125,000	-
Prepaid expenses and other assets	241,394	247,768
Program broadcast rights, net of amortization	1,190,956	1,090,876
Total current assets	29,328,127	5,157,915
Other assets	54,534	59,896
Investments	38,693,784	16,129,300
Cash surrender value and premiums receivable on life insurance policies	858,962	843,955
Program broadcast rights, net of amortization and current portion	597,335	577,587
Property and equipment, net	6,988,326	7,127,626
Beneficial interest in a charitable lead annuity trust, net of current portion	822,918	-
FCC broadcast licenses	3,488,900	3,488,900
Total assets	$ 80,832,886	$ 33,385,179
Liabilities:		
Current liabilities:		
Accounts payable	$ 241,649	$ 338,600
Accrued expenses	1,260,613	803,000
Pension liability	-	392,300
Refundable program advances	1,187,938	430,000
Present value of annuity obligations	200,559	200,559
Lines of credit	7,129,315	9,225,804
Note payable	-	156,875
Capital lease payable	101,866	86,942
Total current liabilities	10,121,940	11,634,080
Deferred revenue and refundable advances	380,162	599,208
Present value of annuity obligations, due beyond one year	1,898,214	1,944,216
Pension liability, due beyond one year	982,504	2,811,287
Note payable, due beyond one year	-	228,538
Capital lease payable, due beyond one year	731,595	833,462
Total liabilities	14,114,415	18,050,791
Net Assets:		
Without donor restrictions:		
Board designated	52,375,689	11,234,453
Undesignated (deficit)	2,672,131	(6,603,428)
	55,047,820	4,631,025
With donor restrictions:		
Purpose and time restrictions	2,925,283	3,022,995
Perpetual in nature	8,745,368	7,680,368
	11,670,651	10,703,363
Total net assets	66,718,471	15,334,388
Total liabilities and net assets	$ 80,832,886	$ 33,385,179

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

South Florida PBS, Inc. and Affiliates
Consolidated Statements of Activities
For the Years Ended June 30, 2022 and 2021

	2022	2021
Change in Net Assets Without Donor Restrictions:		
Revenues, gains (losses) and other support:		
Contract productions	$ 341,291	$ 288,512
Contributions and bequests	66,764,441	8,680,915
Contributions and bequests of non-financial assets	1,062,469	980,519
Satisfaction of program restrictions, net	452,809	887,526
Royalties	20,742	1,280,609
Corporation for Public Broadcasting:		
Community service and other grants, net	1,469,437	2,464,216
Small Business Administration:		
Paycheck Protection Program	-	862,495
State of Florida Department of Education:		
Community service grant	641,200	640,800
Federal Communications Commission grant	93,695	-
Program and production underwriting, net of commissions of $ 45,223 and $ 24,418, respectively	1,300,260	1,079,344
Net investment income (loss)	(4,015,582)	2,805,515
Other	465,563	124,868
Total revenues, gains (losses) and other support	68,596,325	20,095,319
Operating expenses:		
Program services:		
Programming and production	8,956,655	8,714,138
Broadcasting	2,796,246	3,386,277
Total program services	11,752,901	12,100,415
Supporting services:		
Development and fundraising	4,087,565	4,620,135
Management and general	2,670,218	2,638,857
Total supporting services	6,757,783	7,258,992
Total operating expenses	18,510,684	19,359,407
Change in net assets without donor restrictions	50,085,641	735,912
Change in Net Assets With Donor Restrictions:		
Contributions	2,157,000	2,210,165
Net investment income (loss)	(674,919)	1,109,853
Change in present value of annuity obligations	(61,984)	(23,994)
Net assets released from restrictions	(452,809)	(887,526)
Change in net assets with donor restrictions	967,288	2,408,498
Change in net assets before other items	51,052,929	3,144,410
Other items:		
Loss on disposal of property and equipment, net	-	(255,633)
Change in net assets	51,052,929	2,888,777
Pension Liability Adjustment	331,154	2,870,144
Net Assets, beginning of year	15,334,388	9,575,467
Net Assets, end of year	$ 66,718,471	$ 15,334,388

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

South Florida PBS, Inc. and Affiliates
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services			Supporting Services			
	Programming and Production	**Broadcasting**	**Total Program Services**	**Management and General**	**Development and Fundraising**	**Total Supporting Services**	**Total**
Salaries and wages	$ 2,097,469	$ 768,035	$ 2,865,504	$ 1,007,112	$ 1,276,536	$ 2,283,648	$ 5,149,152
Employee benefits	251,718	90,183	341,901	277,583	169,436	447,019	788,920
Payroll taxes	166,129	62,777	228,906	79,213	107,872	187,085	415,991
Professional services	1,748,740	72,425	1,821,165	322,549	793,863	1,116,412	2,937,577
In-Kind	434,599	157,523	592,122	206,559	263,788	470,347	1,062,469
Program acquisition	2,860,947	-	2,860,947	-	-	-	2,860,947
Other program/ production	135,795	3,295	139,090	-	851	851	139,941
Premiums	4,773	-	4,773	-	321,921	321,921	326,694
Advertising and promotion	312,064	-	312,064	-	229,347	229,347	541,411
Office expense	25,067	24,789	49,856	9,662	13,191	22,853	72,709
Postage and shipping	646	723	1,369	2,543	276,539	279,082	280,451
Information technology	196,494	61,110	257,604	32,186	125,749	157,935	415,539
Occupancy	16,629	590,689	607,318	42,180	127,193	169,373	776,691
Transmission expense	-	271,852	271,852	-	-	-	271,852
Rental and equipment maintenance	15,749	145,044	160,793	-	9,304	9,304	170,097
Travel	76,304	3,218	79,522	42,325	22,133	64,458	143,980
Meetings and events	85,775	730	86,505	131,379	138,053	269,432	355,937
Insurance	96,253	30,442	126,695	71,975	50,597	122,572	249,267
Other	1,356	3,410	4,766	318,045	-	318,045	322,811
Total expenses before provision for depreciation and interest expense	8,526,507	2,286,245	10,812,752	2,543,311	3,926,373	6,469,684	17,282,436
Provision for depreciation	282,369	455,888	738,257	56,222	71,252	127,474	865,731
Interest expense	147,779	54,113	201,892	70,685	89,940	160,625	362,517
Total expenses	$ 8,956,655	$ 2,796,246	$ 11,752,901	$ 2,670,218	$ 4,087,565	$ 6,757,783	$ 18,510,684

