Consolidated Financial Statements and Report of Independent Certified Public Accountants

KQED Inc.

September 30, 2024 (with summarized financial information for September 30, 2023)

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
KQED Inc.

Opinion
We have audited the consolidated financial statements of KQED Inc. (the "Corporation"), which comprise the consolidated statement of financial position as of September 30, 2024, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 opinion.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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

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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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Corporation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

Other matters

Report on 2023 summarized comparative information
We have previously audited the Corporation's 2023 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2024. In our opinion, the accompanying summarized comparative information as of and for the year ended September 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

San Francisco, California
March 11, 2025

KQED Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30,
(in thousands)

	2024	2023
ASSETS		
Cash and cash equivalents	$ 19,843	$ 22,109
Restricted cash and cash equivalents	3,526	5,842
Receivables, net	11,914	16,284
Prepaid expense and other assets	3,798	3,546
Operating lease right-of-use asset	1,967	3,483
Investments	197,731	155,773
Deferred compensation cash equivalents and investments	2,809	2,288
Charitable gift annuities and trusts	14,227	11,969
Intangible assets, net	1,583	2,142
Goodwill	-	1,097
Property and equipment, net	99,641	106,039
Total assets	$ 357,039	$ 330,572
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 2,972	$ 2,670
Accrued payroll and vacation	9,475	8,325
Broadcast rights liability	1,786	1,446
Deferred production and underwriting revenues	707	1,177
Operating lease liability	2,169	3,776
Deferred compensation obligations	2,809	2,288
Liabilities to beneficiaries of charitable gift annuities and trusts	6,228	5,715
Total liabilities	26,146	25,397
Net assets		
Without donor restrictions	278,956	258,769
With donor restrictions	51,937	46,406
Total net assets	330,893	305,175
Total liabilities and net assets	$ 357,039	$ 330,572

The accompanying notes are an integral part of this consolidated financial statement.

KQED Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended September 30, 2024 (with summarized financial information for September 30, 2023)
(in thousands)

	2024			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2024 Total	2023 Total
Revenues, support and other changes				
Individual member contributions	$ 54,808	$ 213	$ 55,021	$ 53,334
Underwriting	13,068	-	13,068	12,570
General and project grants	716	9,118	9,834	3,945
CPB community service grants	6,984	639	7,623	6,836
Investment income appropriated from endowments	4,662	1,685	6,347	6,581
Other revenue	4,551	-	4,551	3,314
Contributions of non financial assets	3,884	-	3,884	3,682
Trade revenue	310	-	310	105
Net assets released from restrictions	7,704	(7,704)	-	-
Total revenues, support and other changes	96,687	3,951	100,638	90,367
Expenses				
Program services				
Television				
Programming and production	9,537	-	9,537	11,173
Broadcast services	9,350	-	9,350	7,262
Radio				
Programming and production	5,322	-	5,322	5,776
Broadcast services	4,182	-	4,182	3,511
Multiplatform content	31,988	-	31,988	26,500
Education	2,266	-	2,266	2,498
Program promotion	4,371	-	4,371	3,215
Digital	5,340	-	5,340	5,502
Events	1,700	-	1,700	1,488
Total program services	74,056	-	74,056	66,925
Support services				
Fundraising	20,744	-	20,744	19,415
General and administrative	14,508	-	14,508	14,630
Total support services	35,252	-	35,252	34,045
Total expenses	109,308	-	109,308	100,970
Impairment loss	1,526	-	1,526	-
Changes in net assets from operations	(14,147)	3,951	(10,196)	(10,603)

The accompanying notes are an integral part of this consolidated financial statement.

