Financial Statements and Report of Independent Certified Public Accountants

KQED Inc.

September 30, 2021 (with summarized financial information for September 30, 2020)

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
KQED Inc.

Report on the financial statements

We have audited the accompanying financial statements of KQED Inc., (the "Corporation"), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, 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 audit. We conducted our audit 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 Corporation'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 Corporation'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 KQED Inc., as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Report on 2020 summarized comparative information

We have previously audited the KQED Inc.'s 2020 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 22, 2020. In our opinion, the accompanying summarized comparative information as of and for the year ended September 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

San Francisco, California
December 21, 2021

KQED Inc.

STATEMENT OF FINANCIAL POSITION

September 30,

	2021	2020
ASSETS		
Cash and cash equivalents	$ 44,122,234	$ 55,684,472
Restricted cash and cash equivalents	6,084,989	13,339,445
Receivables, net	15,238,489	19,306,796
Prepaid expense and other assets	3,676,195	3,830,680
Investments	140,537,576	125,397,904
Deferred compensation cash equivalents and investments	2,610,506	2,234,423
Charitable gift annuities and trusts	11,044,155	8,126,640
Intangible assets, net	1,828,061	1,914,134
Property and equipment, net	112,972,195	75,002,701
Total assets	$ 338,114,400	$ 304,837,195
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 8,422,512	$ 14,959,811
Accrued payroll and vacation	7,639,175	6,626,608
Broadcast rights liability	1,518,288	1,499,253
Deferred production and underwriting revenues	2,691,973	711,772
Loan and interest payable	-	8,153,815
Deferred rent liability	44,062	266,290
Deferred compensation obligations	2,610,506	2,234,423
Liabilities to beneficiaries of charitable gift annuities and trusts	4,799,555	3,973,922
Total liabilities	27,726,071	38,425,894
Net assets		
Without donor restrictions	251,341,256	195,463,490
With donor restrictions	59,047,073	70,947,811
Total net assets	310,388,329	266,411,301
Total liabilities and net assets	$ 338,114,400	$ 304,837,195

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

KQED Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended September 30, 2021 (with summarized financial information for September 30, 2020)

	2021			
	Net Assets Without Donor Restrictions	**Net Assets With Donor Restrictions**	**2021 Total**	**2020 Total**
Revenues, support and other changes:				
Individual member contributions	$ 59,963,074	$ 23,939	$ 59,987,013	$ 56,092,745
Underwriting	11,601,932	-	11,601,932	12,925,263
General and project grants	399,000	5,886,891	6,285,891	5,551,445
Community service grants	6,494,856	722,551	7,217,407	6,601,787
Investment income appropriated from endowments	5,689,569	1,516,096	7,205,665	5,916,682
Gain on extinguishment of debt	8,210,300	-	8,210,300	-
Other revenue	1,612,136	-	1,612,136	1,444,448
Trade and in-kind donations	495,023	-	495,023	972,214
Net assets released from restrictions	7,709,860	(7,709,860)	-	-
Total revenues, support and other changes	102,175,750	439,617	102,615,367	89,504,584
Expenses:				
Program services:				
Television:				
Programming and production	9,243,138	-	9,243,138	9,919,659
Broadcast services	6,252,857	-	6,252,857	6,002,487
Radio:				
Programming and production	5,332,077	-	5,332,077	5,895,081
Broadcast services	3,257,348	-	3,257,348	3,089,664
Multiplatform content	21,445,473	-	21,445,473	21,187,581
Education	2,431,917	-	2,431,917	2,579,282
Program promotion	2,725,671	-	2,725,671	3,274,641
Digital	4,731,245	-	4,731,245	4,340,949
Events	773,048	-	773,048	559,932
Total program services	56,192,774	-	56,192,774	56,849,276
Support services:				
Fundraising	17,016,380	-	17,016,380	18,045,292
General and administrative	12,495,999	-	12,495,999	11,325,015
Total support services	29,512,379	-	29,512,379	29,370,307
Total expenses	85,705,153	-	85,705,153	86,219,583
Changes in net assets from operations	16,470,597	439,617	16,910,214	3,285,001
Bequests and trusts	5,215,858	-	5,215,858	6,135,805
Donor-restricted endowment, charitable gift annuities and trust contributions	-	1,660,202	1,660,202	196,443
Change in value - charitable gift annuities and trusts	-	947,882	947,882	30,211
Investment income on endowments, net	9,317,671	5,478,486	14,796,157	(1,823,587)
Campaign 21:				
Revenue and support	-	9,994,299	9,994,299	7,800,277
Net assets released from restrictions	30,421,224	(30,421,224)	-	-
Program services	(3,472,199)	-	(3,472,199)	(4,068,934)
Support services:				
Fundraising	(1,245,467)	-	(1,245,467)	(1,527,903)
General and administrative	(829,918)	-	(829,918)	(762,605)
CHANGES IN NET ASSETS	55,877,766	(11,900,738)	43,977,028	9,264,708
Net assets, beginning of year	195,463,490	70,947,811	266,411,301	257,146,593
Net assets, end of year	$ 251,341,256	$ 59,047,073	$ 310,388,329	$ 266,411,301

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

KQED Inc.