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

South Florida PBS, Inc. and Affiliates
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services			Supporting Services			
	Programming and Production	Broadcasting	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	Total
Salaries and wages	$ 2,270,882	$ 907,850	$ 3,178,732	$ 1,007,725	$ 1,706,062	$ 2,713,787	$ 5,892,519
Employee benefits	273,095	99,574	372,669	307,016	192,070	499,086	871,755
Payroll taxes	165,984	60,495	226,479	63,178	119,256	182,434	408,913
Professional services	1,724,299	106,451	1,830,750	507,930	801,496	1,309,426	3,140,176
In-Kind	424,125	124,031	548,156	137,676	274,388	412,064	960,220
Program acquisition	2,618,891	-	2,618,891	-	-	-	2,618,891
Other program/ production	129,994	4,417	134,411	-	487	487	134,898
Premiums	-	-	-	-	314,283	314,283	314,283
Advertising and promotion	223,391	-	223,391	-	235,948	235,948	459,339
Office expense	14,521	17,617	32,138	2,382	19,595	21,977	54,115
Postage and shipping	1,223	1,351	2,574	2,304	243,607	245,911	248,485
Information technology	186,892	45,814	232,706	23,421	114,523	137,944	370,650
Occupancy	133,253	955,200	1,088,453	39,775	234,671	274,446	1,362,899
Transmission expense	-	271,852	271,852	-	-	-	271,852
Rental and equipment maintenance	11,417	176,142	187,559	23,972	10,367	34,339	221,898
Travel	22,719	331	23,050	10,101	19,555	29,656	52,706
Meetings and events	80,741	1,393	82,134	88,169	127,462	215,631	297,765
Insurance	74,191	24,673	98,864	71,593	46,367	117,960	216,824
Other	1,931	311	2,242	255,470	10	255,480	257,722
Total expenses before provision for depreciation and interest expense	8,357,549	2,797,502	11,155,051	2,540,712	4,460,147	7,000,859	18,155,910
Provision for depreciation	202,246	532,982	735,228	36,214	55,140	91,354	826,582
Interest expense	154,343	55,793	210,136	61,931	104,848	166,779	376,915
Total expenses	$ 8,714,138	$ 3,386,277	$ 12,100,415	$ 2,638,857	$ 4,620,135	$ 7,258,992	$ 19,359,407

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

South Florida PBS, Inc. and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities:		
Cash received from supporters, customers and grant agencies	$ 51,996,940	$ 18,634,456
Interest received	15,007	132,479
Interest paid	(362,789)	(376,915)
Cash paid for support services to suppliers and employees	(18,198,960)	(18,478,050)
Net cash provided by (used in) operating activities	33,450,198	(88,030)
Investing Activities:		
Cash received from sales or maturities of investments	3,620,810	3,081,258
Cash paid for property and equipment	(747,476)	(1,933,089)
Cash paid for investments	(31,095,210)	(2,459,330)
Net cash provided by (used in) investing activities	(28,221,876)	(1,311,161)
Financing Activities:		
Repayment of borrowings from financial institution	(2,721,847)	(1,042,953)
Proceeds from borrowings from financial institution	153,002	3,995,325
Net cash provided by (used in) financing activities	(2,568,845)	2,952,372
Net increase (decrease) in cash and cash equivalents	2,659,477	1,553,181
Cash and Cash Equivalents, beginning of year	3,262,595	1,709,414
Cash and Cash Equivalents, end of year	$ 5,922,072	$ 3,262,595

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

Note 1 - Organization and Operations

South Florida PBS, Inc. (SFPBS) was created by the merger of WXEL Public Broadcasting Corporation (WXEL) and Community Television Foundation of South Florida, Inc. (WPBT) on September 30, 2015. SFPBS operates television stations on Channel 2 and on Channel 42, televising to the seven-county South Florida service area. These are noncommercial television stations and are affiliated with the Public Broadcasting Service. SFPBS also produces program features and series for national and international distribution.

In May 2018, SFPBS launched a new 24-hour Health Channel, the first TV channel of its kind that connects viewers with medical and well-being specialists in real time. SFPBS is also developing the Health Channel as a significant on-line presence and health information resource. The financial results of the Health Channel are included within the SFPBS entity for financial reporting purposes.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: The financial statements are prepared using the accrual basis of accounting for reporting purposes, which is in accordance with accounting principles generally accepted in the Unites States of America ("GAAP"). Revenues are recognized when earned and expenses are recognized when incurred.

Principles of consolidation: The consolidated financial statements include the accounts of SFPBS, South Florida PBS Foundation, Inc. (Foundation) and SFPBS Foundation's wholly-owned affiliate, Comtel, Inc. (Comtel), (collectively referred to hereinafter as SFPBS). All significant intercompany balances and transactions have been eliminated in consolidation.

The Foundation was created for the purpose of providing support to SFPBS; and substantially all of its members of the Board of Directors are members of SFPBS's Board of Directors. The Foundation's funding is obtained primarily through investment earnings and contributions. Comtel is a for-profit entity, which derives revenue primarily from the production of television material for commercial distribution. Comtel's Board of Directors consists of nine members, seven of which are also members of SFPBS's Board of Directors.

Basis of presentation: Financial statement presentation follows the guidance of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU No. 2016-14, SFPBS is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets as described in Note 7.

- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Note 2 - Summary of Significant Accounting Policies (continued)

Generally, contributions restricted by donors are reported as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

Cash and cash equivalents: SFPBS considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. SFPBS maintains cash balances at financial institutions which may, at times, exceed Federally insured amounts.

Investments: All investments in equity and debt securities are measured at estimated fair value. Investments consist of government, corporate and foreign bonds, mutual funds, and marketable equity securities. SFPBS, by policy, limits the amount of credit exposure to any one counter party.

Certain investment securities held by the Foundation have been classified as long-term assets in the accompanying consolidated statements of financial position because they have been designated by the Board of Directors as a quasi-endowment fund for the long-term support of SFPBS (Notes 4 and 7).

Promises to give, grants, bequests, beneficial interest in a charitable lead annuity trust, and other receivables: Receivables are carried at original amount, discounted if long term, less an estimate made for doubtful accounts. The Organization determines the allowance for doubtful accounts by identifying specific troubled accounts and by using historical experience applied to an aging of accounts. Management recorded approximately $ 17,000 in provision for doubtful accounts at June 30, 2022 and 2021. SFPBS had no material unconditional/conditional promises to give as of June 30, 2022 or June 30, 2021.

Program broadcast rights: Program broadcast rights are recorded at the lower of unamortized cost or estimated net realizable value. Program broadcast rights are amortized over the contract period generally using the straight-line method. The estimated cost of program broadcast rights to be charged to operations during the next year has been classified as a current asset.