KQED Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

Year ended September 30, 2024 (with summarized financial information for September 30, 2023)
(in thousands)

	2024			
	Net Assets Without Donor Restrictions	**Net Assets With Donor Restrictions**	**2024 Total**	**2023 Total**
Endowment and planned giving				
Bequests and trusts	$ 8,196	$ -	$ 8,196	$ 25,281
Fundraising	-	-	-	(2,221)
Donor-restricted endowment, charitable gift annuities and trust contributions	-	445	445	674
Change in value - charitable gift annuities and trusts	-	1,590	1,590	539
Investment income on endowments, net	22,437	5,393	27,830	6,910
Changes in net assets from endowment and planned giving	30,633	7,428	38,061	31,183
Campaign 21				
Revenue and support	-	61	61	611
Net assets released from restrictions	6,215	(6,215)	-	-
Total Campaign 21 revenues, support and other changes	6,215	(6,154)	61	611
Program services	2,379	-	2,379	1,893
Support services				
Fundraising	92	-	92	405
General and administrative	43	-	43	119
Total Campaign 21 expenses	2,514	-	2,514	2,417
Changes in net assets from Campaign 21	3,701	(6,154)	(2,453)	(1,806)
Studios Fund				
Revenue and support	-	306	306	-
Total Studios Fund revenues, support and other changes	-	306	306	-
Changes in net assets from Studios Fund	-	306	306	-
TOTAL CHANGES IN NET ASSETS	20,187	5,531	25,718	18,774
Net assets, beginning of year	258,769	46,406	305,175	286,401
Net assets, end of year	$ 278,956	$ 51,937	$ 330,893	$ 305,175

The accompanying notes are an integral part of this consolidated financial statement.

KQED Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

September 30,
(in thousands)

	2024	2023
Cash flows from operating activities:		
Changes in net assets	$ 25,718	$ 18,774
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,215	6,953
Impairment loss	1,526	-
Amortization of discount on long-term promises to give	-	(3)
Realized and unrealized net (gain) loss on investments	(34,862)	(10,083)
Change in value of charitable gift annuities and trusts	(1,590)	(539)
Credit loss expense and canceled contracts	74	23
Loss on disposal of equipment	158	875
Contributions restricted for investment in perpetuity	(509)	-
Contributions restricted for purchase of property and equipment	(10)	(600)
Net effect of changes in:		
Receivables	4,571	360
Prepaid expenses and other assets	(252)	112
Charitable gift annuities and trusts assets and liabilities	308	854
Operating lease right-of-use assets and liabilities	(91)	293
Accounts payable, accrued expenses and other liabilities	2,006	(2,083)
Deferred production and underwriting revenues	(470)	(581)
Net cash provided by operating activities	4,792	14,355
Cash flows from investing activities:		
Purchases of investments	(34,683)	(54,970)
Acquisition of a business	-	(1,344)
Proceeds from sales of investments	27,124	35,130
Purchases of property and equipment	(2,059)	(2,676)
Net cash used in investing activities	(9,618)	(23,860)
Cash flows from financing activities:		
Contributions restricted for purchase of property and equipment	60	550
Contributions restricted for investment in perpetuity	184	231
Net cash provided by financing activities	244	781
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(4,582)	(8,724)
Beginning of year	27,951	36,675
End of year	$ 23,369	$ 27,951
Supplemental data:		
Non-cash transactions:		
Equipment purchases included in payables at year end	$ 379	$ 593
Receivable restricted for investment in perpetuity	(325)	231
Right-of-use assets obtained in exchange for operating lease liabilities	-	4,923

The accompanying notes are an integral part of this consolidated financial statement.

KQED Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2024 (with summarized financial information for September 30, 2023)
(in thousands)