STATEMENT OF CASH FLOWS

September 30,

	2021	2020
Operating activities:		
Changes in net assets	$ 43,977,028	$ 9,264,708
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,979,539	6,492,856
Amortization of discount on long-term promises to give	(95,475)	(3,023)
Realized and unrealized net gain on investments	(19,325,036)	(36,936)
Change in value of charitable gift annuities and trusts	(947,882)	(30,211)
Bad debt expense and cancelled contracts	200,669	223,985
Interest on loan payable	56,485	36,915
Loss on disposal of equipment	-	3,632
Gain on extinguishment of debt	(8,210,300)	-
Contributions restricted for investment in perpetuity	(640,419)	(75,625)
Contributions restricted for purchase of property and equipment	(171,873)	(833,500)
Net effect of changes in:		
Receivables	(943,658)	(311,916)
Prepaid expenses and other assets	154,485	(976,135)
Charitable gift annuities and trusts	(151,901)	254,413
Accounts payable, accrued expenses and other liabilities	1,425,109	1,522,994
Deferred production and underwriting revenues	1,980,201	285,088
Net cash provided by operating activities	24,286,972	15,817,245
Investing activities:		
Purchases of investments	(36,726,147)	(26,435,332)
Proceeds from sales of investments	39,093,779	73,661,042
Purchases of property and equipment	(51,190,361)	(38,114,954)
Net cash provided by (used in) investing activities	(48,822,729)	9,110,756
Financing activities:		
Contributions restricted for purchase of property and equipment	5,078,644	583,500
Proceeds from loan payable	-	8,116,900
Contributions restricted for investment in perpetuity	640,419	75,625
Net cash provided by financing activities	5,719,063	8,776,025
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(18,816,694)	33,704,026
Beginning of year	69,023,917	35,319,891
End of year	$ 50,207,223	$ 69,023,917
Supplemental data:		
Non-cash transactions:		
Equipment purchases included in payables at year end	$ 5,470,748	$ 11,798,149
Forgiveness of loan payable and interest	8,210,300	-
Receivables donor-restricted for purchase of property and equipment	-	250,000

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

KQED Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2021 (with summarized financial information for September 30, 2020)

	Program Activities					Supporting Activities				
	TV	FM	Multiplatform	Other Programs	Programs Subtotal	Fundraising	General and Administrative	Supporting Subtotal	2021 Total Expenses	2020 Total Expenses
Salaries and benefits	$ 4,494,278	$ 2,580,109	$ 18,385,629	$ 6,119,147	$ 31,579,163	$ 9,074,798	$ 9,496,168	$ 18,570,966	$ 50,150,129	$ 51,989,986
Office and occupancy	1,431,051	1,434,316	2,884,942	381,899	6,132,208	3,086,657	934,077	4,020,734	10,152,942	10,035,787
Dues and program acquisition	6,252,297	3,486,323	58,607	54,128	9,851,355	25,681	93,480	119,161	9,970,516	10,056,445
Information technologies	988,142	167,136	648,250	431,875	2,235,403	492,723	371,858	864,581	3,099,984	2,514,413
Membership and donor premiums	-	-	-	-	-	1,330,573	1,463	1,332,036	1,332,036	1,393,248
Professional services	66,190	17,029	913,208	1,223,648	2,220,075	2,495,876	1,130,427	3,626,303	5,846,378	5,487,973
Other services	522,107	60,084	64,385	110,574	757,150	188,548	63,470	252,018	1,009,168	996,594
Trade and in-kind expenses	75	-	116,294	319,000	435,369	54,588	-	54,588	489,957	974,698
Travel and conferences	4,948	9,183	44,838	3,391	62,360	4,485	10,092	14,577	76,937	298,154
Depreciation and amortization	1,637,198	767,919	1,413,161	1,364,216	5,182,494	791,371	1,005,674	1,797,045	6,979,539	6,492,856
Insurance	55,448	30,827	78,694	50,706	215,675	36,156	41,136	77,292	292,967	315,505
Advertising	1,238	-	91,896	587,747	680,881	87,478	35,019	122,497	803,378	603,797
Rights and royalties	26,691	-	88,976	6,488	122,155	3,340	-	3,340	125,495	99,831
Other expenses	16,198	35,322	128,702	9,062	189,284	586,515	131,948	718,463	907,747	1,301,764
Taxes and licenses	134	1,177	90	-	1,401	3,058	11,105	14,163	15,564	14,342
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	3,632
	$ 15,495,995	$ 8,589,425	$ 24,917,672	$ 10,661,881	$ 59,664,973	$ 18,261,847	$ 13,325,917	$ 31,587,764	$ 91,252,737	$ 92,579,025

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

KQED Inc. (the "Corporation") is a nonprofit corporation which operates three noncommercial public television stations ("KQED," "KQEH," "KQET") in San Francisco, San Jose and Monterey, and two noncommercial public radio stations ("KQED-FM") in San Francisco and ("KQEI-FM") in North Highlands. The Corporation also distributes its content and services via KQED.org, KQEDNews.org, and KQED Education as well as other digital and mobile media technology.

The Corporation serves the people of Northern California with a community-supported alternative to commercial media. The Corporation's television, radio, digital media and educational services seek to change lives for the better and help individuals and communities achieve their full potential. The Corporation provides citizens with the information they need to make informed decisions, convenes community dialogue, brings the arts to everyone, and engages audiences to share their stories. The Corporation's content and services help students and teachers thrive in 21st century classrooms, and take people of all ages on journeys of exploration, exposing them to new people, places and ideas. The Corporation celebrates diversity, embraces innovation, values lifelong learning, and partners with those who share a commitment to public service.

Basis of Presentation

The Corporation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the Board of Directors ("Board").

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Cash, Cash Equivalents and Restricted Cash

The Corporation's cash consists of cash on deposit with banks. The Corporation considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Restricted cash and cash equivalents include funds restricted by various funders and donors for specific projects, capital purchases and operating periods, as well as deferred obligations for underwriting.

Receivables

The Corporation's accounts and contributions receivable consist primarily of amounts due from general members, individual donors and advertising trades. Grants and underwriting receivables consist of amounts due from foundations and corporate sponsors. Receivables are recorded at the present value of the estimated future cash flows. The discounts are computed using risk-adjusted rates applicable in the years in which the commitments are received.

The Corporation uses the allowance method to account for uncollectible receivables. The allowance for doubtful accounts is based on historical experience, present market conditions and an evaluation of the outstanding receivables at the end of the year.

The Corporation uses a fulfillment rate to record membership receivables. The fulfillment rate is based on historical experience and is evaluated periodically based on current market conditions.

Investments

The Corporation's investments consist of stocks, bonds, mutual funds, certificates of deposit, U.S. Treasury bills, and cash and money market funds.