Property and equipment: Property and equipment is stated at cost less accumulated depreciation, except that donated property and equipment used in the normal course of business is stated at its approximate fair value at the date of donation. Depreciation is computed using principally the straight-line method over the estimated useful lives (Note 8) of the assets. Costs of repairs and maintenance are charged to operating expense as incurred; improvements and betterments are capitalized. When items are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting gains or losses are credited or charged to operations.

Donations of property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Without donor stipulations regarding how long these donated assets must be maintained, SFPBS reports expirations of donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions at that time. For the years ended June 30, 2022 and June 30, 2021 there were no such donations.

Note 2 - Summary of Significant Accounting Policies (continued)

Impairment of long-lived assets: SFPBS periodically reviews the carrying value of its long-lived assets for impairment when management makes a decision to dispose of the assets or circumstances indicate that the carrying amount of the asset may not be recoverable. SFPBS compares the carrying amount of the asset to the estimated undiscounted future cash flows that an asset is expected to generate. The impairment is recognized to the extent that the carrying value is greater than future cash flows. During the years ended June 30, 2022 and 2021, no impairment losses were recorded by management.

Deferred revenue and refundable advances: Grants and contract revenue received in advance that is not recognized because the allowable costs, as defined by the individual grant or contract, have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances (non-exchange transaction). In addition, revenues received in advance from special events and other program income that are considered exchange transactions are deferred to the applicable period.

Paycheck Protection Program: In accordance with the guidance of the AICPA, in Q&A Section 3200, the Organization has the option to report the proceeds of this forgivable loan program under FASB *Accounting Standards Codification (ASC) 470, Debt* or it can apply the guidance of FASB *Accounting Standards Codification (ASC) 958-605, Revenue Recognition*, and account for the funds as a conditional government grant (Note 21). SFPBS's management chose to report these proceeds under ASC 958-605.

Revenue and revenue recognition: SFPBS recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived. Assets received before the barrier is overcome are accounted for as refundable advances.

Contribution revenue related to the fair value of interests in an estate is recognized when SFPBS is notified by the probate court that the related will is valid, unless the amounts and timing of the distributions from the estate are uncertain, in which case the related revenue is recorded upon receipt.

Contributions under split interest agreements, including charitable lead annuity trusts, are recorded at the estimated fair value of the future interest, taking into account the present value of any related payments to be made to other beneficiaries. Present value computations are made using published mortality tables and a discount rate commensurate with the risk involved. Changes in the present value of annuity obligations are recognized in the consolidated statements of activities and classified by appropriate net asset class to reflect the accretion of interest and changes in mortality assumptions.

Grant revenue, including governmental contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses are recognized when the allowable costs as defined by the individual grant are incurred and/or the unit of service has been provided in compliance with specific contract or grant provisions. Amounts received prior to incurring qualified expenditures are reported as refundable advances in the combined statements of financial position.

The Organization recognizes revenue from royalties when the amount earned is readily determinable and the receipt of funds is reasonably certain as estimated by management.

Note 2 - Summary of Significant Accounting Policies (continued)

Contract production revenue is recognized as the related program is aired or when the contract obligation is fulfilled. Revenue for program underwriting is recognized on a prorated basis over the period covered.

Revenues from special events that are considered exchange transactions are not recognized until the special event takes place.

In-kind contributions: In-kind contributions, including facilities, are recorded as revenue and expense in the accompanying consolidated statements of activities. Contributed services are recognized at estimated fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals with those skills, and would otherwise need to be purchased if not provided by donation. During the years ended June 30, 2022 and June 30, 2021, SFPBS recorded approximately $ 6,400 and $ 129,300 of contributed services, respectively. Donated facilities are discussed in Note 17.

Barter agreements: SFPBS enters into certain barter arrangements whereby SFPBS receives marketing and advertising services and facilities in exchange for on-air credits and acknowledgments. Barter revenue is recognized when the on-air credits and acknowledgments are broadcasted and barter costs when the services/facilities are received or used. The amount of barter revenues and expenses recognized during the years ended June 30, 2022 and June 30, 2021 equaled approximately $ 122,000 and $ 166,000, respectively.

Fundraising appeals: SFPBS utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to development and fundraising.

Functional allocation of expenses: The costs of providing the various programs and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined by management.

Concentration of credit risk: Financial instruments that potentially subject SFPBS to concentration of credit risk consist primarily of cash, equivalents, receivables (including beneficial interest in charitable lead annuity trust), and investments, (including surrender values of life insurance policies). SFPBS has cash in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times throughout the year, SFPBS may have cash balances at financial institutions that exceed the insured amount. Investments are held in brokerage accounts protected by the Securities Investor Protection Corporation ("SIPC") in the event of broker-dealer failure, up to applicable limits. The SIPC insurance does not protect against market losses in investments. Deposit and investment accounts are maintained with what management believes to be quality financial institutions. Credit risk associated with receivables is considered by management to be limited due to adequate historical collection rates and because substantial portions of the outstanding amounts are due from customers and/or donors supportive of SFPBS's mission. Receivables are unsecured.

Note 2 - Summary of Significant Accounting Policies (continued)

Estimates and assumptions: The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of consolidated financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates and assumptions.

Date of management review: Subsequent events have been evaluated through October 26, 2022, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	2022	2021
Financial assets, at year-end:		
Cash and cash equivalents	$ 5,922,072	$ 3,262,595
Receivables, net	21,848,705	556,676
Beneficial interest in a charitable lead annuity trust	947,918	-
Investments	38,693,784	16,129,300
Endowment spending-rate distributions and appropriations	800,000	750,000
Financial assets, at year-end	68,212,479	20,698,571
Less those unavailable for general expenditures within one year, due to:		
Purpose and time restrictions by donor	(2,925,283)	(3,022,995)
Perpetual restrictions by donor	(8,745,368)	(7,680,368)
Board designated	(52,375,689)	(11,234,453)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,166,139	$ (1,239,245)

Included in the previous table is approximately $ 52,380,000 in Board designated funds. Distribution of these funds may be adjusted, at their discretion, based on the liquidity needs of SFBPS.

Note 3 - Liquidity and Availability (continued)

In the event of an unanticipated liquidity need, SFPBS could draw upon approximately $ 2,590,000 of available lines of credit (Note 11).

SFPBS's endowment funds (Note 7) consist of donor-restricted endowments and funds designated by the Board as endowments. Management has classified income from donor-restricted endowments as restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds (original corpus) are not available for general expenditure.