	Program Activities					Supporting Activities				
	TV	Radio	Multiplatform	Other Programs	Programs Subtotal	Fundraising	General and Administrative	Supporting Subtotal	2024 Total Expenses	2023 Total Expenses
Salaries and benefits	$ 5,626	$ 2,820	$ 25,522	$ 7,947	$ 41,915	$ 11,196	$ 10,542	$ 21,738	$ 63,653	$ 58,680
Office and occupancy	1,516	1,473	2,112	847	5,948	5,180	735	5,915	11,863	11,525
Dues and program acquisition	6,403	4,295	107	79	10,884	28	91	119	11,003	10,960
Information technologies	876	345	1,074	604	2,899	684	631	1,315	4,214	4,270
Membership and donor premiums	-	-	-	19	19	596	6	602	621	290
Professional services	164	35	2,601	1,561	4,361	1,425	1,339	2,764	7,125	7,486
Other services	618	114	69	32	833	224	57	281	1,114	1,102
Trade and in-kind expenses	-	-	-	541	541	-	-	-	541	110
Travel and conferences	16	-	267	42	325	69	47	116	441	336
Depreciation and amortization	3,578	365	2,178	666	6,787	760	668	1,428	8,215	6,953
Insurance	48	24	159	76	307	75	95	170	477	414
Advertising	1	-	57	1,163	1,221	279	2	281	1,502	1,098
Rights and royalties	15	-	56	1	72	-	-	-	72	123
Other expenses	26	28	162	34	250	317	117	434	684	1,325
Taxes and licenses	-	1	3	3	7	3	129	132	139	62
Loss on disposal of assets	-	4	-	62	66	-	92	92	158	874
	$ 18,887	$ 9,504	$ 34,367	$ 13,677	$ 76,435	$ 20,836	$ 14,551	$ 35,387	$ 111,822	$ 105,608

The accompanying notes are an integral part of this consolidated financial statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

KQED Inc. ("KQED") is a nonprofit corporation which operates three noncommercial public television stations ("KQED-TV," "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. KQED also distributes its content and services via KQED.org, KQEDNews.org, and KQED Education as well as other digital and mobile media technology.

KQED serves the people of Northern California with a community-supported alternative to commercial media. KQED's television, radio, digital media and educational services seek to change lives for the better and help individuals and communities achieve their full potential. KQED 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. KQED'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. KQED celebrates diversity, embraces innovation, values lifelong learning, and partners with those who share a commitment to public service.

Snap Studios, LLC, ("Snap") is a separate organization, disregarded for tax purposes, and wholly owned subsidiary of KQED. Snap produces and creates radio shows, podcasts, and live shows by combining beats to create cinematic and dramatic radio.

In July 2023, KQED and Snap acquired certain assets and liabilities from a third party, Snap Judgment, LLC. The acquisition brings new audiences, followers, and monthly downloads from podcasts. The acquisition allows for creation of new podcasts and additional fundraising.

Principles of Consolidation

The consolidated financial statements include the accounts of KQED and Snap because KQED has both control and an economic interest in Snap. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Corporation".

Basis of Presentation

The Corporation's consolidated 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:

<u>Net Assets without Donor Restrictions</u>

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").

<u>Net Assets with Donor Restrictions</u>

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 consolidated statement of activities and changes in net assets.

Comparative Financial Information

The consolidated financial statements include certain summarized comparative information as of and for the year ended September 30, 2023 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, 2023, from which the summarized financial information was derived.

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, planned giving, individual donors and advertising trades. Grants and underwriting receivables consist of amounts due from foundations and corporate sponsors. Receivables due in more than one year 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 credit losses 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 bonds, mutual funds, certificates of deposit, U.S. Treasury bills and notes, real estate investment trusts, 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, 2024 and 2023, contribution income for charitable gift annuities and trusts were $0.3 million and $0.4 million, respectively. The present value of the estimated payouts under the agreement is computed using actuarial methods and the 2000CM mortality table, with discount rates of 0.4% to 8.2%, representing the risk-adjusted rates 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, 2024 and 2023, future annuity payments due to beneficiaries of charitable gift annuities and trusts totaled $6.2 million and $5.7 million, respectively, on the accompanying consolidated 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, 2024, 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 three 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 has completed a major renovation of its headquarters at 2601 Mariposa Street, San Francisco, California. The redesigned building is essential to meet the changing needs of the community now, and for generations to come. The renovated building showcases the Corporation's inclusive, community-minded and ambitious vision for the future of public media.