Investments, are carried at estimated fair value based on quoted market prices. Investments received through gifts and endowments are recorded at estimated fair market value at the date of donation. Unrealized gains and losses resulting from changes in fair value are recognized in the period in which such fluctuations occur. Income is recorded within net asset categories in accordance with donor stipulations.

Charitable Gift Annuities and Trusts

Charitable gift annuities and trusts are established by gifts that require payments to be made to the donor or the donor's designee(s) from assets of the trust and which name the Corporation as the beneficiary of the assets remaining at the termination of the trust. Charitable gift annuities and trusts are recorded as contribution income at the fair value of the assets in the trust less an annuity reserve. For the years ended September 30, 2021 and 2020, contribution income for charitable gift annuities and trusts were $1,377,314 and $196,423, respectively. The present value of the estimated payouts under the agreement is computed using actuarial methods and the 2000CM mortality table, with a discount rate of 0.4% to 8.2%, representing the risk-adjusted rate applicable in the year the gift was made, and expected return based on current market conditions. The income is restricted during the life of the donor unless the donor has restricted the use of the remainder interest to be held in perpetuity. An annual adjustment is made for the actuarial gain or loss on annuity obligations representing differences between assumed and actual experience as to earnings, payouts, and life expectancies used in the computation of the liability for distribution.

As of September 30, 2021 and 2020, future annuity payments due to beneficiaries of charitable gift annuities and trusts totaled $4,799,555 and $3,973,922, respectively, on the accompanying statement of financial position.

Charitable trust assets also include the fair value of the Corporation's remainder interest receivable in certain trusts where the Corporation is not the trustee. The fair value of these trusts is measured based upon the estimated net present value of amounts to be received using investment values reported from the trustees, less liabilities to beneficiaries calculated using the valuation technique as described above.

California Insurance Code (the "Code") requires that organizations maintain a reserve fund adequate to meet the future payments under its outstanding charitable gift annuity contracts. In addition, the law requires that 50% of the reserve fund be invested in specified governmental fixed income investments. As of September 30, 2021, the Corporation had sufficient funds in its reserve fund to meet the Code requirements and those funds were invested in accordance with the Code.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Corporation classifies its financial assets and liabilities measured at fair value on a recurring basis (annually) based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Corporation's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

Property and Equipment

Property and equipment are stated at cost. Donated assets are recorded at the estimated fair value at the date of donation. Depreciation and amortization are computed using the straight-line method based upon estimated useful lives of the assets ranging from 2 to 55 years. The carrying amount of long-lived assets is evaluated periodically to determine if adjustments to the useful life of the undepreciated balance are warranted.

The Corporation embarked on a major renovation of its headquarters at 2601 Mariposa Street, San Francisco, California. The redesigned building is the essential next step in the Corporation's transformation to meet the changing needs of the community now, and for generations to come. The new building showcases the Corporation's inclusive, community-minded and ambitious vision for the future of public media.

Broadcast Rights

The Corporation purchases and capitalizes broadcast rights for certain programs from the Public Broadcasting Service and other sources. These costs are expensed over the period of expected telecasts or the term of the agreement, whichever is shorter.

Revenue Recognition

Contributions and charitable grants are recognized as revenue at fair value when they are received or unconditionally pledged. Membership fees are recognized as net assets without donor restrictions when committed as they relate to current year's operations. Premium costs offered to members as thank-you gifts or appreciation are recorded as fundraising expenses in the statement of activities and changes in net assets and approximated $1,332,000 and $1,393,000 for the years ended September 30, 2021 and 2020, respectively, which includes the value of deminimus premium items.

Corporate underwriting support is recognized as net assets without donor restrictions when each performance obligation is fulfilled. Performance obligations typically consist of on-air or digital acknowledgements and revenue is recognized when the related acknowledgement is broadcasted by the Corporation. Funds received in advance are reported in deferred production and underwriting revenues in the statement of financial position. Deferred underwriting revenue was approximately $359,000 and $361,000 as of September 30, 2021 and 2020, respectively.

Government grants are recognized when allowable costs have been incurred.

The Corporation reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Contributions restricted for the purchase of long-lived assets are reported as increases in net assets with donor restrictions when received or unconditionally pledged. The Corporation's policy is to release the capital contributions into net assets without donor restrictions once the acquired long-lived assets are placed into service.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

In-Kind Contributions

Contributions of services are recognized when received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In-kind contributions primarily consist of donated goods. The estimated fair value of these donations approximated $160,000 and $297,000 for the years ended September 30, 2021 and 2020, respectively, and is reflected in the accompanying statement of activities and changes in net assets.

Nonmonetary Transactions

The Corporation has transactions involving the exchange of sponsorship rights for goods and services. These transactions are recorded based on the fair value of the goods and services received. For the years ended September 30, 2021 and 2020, sponsorship barter transactions resulted in the recognition of approximately $335,000 and $678,000, respectively, in revenues and approximately $330,000 and $678,000, respectively, in expenses in the accompanying statement of activities and changes in net assets.

Campaign 21

There is a transformation in the media industry due to the digital revolution. To compete in this new age, in 2013, the Corporation embarked on a multi-year fundraising campaign to generate contributions to create a new infrastructure and reinvent the way the Corporation creates content and convenes community dialogue. As part of this transformation, the Corporation also renovated its headquarters. A portion of funds raised through Campaign 21 was used to assist in this project.

For the years ended September 30, 2021 and 2020, the Corporation received support of approximately $9,994,000 and $7,800,000, respectively.

As of September 30, 2021, Campaign 21 fundraising has concluded.

Advertising Expenses

The costs of advertising are expensed as incurred. Advertising expense was approximately $803,000 and $604,000 for the years ended September 30, 2021 and 2020, respectively.

Income Taxes

The Corporation follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. The Corporation has also been recognized by the Franchise Tax Board as an organization that is exempt from income tax pursuant to California Revenue and Tax Code Section 23701d on its income other than unrelated business income. The Corporation has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which is was nexus, and to identify and evaluate other matters that may be considered tax positions. The Corporation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Functional Expense Allocations

Certain expenses, such as depreciation, software maintenance and support, insurance, utilities and telephone, are allocated among program services and supporting services based primarily on equipment usage, space occupied, headcount and on estimates made by the Corporation’s management.