Note 4 - Net Assets

Net assets without donor restrictions include Board-designated quasi-endowment funds, together with interest thereon, which, in accordance with the provisions of the endowment fund established by the Foundation for the support of SFPBS, are required to remain in the endowment investment fund except as follows:

An annual amount equal to 7% of the total funds in the endowment shall be paid out at the direction of SFPBS. Eligible funds consist of all funds without donor restrictions, including earnings of the true endowments. At its option, SFPBS may withdraw the entire 7% in any fiscal year or defer payment thereof until future years.

The net assets without donor restrictions of the quasi-endowment amounted to $ 52,375,689 and $ 11,234,453 at June 30, 2022 and June 30, 2021, respectively, and are classified as Board designated in the accompanying consolidated statements of financial position.

Net assets with donor purpose and time restrictions reflect the Foundation's interest in a charitable lead annuity trust, other split interest agreements, and funds established for specific programming and capital campaign purposes. Under the terms of certain annuity agreements, the Foundation is required to pay the donor, or the donor's designee, an annual return on the underlying assets during their lifetime. Upon the death of the donor or designee, such amounts will revert to the Foundation and will be reclassified from net assets with donor restrictions to net assets without donor restrictions. The Foundation used $ 553,903 and $ 446,510 for the purchase of the designated types of programs from the fund established for specific types of programming, for the years ended June 30, 2022 and 2021, respectively.

Investment returns on endowment funds which are required to be added to the related endowment by donor stipulations or by law are also classified as net assets with donor restrictions. Investment returns on endowment funds, which are not required to be added to the related endowment are classified as net assets without donor restrictions. Consistent with the terms of the endowment, SFPBS received $ 624,787 and $ 607,696 during the years ended June 30, 2022 and 2021, respectively, from the true endowment for specific programming purposes, and SFPBS also received $ 179,975 and $ 176,725 during the years ended June 30, 2022 and 2021, respectively, from the Vernon Julianne Trust.

Note 5 - Investments

Investments at June 30, 2022 and 2021 consist of the following:

	2022	2021
Investments of endowment funds in equity funds	$ 5,408,921	$ 5,783,433
Investments of endowment funds in fixed income securities	3,253,173	3,198,328
Investments of endowment funds in mutual funds	513,808	2,012,950
Investments of gifts of future interest in equity funds	3,074,675	3,574,304
Investments of gifts of future interest in fixed income securities	1,115,948	1,045,256
Investment of gifts of future interest in mutual funds	78,431	515,029
Other investments in equity funds	8,081,248	-
Other investments in fixed income securities	9,113,384	-
Other investments in mutual funds	8,054,196	-
Total investments	$ 38,693,784	$ 16,129,300

Note 6 - Fair Value Measurement

In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*, the Foundation provides certain disclosures based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. ASC No. 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Foundation has the ability to access at the measurement date.

Note 6 - Fair Value Measurement (continued)

- Level 2 inputs are inputs other than quoted prices included with Level 1 that are observable for the investments, either directly or indirectly. (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices.)

- Level 3 inputs are unobservable inputs for the investments. (e.g. information about assumptions, including risk, market participants would use in pricing a security.)

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Investments classified as Level 2, in the table below, are priced by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value.

The following table represents the investments at June 30, 2022:

	Level 1	Level 2	Level 3	Total 2022
Asset Class:				
Equities and equity funds	$ 16,564,844	$ -	$ -	$ 16,564,844
Fixed income securities	-	13,482,505	-	13,482,505
Mutual funds	8,646,435	-	-	8,646,435
Total	$ 25,211,279	$ 13,482,505	$ -	$ 38,693,784

The following table represents the investments at June 30, 2021:

	Level 1	Level 2	Level 3	Total 2021
Asset Class:				
Equities and equity funds	$ 9,357,737	$ -	$ -	$ 9,357,737
Fixed income securities	-	4,243,584	-	4,243,584
Mutual funds	2,527,979	-	-	2,527,979
Total	$ 11,885,716	$ 4,243,584	$ -	$ 16,129,300

For the years ended June 30, 2022 and June 30, 2021, there were no transfers between Level 1, 2 and 3. The Foundation’s policy is to recognize transfers in and out as of the actual date of the event or change in circumstances that caused the transfer.

Note 7 - Endowments and Other Restricted Net Assets

The Foundation has endowed funds established for the support of SFPBS. The endowment includes both donor restricted endowment funds and funds designated by the Foundation to function as endowments. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including funds designated to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Board of Directors interprets the State of Florida's Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, it is classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Investment policies: The goal of the investment program for the endowment is to provide an annual level of support for the current programs of SFPBS consistent with the preservation of the Foundation's purchasing power over time. Assets held shall be diversified to control the risk of loss resulting from the over-concentration of funds in a specific maturity, issue or type/class of securities.

Spending policies: The Foundation has a policy of appropriating for distribution an amount equal to 7% of the total available funds in the endowment. SFPBS has the option to withdraw the entire 7% in any fiscal year or defer payment thereof until future years. At the discretion of the Board, the Foundation may grant SFPBS additional funding.

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total 2022
Donor-restricted endowment funds	$ -	$ 8,745,368	$ 8,745,368
Board-designated endowment funds	52,375,689	-	52,375,689
Total funds	$ 52,375,689	$ 8,745,368	$ 61,121,057

Changes in endowment net assets for the fiscal year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total 2022
Endowment net assets, at beginning of year	$ 11,234,453	$ 7,680,368	$ 18,914,821
Net investment income (loss)	(4,029,715)	-	(4,029,715)
Contributions	58,461,824	1,065,000	59,526,824
Satisfaction of program restrictions, net	452,809	-	452,809
Expenditures	(108,540)	-	(108,540)
Transfers	(13,635,142)	-	(13,635,142)
Endowment net assets, at end of year	$ 52,375,689	$ 8,745,368	$ 61,121,057

Note 7 - Endowments and Other Restricted Net Assets (continued)

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total 2021
Donor-restricted endowment funds	$ -	$ 7,680,368	$ 7,680,368
Board-designated endowment funds	11,234,453	-	11,234,453
Total funds	$ 11,234,453	$ 7,680,368	$ 18,914,821

Changes in endowment net assets for the fiscal year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total 2021
Endowment net assets, at beginning of year	$ 7,678,624	$ 7,600,368	$ 15,278,992
Net investment income (loss)	2,794,837	-	2,794,837
Contributions	473	80,000	80,473
Satisfaction of program restrictions, net	877,526	-	877,526
Expenditures	(117,007)	-	(117,007)
Endowment net assets, at end of year	$ 11,234,453	$ 7,680,368	$ 18,914,821

Net assets with donor restrictions are as follows as of June 30:

	2022	2021
Learning and cultural arts center and capital campaign	$ 1,993,952	$ 2,628,997
Other programs and time restrictions	931,331	393,998
	2,925,283	3,022,995
Endowments:		
Required to be held in perpetuity by the donor	8,745,368	7,680,368
Total	$ 11,670,651	$ 10,703,363

For the years ended June 30, 2022 and 2021, approximately $ 453,000 and $ 888,000, respectively, were released from other programs and time restrictions.