Concentrations of Credit Risk

Financial instruments which potentially subject the Corporation to credit risk include cash, cash equivalents, restricted cash, investments, and receivables. The Corporation attempts to limit its credit risk associated with cash equivalents and marketable securities by utilizing outside investment managers to place the Corporation’s investments with highly rated corporate and financial institutions. The Corporation’s receivables result primarily from donor pledges, membership drives and underwriting sponsorships. These receivables are from donors, members and sponsors located primarily in the San Francisco Bay Area. The Corporation routinely assesses the financial strength of these various parties.

Two donors comprised 43% and one donor comprised 52% of the receivables balance as of September 30, 2021 and 2020, respectively.

As of September 30, 2021, the Corporation’s cash, cash equivalents and investments were in excess of the federal depository and securities investor protection corporation insurance limits.

Collective Bargaining Agreements

The Corporation has two union collective bargaining agreements which cover approximately 36% of its full-time, part-time and temporary staff. The National Association of Broadcast Employees and Technician (“NABET”) union contract expires on October 19, 2025. The contract between the Screen Actors Guild - American Federation of Television and Radio Artists (“SAG-AFTRA”) and KQED-FM expires in September 2022.

The Corporation also has a basic minimum agreement with SAG-AFTRA covering performers appearing on KQED-TV, which expires on December 31, 2024. Additionally, the Corporation is a signatory to the SAG-AFTRA Public Television Agreement which covers performers who appear on television programs distributed nationally. The Public Broadcasting Service ("PBS") and producing stations, including the Corporation, reached an agreement with SAG-AFTRA on limited modifications and an extension of agreement, which will expire on July 22, 2022. The parties anticipate entering into renewal negotiations in Spring 2022.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain summarized comparative information as of and for the year ended September 30, 2020 presented in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended September 30, 2020, from which the summarized financial information was derived.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09 - *Revenue from Contracts with Customers (Topic 606)*,and has subsequently issued supplemental and/or clarifying Accounting Standards Updates. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Corporation has adopted this standard for the year ended September 30, 2021 using a modified retrospective application for contracts that were not completed as of the date of the initial application. This method recognizes the cumulative effect of initially applying Topic 606 as an adjustment to the opening balance of net assets as of October 1, 2020 for contracts not completed at the date of initial application. There was no material impact to the financial statements.

Recent Accounting Pronouncements

Pronouncements Effective in the Future

In February 2016, the FASB issued ASU 2016-02 - *Leases (Topic 842)*. The amendments in this update will supersede much of the existing authoritative guidance for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than 12 months. The new guidance is effective for years beginning after December 15, 2021.

In August 2018, the FASB issued ASU 2018-15 - *Intangibles - Goodwill and Other - Internal-Use Software (Topic 350)*. The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The amendments in the update are effective for fiscal years beginning after December 15, 2020 with early application permitted.

The FASB issued ASU 2020-07 – *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958).* This guidance was issued to improve transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendment is effective for annual periods beginning after June 15, 2021, with early adoption permitted.

The Corporation is currently evaluating the impact of these pronouncements on its financial statements.

Subsequent Events

The Corporation evaluated subsequent events from September 30, 2021 through December 21, 2021, the date these financial statements were available to be issued. The Corporation concluded that no material subsequent events have occurred since September 30, 2021 that require recognition or disclosure in such financial statements.

NOTE B - AVAILABILITY AND LIQUIDITY

The Corporation has an operating reserve that had a balance of $21,207,000 and $13,831,000 as of September 30, 2021 and 2020, respectively. The purpose of the account is to establish a reserve to be used to fund day-to-day operations of the Corporation in the event of a downturn of expected revenue or short-term cash need. The operating reserve is a target balance of 12.5% of operating revenue, which was determined based on management's judgment about the appropriate amount of funds to have set aside in addition to working capital. The operating reserve funds are held in money market funds and certificate of deposits. The operating reserve balance is included in the cash and cash equivalents and investments lines on the statement of financial position.

The following reflects the Corporation's financial assets as of September 30, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

	2021	2020
Cash and cash equivalents	$ 44,122,234	$ 55,684,472
Restricted cash and cash equivalents	6,084,989	13,339,445
Receivables	15,238,489	19,306,796
Investments	140,537,576	125,397,904
Deferred compensation investments	2,610,506	2,234,423
Charitable gifts and annuities and trusts	11,044,155	8,126,640
Financial assets as of September 30	219,637,949	224,089,680
Amounts not due within one year	(2,706,254)	(5,882,961)
Contractual or donor-imposed restrictions:		
Amounts subject to donor restrictions	(13,358,751)	(20,249,445)
Donor-restricted endowment funds	(36,931,272)	(31,169,898)
Funds restricted by lender	(53,794,309)	(58,241,059)
Investments held in deferred compensation investments	(2,610,506)	(2,234,423)
Investments held in charitable gift annuities and trusts	(11,044,155)	(8,126,640)
Board designations:		
Board-designated endowment funds for long term sustainability	(39,801,191)	(39,351,591)
Amounts set aside for operating and building reserve	(32,421,559)	(31,027,646)
Endowment investments available for general purposes and for distribution in accord with the Corporation spending policy	6,912,804	7,205,664
Net assets with purpose restrictions to be met in less than a year	7,508,150	12,897,906
Financial assets available to meet cash needs for general expenditures within one year	$ 41,390,906	$ 47,909,587

NOTE C - RECEIVABLES

At September 30, 2021, receivables consist of the following:

	Accounts and Contributions Receivable	Grants and Underwriting Receivable	Campaign 21 Receivable	Total
Amounts due in:				
One year or less	$ 2,908,111	$ 3,674,823	$ 6,111,262	$ 12,694,196
Two to four years (net of discount of $11,449)	173,703	200,000	2,332,551	2,706,254
Less: allowance for doubtful accounts	(6,308)	(155,653)	-	(161,961)
Total	$ 3,075,506	$ 3,719,170	$ 8,443,813	$ 15,238,489