Note 8 - Property and Equipment

Property and equipment consists of the following as of June 30, 2022 and 2021:

	2022	2021	Estimated Useful Lives in Years
Engineering and production equipment	$ 1,508,360	$ 1,466,055	5-7
Computer, office furniture and equipment	892,104	783,155	3-5
Transmitter, tower and antenna	2,918,118	2,918,118	15
Leasehold improvements	4,683,750	4,683,750	7-15
Vehicles	50,806	50,806	5
	10,053,138	9,901,884	
Less accumulated depreciation	3,667,292	2,787,588	
	6,385,846	7,114,296	
Construction in progress	602,480	13,330	
	$ 6,988,326	$ 7,127,626	

Provision for depreciation was approximately $ 866,000 and $ 827,000 for the years ended June 30, 2022 and 2021, respectively.

Note 9 - FCC Broadcast Licenses

The Federal Communication Commission (FCC) broadcast licenses are assets with indefinite lives that are not amortized. SFPBS owns two broadcast licenses. The original broadcast license was valued as part of a previous acquisition. During the year ended June 30, 2018, a commercial Class A license with an appraised value of $ 1,783,000 was donated to SFPBS by a Miami station which sold its spectrum in 2017's broadcast incentive auction. SFPBS will initially operate the license as a non-commercial channel and explore future opportunities to utilize the license for a commercial enterprise.

SFPBS performs impairment testing on the FCC broadcast licenses annually or when an event triggering impairment may have occurred. An impairment is considered to exist if the fair value of the FCC broadcast license is less than the carrying amount. If an impairment exists, the impairment loss is measured by the difference between the fair value and carrying amount. SFPBS's estimate of fair value is based upon, among other things, market conditions including other acquisitions of FCC broadcast licenses. Assumptions underlying fair value estimates are subject to significant risks and uncertainties. For the years ended June 30, 2022 and 2021, management has determined that no impairment exists.

Note 10 - Note Payable

SFPBS's note payable includes the following at June 30, 2022 and 2021:

	2022	2021
Acquisition note payable dated July 20, 2012, face amount of $ 570,000 plus accrued interest thereon at 6%. Principal and accrued interest were payable in five annual installments commencing on July 20, 2018 with maturity on July 20, 2023. This note was unsecured and was paid in full in March 2022.	$ -	$ 385,413
Less current portion	-	(156,875)
Long-term debt	$ -	$ 228,538

Note 11 - Lines of Credit

SFPBS had a line of credit of $ 1,500,000, which provided for interest on outstanding borrowings at the prevailing prime rate. The line of credit matured on February 24, 2022 and was paid in full in March 2022. The lender held a security interest in certain cash deposits and investments maintained by the borrower with the lender and any outstanding balance was guaranteed by the Foundation. At June 30, 2022 and 2021, the line of credit outstanding balances were zero and $ 600,000, respectively.

Previously, the Foundation entered into an agreement with an investment firm to borrow against certain investment holdings. The margin loan is collateralized by certain endowment assets held by the investment firm, and the amount of credit available ($ 2,589,993 at June 30, 2022) is determined by a certain percentage of the market value of each asset type. The loan balance at June 30, 2022 and 2021 was $ 7,129,315 and $ 8,625,804, respectively. The rate of interest varies and is based on the relationship and dollar amount of assets under management (2.85% as of June 30, 2022). The loan is collateralized by investments, including cash equivalents, with a fair value of $ 13,895,613 at June 30, 2022. For the year ended June 30, 2022, interest expense in the amount of $ 152,350 was charged in connection with this margin loan.

Note 12 - Community Service and Other Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two Federal fiscal years as described in the Communications Act 47, United States of America Code Annotated Section 396(k)(7), (1983) Supplement. Each grant must be expended within two years of the initial grant authorization date.

According to the Communications Act, funds may be used at the discretion of its recipients. SFPBS uses these funds for purposes relating to the production and acquisition of programming. Also, the grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

Note 12 - Community Service and Other Grants (continued)

These Community Service Grants are reported in the accompanying consolidated financial statements as revenues without donor restriction; however, certain guidelines must be satisfied in connection with the application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and license status with the Federal Communications Commission.

The State of Florida Department of Education also distributes annual Community Service Grants to public telecommunications entities in the state.

In addition to the CPB grants that SFPBS customarily receives, during the years ended June 30, 2022 and 2021, SFPBS received grants of zero and $ 574,501, respectively, from the CPB through CARES Act funding of 2020 and American Rescue Plan Act Stabilization Grants funding of 2021.

Note 13 - Split Interest Agreements

The Foundation accepts gifts subject to split interest agreements. A split interest agreement is created when a donor contributes assets to the Foundation or places them in a trust for the benefit of the Foundation, but the Foundation is not the sole beneficiary of the assets' economic value. These gifts are in the form of charitable gift annuities or charitable remainder annuity trusts which provide that the Foundation, as trustee, make payments to designated beneficiaries in accordance with the applicable donor's trust or contractual agreement. At the time of agreement, gifts are recorded at the fair market value of the asset received net of any applicable liability. Liabilities include the present value of projected future distributions to the annuity or trust beneficiaries and are determined using the prevailing rate for computing charitable deductions for such gifts. The present value of the estimated future payments is $ 2,098,773 and $ 2,144,775 at June 30, 2022 and 2021, respectively, using discount rates ranging from 0.4% to 6.2% and applicable mortality tables. On a quarterly basis, the Foundation reevaluates the amount of estimated future payments. For the years ended June 30, 2022 and 2021, the Foundation reported a change in value of split-interest agreements of approximately $ (62,000) and $ (24,000), respectively. Split interest agreements are recorded as funds with donor restrictions depending on donor-imposed stipulations. The Foundation is required to hold qualifying assets generally in excess of the minimum gift annuity reserves required by Florida law. The reserve amount is calculated following assumptions set forth by Florida Statute in Section 627.481(2)(a)1.b.