At September 30, 2020, receivables consist of the following:

	Accounts and Contributions Receivable	Grants and Underwriting Receivable	Campaign 21 Receivable	Total
Amounts due in:				
One year or less	$ 4,781,666	$ 2,138,616	$ 6,660,000	$ 13,580,282
Two to three years (net of discount of $99,079)	97,040	-	5,785,921	5,882,961
Less: allowance for doubtful accounts	(6,308)	(150,139)	-	(156,447)
Total	$ 4,872,398	$ 1,988,477	$ 12,445,921	$ 19,306,796

NOTE D - INVESTMENTS

The Corporation's investments were composed of the following at September 30, 2021:

	Operating	Endowment	Board-Designated Endowment	Total
Cash and cash equivalents	$ -	$ 87,351	$ 128,404	$ 215,755
Certificates of deposit	10,010,805	-	-	10,010,805
Mutual funds - equity	-	26,049,479	65,690,408	91,739,887
Mutual funds - bonds	-	10,794,442	27,776,687	38,571,129
Total	$ 10,010,805	$ 36,931,272	$ 93,595,499	$ 140,537,576

The Corporation's investments were composed of the following at September 30, 2020:

	Operating	Endowment	Board-Designated Endowment	Total
Cash and cash equivalents	$ -	$ 69,979	$ 233,536	$ 303,515
Certificates of deposit	9,752,257	-	-	9,752,257
Mutual funds - equity	-	22,298,400	48,317,537	70,615,937
Mutual funds - bonds	-	8,801,519	35,924,676	44,726,195
Total	$ 9,752,257	$ 31,169,898	$ 84,475,749	$ 125,397,904

Spectrum Auction

As part of the Federal Communications Commission ("FCC") spectrum auction conducted during the 2017 fiscal year, the Corporation received a one-time non-recurring cash infusion of $95,459,109. Participation in the auction allowed the Corporation to repurpose under-utilized broadcast spectrum, which is much in demand by wireless service providers. This action did not have a material impact upon services or coverage for Bay Area residents, as most households receive their television via cable or satellite services and not over airwaves. Digital (as opposed to analog) broadcast technology also supports the ability to relinquish six megahertz of broadcast spectrum without significant impacts to service.

The Corporation's Board of Directors approved the transaction and, acknowledging the historic long-term nature of the assets that generated these proceeds, designated the funds to be invested as follows:

Spectrum endowment fund	$ 67,459,109
Building fund	20,000,000
Reserve fund	8,000,000
	$ 95,459,109

The Corporation's endowment and Board-designated contributions and net income on investments consist of the following components:

October 1, 2020 - September 30, 2021	Endowment	Board-Designated Endowment	Total
Contributions invested	$ 282,888	$ 7,203,451	$ 7,486,339
Interest and dividends	$ 824,917	$ 2,171,042	$ 2,995,959
Realized and unrealized net gain (loss)	6,252,740	13,074,597	19,327,337
Service fees	(83,075)	(238,399)	(321,474)
Total investment gain	6,994,582	15,007,240	22,001,822
Income appropriated to operations	(1,516,096)	(5,689,569)	(7,205,665)
Total investment gain, net	$ 5,478,486	$ 9,317,671	$ 14,796,157

October 1, 2019 - September 30, 2020	Endowment	Board-Designated Endowment	Total
Contributions invested	$ 20	$ 5,309,570	$ 5,309,590
Interest and dividends	$ 929,996	$ 3,485,537	$ 4,415,533
Realized and unrealized net gain (loss)	418,399	(395,155)	23,244
Service fees	(70,830)	(274,852)	(345,682)
Total investment gain	1,277,565	2,815,530	4,093,095
Income appropriated to operations	(1,468,439)	(4,448,243)	(5,916,682)
Total investment loss, net	$ (190,874)	$ (1,632,713)	$ (1,823,587)

NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below presents the Corporation's assets measured at fair value, by category of risks, at September 30, 2021 on a recurring basis.

	2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ -	$ 4,999,630	$ -	$ 4,999,630
Mutual funds - equity:				
Domestic large company	33,766,473	-	-	33,766,473
International large company	17,999,405	-	-	17,999,405
Domestic small company	10,587,012	-	-	10,587,012
International small company	3,264,334	-	-	3,264,334
Emerging markets	7,123,481	-	-	7,123,481
Real estate investment trusts:				
Domestic	12,694,274	-	-	12,694,274
International	6,304,908	-	-	6,304,908
Mutual funds - bonds:		-		
Domestic	31,645,790	-	-	31,645,790
International	6,925,339	-	-	6,925,339
Subtotal investments	$ 130,311,016	$ 4,999,630	$ -	135,310,646
Cash and cash equivalents				215,755
Certificate of deposit (non-investment security)				5,011,175
Total				$ 140,537,576
Deferred compensation investments:				
Mutual funds - equity:				
Domestic large company	$ 1,493,331	$ -	$ -	$ 1,493,331
Domestic medium company	47,582	-	-	47,582
Domestic small company	79,708	-	-	79,708
International large company	40,412	-	-	40,412
Mutual funds - bonds:				
Domestic	275,643	-	-	275,643
Exchange traded funds:				
Domestic large company	100,273	-	-	100,273
Domestic small company	33,906	-	-	33,906
International large company	76,160	-	-	76,160
International small company	66,489	-	-	66,489
U.S Treasury Notes	152,818	-	-	152,818
Stocks - domestic	50,880	-	-	50,880
Stocks - international	23,438	-	-	23,438
Subtotal deferred compensation investments	$ 2,440,640	$ -	$ -	2,440,640

	2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents				169,866
Total				$ 2,610,506
Charitable gift annuities and trusts:				
U.S. Treasury notes	$ 1,276,614	$ -	$ -	$ 1,276,614
Mutual funds - equity:				
Domestic large company	2,395,639	-	-	2,395,639
International large company	1,252,425	-	-	1,252,425
Domestic small company	587,511	-	-	587,511
International small company	206,500	-	-	206,500
Emerging markets	474,042	-	-	474,042
Real estate investment trusts:				
Domestic	989,588	-	-	989,588
International	496,951	-	-	496,951
Mutual funds - bonds:				
Domestic	1,534,799	-	-	1,534,799
International	644,967	-	-	644,967
Split interest investment (non-trustee)	-	-	944,594	944,594
Subtotal charitable gift annuities and trusts investments	$ 9,859,036	$ -	$ 944,594	10,803,630
Cash and cash equivalents				240,525
Total				$ 11,044,155

The table below presents the Corporation's assets measured at fair value, by category of risks, at September 30, 2020 on a recurring basis.

	2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ -	$ 4,752,257	$ -	$ 4,752,257
Mutual funds - equity:				
Domestic large company	26,093,828	-	-	26,093,828
International large company	13,911,164	-	-	13,911,164
Domestic small company	7,851,222	-	-	7,851,222
International small company	2,484,025	-	-	2,484,025
Emerging markets	5,564,988	-	-	5,564,988
Real estate investment trusts:				
Domestic	9,746,446	-	-	9,746,446
International	4,964,264	-	-	4,964,264
Mutual funds - bonds:				
Domestic	39,598,323	-	-	39,598,323
International	5,127,872	-	-	5,127,872
Subtotal investments	$ 115,342,132	$ 4,752,257	$ -	120,094,389

	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents				303,515
Certificate of deposit (non-investment security)				5,000,000
Total				$ 125,397,904
Deferred compensation investments:				
Mutual funds - equity:				
Domestic large company	$ 1,102,179	$ -	$ -	$ 1,102,179
Domestic medium company	37,892	-	-	37,892
Domestic small company	58,351	-	-	58,351
International large company	47,212	-	-	47,212
Mutual funds - bonds:				
Domestic	253,162	-	-	253,162
Exchange traded funds:				
Domestic large company	34,222	-	-	34,222
Domestic small company	63,818	-	-	63,818
International large company	56,471	-	-	56,471
International small company	32,152	-	-	32,152
Emerging markets	8,648	-	-	8,648
U.S Treasury Notes	153,476	-	-	153,476
Stocks - domestic	21,233	-	-	21,233
Subtotal deferred compensation investments	$ 1,868,816	$ -	$ -	1,868,816
Cash and cash equivalents				365,607
Total				$ 2,234,423
Charitable gift annuities and trusts:				
U.S. Treasury notes	$ 1,344,752	$ -	$ -	$ 1,344,752
Mutual funds - equity:				
Domestic large company	1,819,116	-	-	1,819,116
International large company	941,454	-	-	941,454
Domestic small company	396,919	-	-	396,919
International small company	142,080	-	-	142,080
Emerging markets	353,628	-	-	353,628
Real estate investment trusts:				
Domestic	749,162	-	-	749,162
International	378,560	-	-	378,560
Mutual funds - bonds:				
Domestic	840,533	-	-	840,533
International	500,097	-	-	500,097
Split interest investment (non-trustee)	-	-	489,882	489,882
Subtotal charitable gift annuities and trusts investments	$ 7,466,301	$ -	$ 489,882	7,956,183
Cash and cash equivalents				170,457
Total				$ 8,126,640

The following is a rollforward of the Level 3 assets:

	Split-Interest Investment (Non-Trustee)
Fair value at September 30, 2019	$ 488,168
Change in value	1,714
Fair value at September 30, 2020	489,882
Additions	357,531
Change in value	97,181
Fair value at September 30, 2021	$ 944,594

Other Financial Instruments

Financial instruments, which are included in the Corporation's statement of financial position as of September 30, 2021 but not required to be measured at fair value, consist of cash and cash equivalents, receivables, accounts payable, and liabilities to beneficiaries of charitable gift annuities and trusts. Their carrying amounts, including the present value of future cash flows, represent a reasonable estimate of the corresponding fair values.

NOTE F - INTANGIBLE ASSETS

In May 2003, the Corporation acquired the assets of KQEI-FM Radio in North Highlands, California for $3,196,568 which included $64,770 of radio station equipment. The acquisition was accounted for under the purchase method. The purchase price was allocated $2,966,362 to the broadcast license and $165,436 to acquisition costs. The broadcast license and acquisition costs are reflected as intangible assets on the accompanying statement of financial position and are being amortized over the estimated useful life of 40 years. The accumulated amortization at September 30, 2021 and 2020 was $1,442,487 and $1,363,915, respectively. The radio station equipment is included in property and equipment on the accompanying statement of financial position.

In October 2006, the Corporation acquired the assets of KTEH Foundation in San Jose which included a license fee for $300,000, which is being amortized over the estimated useful life of 40 years. The accumulated amortization at September 30, 2021 and 2020 was $161,250 and $153,750, respectively.

The Corporation reviewed intangible assets and determined that the estimated useful lives of 40 years used are appropriate as of September 30, 2021.

The following is a schedule of expected amortization expense for the succeeding five years and thereafter:

September 30,		
2022	$	86,073
2023		86,073
2024		86,073
2025		86,073
2026		86,073
Thereafter		1,397,696
Total	$	1,828,061

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment at September 30, consisted of the following:

	2021	2020
Land	$ 1,269,691	$ 1,269,691
Building and improvements	91,274,976	18,375,262
Furniture, fixtures, office equipment and vehicles	18,821,309	11,560,071
TV station equipment	29,885,085	22,480,662
Radio station equipment	10,411,320	7,926,165
Multiplatform equipment	2,594,604	1,944,396
Less accumulated depreciation	(41,284,790)	(34,391,323)
Total	112,972,195	29,164,924
Construction in progress	-	45,837,777
Property and equipment, net	$ 112,972,195	$ 75,002,701

Depreciation expense was $6,893,467 and $6,406,783 for the years ended September 30, 2021 and 2020, respectively.