During the year, SFPBS was named a charitable beneficiary of a split interest agreement, charitable lead annuity trust ("CLAT') amounting to $ 1 million and payable in annual instalments through 2029. This amount is to be held in perpetuity in accordance with the terms of the gift agreement.

Note 14 - Employee Benefit Plans

Defined Benefit Plan: SFPBS sponsored a noncontributory defined benefit pension plan (the Plan) that covered substantially all of its employees that previously worked for WPBT. The Plan was amended effective March 30, 2006 to provide that there will be no further benefits after that date. Benefits previously accrued under the Plan will be preserved, but no additional increases in accrued benefits will occur after that date. Benefits are based on an employee's years of service and earnings during the ten years ending March 30, 2006. In accordance with its present annual funding policy, SFPBS contributes the minimum amount required by regulations of the Employee Retirement Income Security Act ("ERISA"). For the years ending June 30, 2022 and 2021, SFPBS made required contributions of approximately $ 1,993,200 and $ 496,800, respectively, to the Plan. The actuarial valuation has determined that there is no amount due to be contributed to the Plan during the fiscal year ending June 30, 2023.

Note 14 - Employee Benefit Plans (continued)

In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958-715, *Not-for-Profit Entities, Compensation - Retirement Benefits*, SFPBS recognizes the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation, in the statements of financial position.

The following table displays the funding status of the Plan for the years ended June 30, 2022 and 2021:

	2022	2021
Fair value of Plan assets	$ 13,045,367	$ 13,722,185
Projected benefit obligation	(14,027,871)	(16,925,772)
Unfunded liability	$ (982,504)	$ (3,203,587)

There were benefits of $ 1,044,762 and $ 1,041,953 paid during the years ended June 30, 2022 and 2021, respectively. Further, SFPBS recorded a pension expense of $ 103,245 and $ 175,559 for the years ended June 30, 2022 and 2021, respectively.

Asset allocation by asset category based on fair value at June 30, 2022 and 2021 are as follows:

	2022	2021
Equity securities	$ 7,178,958	$ 8,386,817
Debt securities	3,749,351	4,893,746
Cash and cash equivalents	1,387,420	107,601
Other	729,638	334,021
	$ 13,045,367	$ 13,722,185

The following assumptions were used to determine the benefit obligation and the net benefit costs:

	2022	2021
Weighted-average assumptions:		
Discount rate to determine benefit obligation	4.48%	2.84%
Discount rate to determine net periodic pension costs	2.84%	2.70%
Expected rate of return on Plan assets	6.00%	6.00%
Measurement date	6/30/22	6/30/21

For the years ended June 30, 2022 and 2021, the mortality assumptions are from the 2014 Society of Actuaries Basic Mortality Table (complete dataset) with full generational projection using the 2015 SOA Projection Scale.

Note 14 - Employee Benefit Plans (continued)

The following table reflects the changes in the pension liability for the years ended June 30, 2022 and 2021 using the above assumptions:

	2022	2021
Pension liability, beginning of year	$ 3,203,587	$ 6,394,974
Contributions	(1,993,174)	(496,802)
Pension liability adjustment	(331,154)	(2,870,144)
Net periodic benefit cost	103,245	175,559
Pension liability, end of year	$ 982,504	$ 3,203,587

The net periodic benefit cost for the years ended June 30, 2022 and 2021 is calculated as follows:

	2022	2021
Interest cost	$ 465,901	$ 468,515
Net loss amortization	359,865	399,999
Expected return on assets	(722,521)	(692,955)
	$ 103,245	$ 175,559

The estimated future benefit payments that are expected to be paid are as follows:

Years Ending June 30,	Amount
2023	$ 1,066,266
2024	$ 1,057,048
2025	$ 1,062,304
2026	$ 1,053,125
2027	$ 1,053,894
2028-2032	$ 4,948,465

Deferred Contribution Plan: In July of 2017, SFPBS initiated the sponsorship of a salary reduction contribution plan pursuant to Section 403(b)(7) of the Internal Revenue Code, covering substantially all employees. This plan replaced the 401(k) and restated the 403(b) plans formerly offered to WPBT and WXEL employees, respectively. The Plan allows the participant to make pre-tax and after-tax (Roth) contributions up to defined statutory limits. SFPBS may, at its discretion, make a matching contribution based on a percentage of the participant's Plan contributions, as well as non elective contribution. Total expense in conjunction with these matching contributions for the years ended June 30, 2022 and 2021 was approximately $ 104,400 and $ 78,700, respectively.

Note 15 - Income Taxes

SFPBS and the Foundation have qualified as nonprofit organizations under Internal Revenue Code Section 501(a) as organizations described in Section 501(c)(3) and are exempt from income taxes. Comtel is organized as a for-profit entity and, as such, is subject to income taxes. Income taxes for Comtel are accounted for using the liability method under which deferred tax liabilities and assets are recognized based on the expected future tax consequences of the differences between the financial statements and tax bases of assets and liabilities using enacted rates in effect for the year in which the differences are expected to reverse. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Comtel did not have a material provision or credit for income taxes for the years ended June 30, 2022 or 2021. At June 30, 2022 and 2021, Comtel had a deferred tax asset of approximately $ 44,000 and $ 705,000, respectively, primarily related to net operating loss carryforwards of approximately $ 115,000. The deferred tax assets have been offset in full by a valuation allowance at June 30, 2022 and 2021 since, in the opinion of management, it is more likely than not that the deferred tax asset benefit will not be realized.

Note 16 - Employment Agreement

SFPBS and Comtel previously entered into employment agreements with a former officer (the SFPBS Agreement and the Comtel Agreement). SFPBS Agreement terminated May 14, 2004 upon retirement of the officer. Post-termination health insurance benefits will be provided at 50% of cost for the remainder of the employee’s life. In addition, SFPBS has purchased a life insurance policy for the officer for which SFPBS is only entitled to receive an amount equal to the premiums paid. As of June 30, 2022 and 2021, the amount approximated $ 367,600 and is included in the cash surrender value and premiums receivable in the accompanying consolidated statements of financial position.

The Comtel Agreement, provides for supplemental retirement benefits in the amount of $ 3,000 per month to the officer or his beneficiaries for a continuous period of 15 years, which began in November 2004. In connection with its obligations under the Comtel agreement, Comtel has purchased a life insurance policy with a cash surrender value of approximately $ 491,000 and $ 476,000 at June 30, 2022 and 2021, respectively.

Note 17 - Donated Facilities

The land upon which the SFPBS Boynton Beach facilities were constructed was donated to SFPBS by the City of Boynton Beach, Florida. A deed restriction required the property to be used as a nonprofit education and/or public broadcasting facility. The estimated annual fair rent value of the Boynton Beach facilities for the years ended June 30, 2022 and 2021 was approximately $ 956,100 and $ 731,600, respectively, which is recorded as an in-kind contribution revenue and expense in the accompanying statements of activities. Management has determined these amounts on a square footage basis in accordance with the applicable market rates established annually by the Florida Department of Management Services’ Master Leasing Report.

Note 18 - Commitments and Contingencies

Leases: SFPBS has current operating leases for equipment and real estate which expire through fiscal year 2024. Two additional leases contain a bargain purchase option and are accounted for as capital leases. Following the sale of a broadcast tower and transmitter building in fiscal year 2014, SFPBS entered into an initial 15-year capital lease for space on the tower.

Note 18 - Commitments and Contingencies (continued)

In February 2019, SFPBS sold its North Miami property and entered into a 2-year leaseback with the buyer effective March 1, 2019. The leaseback came to an end as of June 30, 2021.

Total rent expense for all operating leases amounted to approximately $ 117,700 and $ 334,800 for the years ended June 30, 2022 and 2021, respectively.

The capital leases are collateralized by property with a net book value of approximately $ 544,981, net of accumulated depreciation of approximately $ 439,290. Depreciation on these capital leases is included in program expense.

Approximate future minimum estimated lease payments at June 30, 2022:

Years Ending June 30,	Capital Leases	Operating Leases
2023	$ 239,400	$ 109,400
2024	244,200	110,700
2025	249,100	-
2026	228,700	-
2027	178,300	-
Thereafter	245,400	-
	1,385,100	$ 220,100
Less interest	(551,700)	
	$ 833,400	

Grant and contract revenue: Grant, contract, and other award revenue received is subject to audit and adjustment by federal, state and/or local agencies. If any amount is disallowed by an awarding agency as a result of an audit, such amount becomes a liability of SFPBS regardless of whether or not management concurs with the ruling of the applicable agency. Any known material amounts have been accrued by management as of June 30, 2022 and 2021, respectively.

Note 19 - Joint Master Control

SFPBS is a founding member, along with other public television stations, of Digital Convergence Alliance (DCA). DCA is qualified as a nonprofit organization under Internal Revenue Code Section 501 (a) as an organization described in Section 501 (c)(3) and is exempt from income taxes. It serves as the governing body through which stations have combined their individual master control, traffic operations and delivery systems into a combined, centralized unit designed to achieve maximum performance and cost efficiency.

DCA was the recipient of a $ 7 million grant from the Corporation for Public Broadcasting for the purpose of financing DCA's purchase of equipment. Member stations contributed a combined total of $ 777,777; SFPBS's share was $ 70,707. During the years ended June 30, 2022 and 2021, SFPBS expended approximately $ 22,600 and $ 22,600, respectively, for future services which are reflected as prepaid expenses and the $ 70,707 is being amortized over the 10 year initial service period. The remaining balances of approximately $ 21,200 and $ 28,300 at June 30, 2022 and 2021, respectively, are included in other assets on the statements of financial position.

Note 19 - Joint Master Control (continued)

The member stations will pay annual fees to DCA to cover the cost of operating the master control services, administrative services, insurance, capital needs, etc. SFPBS incurred approximately $ 271,900 for each of the years ended June 30, 2022 and 2021. Member stations are required to continue their participation in the DCA for ten years in order to avoid penalty (at CPB's discretion, a penalty of 10% of the grant amount during the first five years and 5% of the grant amount during the second five years).

Note 20 - Related Party Transactions

During the years ended June 30, 2022 and 2021, SFPBS recorded approximately $ 730,000 and $ 1,300,000, respectively, in contributions from board members and their related entities.

During the year ended June 30, 2022, SFPBS issued a request for proposal to manage certain of the Foundation's investments. Of the proposals received, SFPBS' Board of Directors selected a firm owned by one of the board members of SFPBS. Fees paid to this firm during the year ended June 30, 2022 amounted to approximately $ 7,000.

Note 21 - Paycheck Protection Program

Through a local financial institution, the Organization received zero and $ 862,495 during the years ended June 30, 2022 and 2021, respectively, from the U.S. Small Business Administration ("SBA") as part of the *Paycheck Protection Program* ("PPP"), which is designed to provide a direct incentive for small businesses to keep their employees on the payroll. The Organization has elected to account for the PPP funds in accordance with FASB's ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*. Under this method, the PPP funds were recorded as a refundable advance in the statements of financial position when it was received in March 2021. During the respective fiscal year, SFPBS recognized the full amount in revenue as the related conditions were deemed substantially met by management. The Organization has applied for full forgiveness of the advance which has been approved by the local financial institution.

Note 22 - Supplemental Cash Flow Information

Noncash Investing and Financing Activities for the years ending June 30:

	2022	2021
Acquisition of property and equipment -		
Cost of property and equipment	$ 747,476	$ 2,282,623
Less applicable financing	-	(349,534)
Cash paid for property and equipment	$ 747,476	$ 1,933,089

SUPPLEMENTARY INFORMATION

Keefe McCullough
CPA's + Trusted Advisors

South Florida PBS, Inc. and Affiliates
Supplementary Consolidating Schedule of Financial Position
June 30, 2022