NOTE H - LOAN PAYABLE

The Corporation was granted a loan (the “Loan”) from Community Reinvestment Fund, Inc. in the aggregate amount of $8,116,900, pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”).

The Loan, dated April 17, 2020, with a maturity date of April 17, 2022, bears interest at a rate of 1% per annum. Accrued interest for the year ended September 30, 2021 was $56,485. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before October 4, 2020. The Company has used the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if certain criteria are met.

The Loan, including accrued interest of $93,400, was forgiven on June 14, 2021.

NOTE I - IRREVOCABLE STANDBY LETTER OF CREDIT

The Corporation has signed a sublease for temporary office space. Under the terms of this lease, the Corporation provided the sublessor an irrevocable standby letter of credit in the amount of $241,140 as a security deposit.

NOTE J - LINE OF CREDIT

The Corporation has a revolving construction line of credit, in the amount of $35,000,000 which expires on December 1, 2023. The line of credit contains certain covenants and is secured by a portion of the Corporation's Spectrum endowment which must be at least $35,000,000. The interest rate is based upon the one-month London Interbank Offered Rate ("LIBOR") Index rate plus 0.50%. The Corporation had no outstanding balances on the line of credit at September 30, 2021.

The Corporation had a revolving operating line of credit, in the amount of $5,000,000 which expired on September 30, 2021. The line of credit contained certain covenants and was secured by a $5,000,000 certificate of deposit. The interest rate was based upon the average of the twelve most recently published monthly yields on the United States Treasury securities adjusted to a constant maturity of one year.

NOTE K - NET ASSETS

Net assets without donor restrictions for the years ended September 30 are as follows:

	2021	2020
Undesignated	$ 125,324,199	$ 74,960,094
Board-designated		
Board-designated endowment	33,145,106	29,005,349
Spectrum endowment	60,450,393	53,306,186
Liquidity endowment	-	2,164,214
Reserve fund	21,207,451	13,831,463
Building fund	11,214,107	22,196,184
Total Board-designated	126,017,057	120,503,396
Total net assets without donor restrictions	$ 251,341,256	$ 195,463,490

Net assets with donor restrictions were available with the following restrictions as of September 30:

	2021	2020
Campaign 21 (restricted for purpose and time)	$ 8,223,408	$ 14,098,447
Building renovation (restricted for purpose)	5,291,098	19,842,984
Planned gifts (restricted for time)	6,244,599	4,152,718
Underwrite specific productions or areas of programming (restricted for purpose and time)	2,356,696	1,683,764
Investment in perpetuity (including amounts above original gift amount of $20,069,003, and $19,786,115, as of September 30, 2021 and 2020, respectively), which, once appropriated, is expendable to support:		
Arts	3,398,332	2,885,295
Education	136,150	115,635
Science	1,202,097	1,020,679
General production of content	2,723,110	2,312,101
General operations	29,471,583	24,836,188
Total net assets with donor restrictions	$ 59,047,073	$ 70,947,811

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the years ended September 30:

	2021	2020
Campaign 21	$ 15,697,465	$ 4,458,829
Building renovation	14,723,759	2,233,924
Underwrite specific productions or areas of programming	5,960,451	5,511,070
Endowment earnings appropriated	1,516,096	1,468,439
Planned gifts	233,313	89,530
Total	$ 38,131,084	$ 13,761,792

NOTE L - ENDOWMENTS

The Corporation's endowments consist of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Donor-restricted endowment funds are restricted to investment in perpetuity, the income from which is expendable in accordance with donor stipulations, to support programmatic or general activities of the Corporation. Net assets associated with endowment funds, including funds designated by the Board of Directors 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 of the Corporation has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") 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, the Corporation classifies 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. Amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the fund, (2) The purposes of the organization and the donor-restricted endowment fund, (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, and (7) The investment policies 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 or SPMIFA requires the Corporation to retain as a fund of perpetual duration. No such deficiencies existed as of September 30, 2021 and 2020.

Return Objectives and Risk Parameters

The Corporation's primary long-term management objective is to preserve the inflation-adjusted purchasing power of endowment funds, while providing an available, stable, and constant stream of earnings to help meet the Corporation's spending needs.

Strategies Employed for Achieving Objectives

The Corporation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The spending rule amount is defined as the annual amount appropriated by the Board of Directors for inclusion in the subsequent year's budget. The withdrawals may not exceed 5% of the endowment's market value averaged over the prior 12 quarters calculated as of June 30 each year. If this amount would cause the Corporation permanent endowment's value to fall below its original gift value level, then the annual spending rule amount to be included in the subsequent fiscal year's budget is limited to the amount in excess of the original gift value.

If the annual spending rule amount becomes limited as so described, this may be considered a "financial emergency" for purposes of making supplemental payouts from the Board-Designated endowment. If such a financial emergency is determined by the Board of Directors, the Corporation may spend additional amounts from the Board-Designated endowment up to the entire principal balance in the Board-Designated endowment.

Endowment funds as of September 30, are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 36,931,272	$ 36,931,272
Board-designated endowment	33,145,106		33,145,106
Spectrum auction endowment	60,450,393	-	60,450,393
Total endowment funds	$ 93,595,499	$ 36,931,272	$ 130,526,771

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 31,169,898	$ 31,169,898
Board-designated endowment	29,005,349	-	29,005,349
Spectrum auction endowment	53,306,186	-	53,306,186
Liquidity endowment fund	2,164,214	-	2,164,214
Total endowment funds	$ 84,475,749	$ 31,169,898	$ 115,645,647

The spectrum auction endowment fund was established with the intent that the spectrum auction proceeds be maintained to benefit the community and the Corporation over the long term.

The donor-restricted endowment's funds exclude receivables of $457,079 and $74,115 as of September 30, 2021 and 2020, respectively.

Endowment activity by net asset classification as of September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 84,475,749	$ 31,169,898	$ 115,645,647
Investment return:			
Interest and dividends	2,171,042	824,917	2,995,959
Realized and unrealized net gain (loss)	13,074,597	6,252,740	19,327,337
Service fees	(238,399)	(83,075)	(321,474)
Total investment gain (see Note D)	15,007,240	6,994,582	22,001,822
Contributions	7,203,451	282,888	7,486,339
Assets designated by the Board for property and equipment	(7,401,372)	-	(7,401,372)
Appropriation of endowment assets for expenditure	(5,689,569)	(1,516,096)	(7,205,665)
Endowment net assets, end of year	$ 93,595,499	$ 36,931,272	$ 130,526,771

Endowment activity by net asset classification as of September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 119,942,985	$ 31,360,752	$ 151,303,737
Investment return:			
Interest and dividends	3,485,537	929,996	4,415,533
Realized and unrealized net gain (loss)	(395,155)	418,399	23,244
Service fees	(274,852)	(70,830)	(345,682)
Total investment gain (see Note D)	2,815,530	1,277,565	4,093,095
Contributions	5,309,570	20	5,309,590
Assets designated by the Board for property and equipment	(39,144,093)	-	(39,144,093)
Appropriation of endowment assets for expenditure	(4,448,243)	(1,468,439)	(5,916,682)
Endowment net assets, end of year	$ 84,475,749	$ 31,169,898	$ 115,645,647

NOTE M - CAMPAIGN 21

Campaign 21 assets included in the statement of financial position consist of the following:

	2021	2020
Restricted cash	$ 5,071,055	$ 11,809,297
Receivables, net	8,443,813	12,445,921
Total Campaign 21 assets	$ 13,514,868	$ 24,255,218

Campaign 21 program services comprised of expenses for the following programs for the years ended September 30:

	2021	2020
Multiplatform content	$ 948,850	$ 1,412,820
Building project	1,953,711	2,035,838
Education	357,159	360,487
Innovation lab	168,313	181,623
Media technology	44,166	78,166
Total Campaign 21 program services expense	$ 3,472,199	$ 4,068,934

NOTE N - COMMITMENTS AND CONTINGENCIES

Leases

The Corporation leases real estate property in connection with its operation of noncommercial public television and radio stations. The following is a schedule of future minimum lease payments required under non-cancelable operating leases as of September 30, 2021:

September 30,	
2022	$ 2,169,358
2023	1,741,281
2024	1,800,549
2025	912,609
2026	471,259
Thereafter	827,127
Total minimum rental payments	$ 7,922,183

The minimum lease payments do not include future cost-of-living escalations and pro rata property tax allocations, which are required for certain of the leases. Total rent expense, including month-to-month leases, was $4,362,211 and $4,444,958 for the years ended September 30, 2021 and 2020, respectively.

Other Commitments and Contingencies

As of September 30, 2021, the Corporation has remaining contractual commitments of approximately $2,106,000 related to construction contracts for the renovation of its headquarters.

The Corporation is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Corporation's financial position or its change in net assets.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The Corporation saw a reduction in underwriting revenue, due to a decline in demand for on-air sponsorships. To address this decline, management identified cost saving measures across the Corporation. Revenue within all other major categories remained stable through fiscal year-end. The full impact of the COVID-19 outbreak to the Corporation is uncertain and will depend on the duration and depth of the pandemic. Management is actively monitoring the impact on its financial condition, liquidity, operations, and workforce.

NOTE O - CONDITIONAL PROMISES TO GIVE

The Corporation received two grants from governmental agencies which have been determined to be conditional grants based on the amount of project expenses incurred each year, plus a percentage for overhead. Total cumulative governmental grants awarded to the Corporation as of September 30, 2021 was $2,841,108. For the years ended September 30, 2021 and 2020, the Corporation has recognized $914,401 and $1,244,964, respectively. As of September 30, 2021, $27,950 remains conditional. The conditions are expected to be met in the next fiscal year.

The Corporation received grants from multiple funders which have been determined to be conditional grants based on the meeting specific program deliverables. Total cumulative grants awarded to the Corporation as of September 30, 2021 was $4,892,090. For the years ended September 30, 2021 and 2020, the Corporation has recognized $802,146 and $342,500, respectively. As of September 30, 2021, $3,572,444 remains conditional. Of this amount, $2,201,074 was received in advance and is reported in deferred production and underwriting revenues in the statement of financial position. The conditions are expected to be met in the next one to two years.

The Corporation receives cash payments in advance from donors to be used as challenge grants. For the years ended September 30, 2021 and 2020, the amount of payments for which conditions have not been met was $115,636 and $335,097, respectively. The conditions are expected to be met in the next fiscal year.

NOTE P - RETIREMENT PLANS

The 403(b) tax-sheltered annuity plan is funded by employee contributions and the employer's matching share amount. The employer matching share amount is 5.5%. In May 2020, the Corporation reduced the employer matching share to 3%. Effective October 1, 2020, the Corporation eliminated the employer matching share amount. In April 2021, the employer matching share was reinstated at 3%. The Contribution costs, funded currently, were approximately $438,352 and $1,417,098 for the years ended September 30, 2021 and 2020, respectively.

The Corporation has deferred compensation plans primarily for the purpose of providing deferred compensation for a select group of employees to accumulate retirement assets. The assets of the plans are under general control and available to general creditors of the Corporation and are included in the statement of financial position.

The 457(b) plan enables participants to defer income on a pre-tax basis and is not matched with contributions from the Corporation. For the years ended September 30, 2021 and 2020, approximately $86,000 and $124,000, respectively, has been deferred based on elections made by the participants to the 457(b) plan.

The total market value of 457(b) investments and the related deferred compensation obligations to employees included in the statement of financial position at September 30, 2021 and 2020 were approximately $2,611,000 and $2,234,000, respectively.

NOTE Q - RELATED PARTY TRANSACTIONS

The Corporation has transactions, in the normal course of business, where directors and employees make contributions to the Corporation. For the years ended September 30, 2021 and 2020, those contributions were approximately $1,728,000 and $3,806,000, respectively. As of September 30, 2021 and 2020, the balance due from related parties was approximately $550,000 and $60,000, respectively.