	South Florida PBS, Inc.	South Florida PBS Foundation, Inc.	Comtel	Eliminating Entries	Consolidated Totals
Assets:					
Current assets:					
Cash and cash equivalents	$ 1,343,800	$ 4,557,650	$ 20,622	$ -	$ 5,922,072
Receivables, net of allowance for doubtful accounts	303,750	21,466,620	78,335	-	21,848,705
Beneficial interest in a charitable lead annuity trust	-	125,000	-	-	125,000
Prepaid expenses and other assets	225,245	14,141	2,008	-	241,394
Program broadcast rights, net of amortization	1,190,956	-	-	-	1,190,956
Total current assets	3,063,751	26,163,411	100,965	-	29,328,127
Other assets	54,534	-	-	-	54,534
Investments	-	39,158,784	-	(465,000)	38,693,784
Cash surrender value and premiums receivable on life insurance policies	367,605	-	491,357	-	858,962
Program broadcast rights, net of amortization and current portion	597,335	-	-	-	597,335
Property and equipment, net	6,988,326	-	-	-	6,988,326
Beneficial interest in a charitable lead annuity trust, net of current portion	-	822,918	-	-	822,918
FCC broadcast licenses	3,488,900	-	-	-	3,488,900
Total assets	$ 14,560,451	$ 66,145,113	$ 592,322	$ (465,000)	$ 80,832,886
Liabilities:					
Current liabilities:					
Accounts payable	$ 237,523	$ -	$ 4,126	$ -	$ 241,649
Accrued expenses	1,252,870	-	7,743	-	1,260,613
Refundable program advances	1,187,938	-	-	-	1,187,938
Present value of annuity obligations	-	200,559	-	-	200,559
Line of credit	7,129,315	-	-	-	7,129,315
Capital lease payable	101,866	-	-	-	101,866
Total current liabilities	9,909,512	200,559	11,869	-	10,121,940
Deferred revenue and refundable advances	380,162	-	-	-	380,162
Present value of annuity obligations, due beyond one year	-	1,898,214	-	-	1,898,214
Pension liability, due beyond one year	982,504	-	-	-	982,504
Capital lease payable, due beyond one year	731,595	-	-	-	731,595
Total liabilities	12,003,773	2,098,773	11,869	-	14,114,415
Net Assets:					
Without donor restrictions:					
Board designated	-	52,375,689	-	-	52,375,689
Undesignated	2,556,678	-	115,453	-	2,672,131
Common stock	-	-	5,000	(5,000)	-
Paid in capital	-	-	460,000	(460,000)	-
With donor restrictions:					
Purpose and time restrictions	-	2,925,283	-	-	2,925,283
Perpetual in nature	-	8,745,368	-	-	8,745,368
Total net assets	2,556,678	64,046,340	580,453	(465,000)	66,718,471
Total liabilities and net assets	$ 14,560,451	$ 66,145,113	$ 592,322	$ (465,000)	$ 80,832,886

South Florida PBS, Inc. and Affiliates
Supplementary Consolidating Schedule of Activities
For the Year Ended June 30, 2022

	South Florida PBS, Inc.	South Florida PBS Foundation, Inc.	Comtel	Eliminating Entries	Consolidated Totals
Change in Net Assets Without Donor Restrictions:					
Revenues, gains (losses) and other support:					
Contract productions	$ 197	$ -	$ 341,094	$ -	$ 341,291
Contributions and bequests	8,302,617	58,461,824	-	-	66,764,441
Contributions and bequests of non-financial assets	1,062,469	-	-	-	1,062,469
Satisfaction of program restrictions, net	-	452,809	-	-	452,809
Royalties	20,742	-	-	-	20,742
Corporation for Public Broadcasting: Community service and other grants, net	1,469,437	-	-	-	1,469,437
State of Florida Department of Education: Community service grant	641,200	-	-	-	641,200
Federal Communications Commission grant	93,695	-	-	-	93,695
Program and production underwriting, net of commissions	1,300,260	-	-	-	1,300,260
Net investment income (loss)	(874)	(4,029,715)	15,007		(4,015,582)
Other	465,563	-	-		465,563
Total revenues, gains (losses) and other support	13,355,306	54,884,918	356,101	-	68,596,325
Operating Expenses:					
Program services:					
Programming and production	8,456,268	-	500,387	-	8,956,655
Broadcasting	2,796,246	-	-	-	2,796,246
Total program services	11,252,514	-	500,387	-	11,752,901
Supporting services:					
Development and fundraising	4,087,565	-	-	-	4,087,565
Management and general	2,561,678	108,540	-	-	2,670,218
Total supporting services	6,649,243	108,540	-	-	6,757,783
Total operating expenses	17,901,757	108,540	500,387	-	18,510,684
Change in net assets without donor restrictions	(4,546,451)	54,776,378	(144,286)	-	50,085,641
Change in Net Assets With Donor Restrictions:					
Contributions	-	2,157,000	-	-	2,157,000
Net investment income (loss)	-	(674,919)	-	-	(674,919)
Change in present value of annuity obligations	-	(61,984)	-	-	(61,984)
Net assets released from restrictions	-	(452,809)	-	-	(452,809)
Change in net assets with donor restrictions	-	967,288	-	-	967,288
Change in net assets before other items	(4,546,451)	55,743,666	(144,286)	-	51,052,929
Other items:					
Intercompany transfers and contributions	10,716,515	(13,635,142)	2,918,627	-	-
Change in net assets	6,170,064	42,108,524	2,774,341	-	51,052,929
Pension Liability Adjustment	331,154	-	-	-	331,154
Net Assets, beginning of year	(3,944,540)	21,937,816	(2,658,888)	-	15,334,388
Net Assets, end of year	$ 2,556,678	$ 64,046,340	$ 115,453	$ -	$ 66,718,471

South Florida PBS, Inc. and Affiliates
Supplementary Consolidating Schedule of Cash Flows
For the Year Ended June 30, 2022

	South Florida PBS, Inc.	South Florida PBS Foundation, Inc.	Comtel	Eliminating Entries	Consolidated Totals
Operating Activities:					
Cash received from supporters, customers and grant agencies	$ 13,347,409	$ 38,332,000	$ 317,531	$ -	$ 51,996,940
Interest received	-	-	15,007	-	15,007
Interest paid	(362,789)	-	-	-	(362,789)
Cash paid for support services to suppliers and employees	(17,496,015)	(200,559)	(502,386)	-	(18,198,960)
Net cash provided by (used in) operating activities	(4,511,395)	38,131,441	(169,848)	-	33,450,198
Investing Activities:					
Cash received from sales or maturities of investments	-	3,620,810	-	-	3,620,810
Cash paid for property and equipment	(747,476)	-	-	-	(747,476)
Cash paid for investments	-	(31,095,210)	-	-	(31,095,210)
Net cash provided by (used in) investing activities	(747,476)	(27,474,400)	-	-	(28,221,876)
Financing Activities:					
Repayment of borrowings from financial institution	(2,721,847)	-	-	-	(2,721,847)
Proceeds from borrowings from financial institution	153,002	-	-	-	153,002
Advances to affiliate, net	-	(7,339,875)	-	7,339,875	-
Advances from affiliate, net	7,179,809	-	160,066	(7,339,875)	-
Net cash provided by (used in) financing activities	4,610,964	(7,339,875)	160,066	-	(2,568,845)
Net increase (decrease) in cash and cash equivalents	(647,907)	3,317,166	(9,782)	-	2,659,477
Cash and Cash Equivalents, beginning of year	1,991,707	1,240,484	30,404	-	3,262,595
Cash and Cash Equivalents, end of year	$ 1,343,800	$ 4,557,650	$ 20,622	$ -	$ 5,922,072

INTERNAL CONTROLS AND COMPLIANCE

Keefe McCullough
CPA's + Trusted Advisors

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
South Florida PBS, Inc. and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of South Florida PBS, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 26, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 26, 2022