Leases

The Corporation determines if an arrangement is or contains a lease at inception. Leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also includes prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Corporation does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense as cash is paid over the lease term.

Goodwill

Goodwill is initially recorded when the purchase price paid for a business acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

The Corporation evaluates goodwill on an annual basis or more frequently if management believes indicators of impairment exist. Such indicators can include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. The Corporation first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If management concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, management conducts a quantitative goodwill impairment test. The impairment test involves comparing the fair value of the applicable reporting unit with its carrying value. The Corporation estimates the fair values of its reporting units using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Broadcast Rights

The Corporation purchases broadcast rights for certain programs from the Public Broadcasting Service (“PBS”) and other sources. These costs are expensed over the period of expected telecasts or the term of the agreement, whichever is shorter. Broadcast rights are included in the prepaid expense and other assets line when paid in advance, or in the broadcast rights liability line on the consolidated statement of financial position, when accrued.

Revenue Recognition

Contributions and grants are recognized as revenue at fair value when they are received or unconditionally pledged. Individual membership contributions 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 consolidated statement of activities and changes in net assets and approximated $0.6 million and $0.3 million for the years ended September 30, 2024 and 2023, respectively, which includes the value of de minimis 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 at a point in time when the related acknowledgement is broadcasted by the Corporation. Funds received in advance are reported in deferred production and underwriting revenues in the consolidated statement of financial position. Corporate underwriting funds received in advance was approximately $0.3 million as of September 30, 2024 and 2023.

Government grants are recognized as allowable costs are 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.

(in thousands unless otherwise indicated)

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.

Contributed Nonmonetary Assets

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. Contributed services are valued at the estimated fair value based on current rates for similar services.

The Corporation's policy is to sell all contributed vehicles immediately upon receipt at auction or for salvage. No vehicles received during the period were restricted for use. Sold vehicles are valued according to the actual cash proceeds on their disposition. Vehicles donated but not sold by fiscal year end are valued based upon an average selling price of the cars sold during the year.

In-kind contributions primarily consist of donated goods. The fair market value of donated goods is generally the price for which the asset would sell on the open market on the day of the donation.

For the years ended September 30, contributed nonfinancial assets recognized within the consolidated statement of activities and changes in net assets included:

	2024	2023
Vehicles	$ 3,842	$ 3,676
Digital ads	42	-
Tickets	-	6
	$ 3,884	$ 3,682

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, 2024 and 2023, sponsorship barter transactions resulted in the recognition of approximately $0.3 million and $0.1 million, respectively, in revenues and approximately $0.5 million and $0.1 million, respectively, in expenses in the accompanying consolidated 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.

As of September 30, 2021, Campaign 21 fundraising efforts concluded. Revenue recognized in the subsequent years represent cash received for intentions made during the campaign.

Studios Fund

Media habits have shifted decisively, as audiences begin to spend more time using digital media. Keeping pace with evolving media consumption trends, the Corporation is a pipeline of vibrant new digital video and podcast programs for multiplatform audiences. The Studios Fund provides research and development funding so that the Corporation can remain agile in a changing media environment and deliver programs that appeal to the next generation of audiences.

Advertising Expenses

The costs of advertising are expensed as incurred. Advertising expense was approximately $1.5 million and $1.1 million for the years ended September 30, 2024 and 2023, 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 consolidated 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 it 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 consolidated 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 headcount, equipment usage, space occupied, 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, planned giving 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.

One donor comprised 13% and two donors comprised 40% of the receivables balance as of September 30, 2024 and 2023, respectively.

As of September 30, 2024, 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 three union collective bargaining agreements which cover approximately 40% 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 2026. The contract between the SAG-AFTRA and KQED Digital and Podcast teams expires in September 2026.

The Corporation is also in ongoing negotiations regarding their collective bargaining agreement with NABET, related to certain Snap employees. Management anticipates bargaining will conclude in early 2025.

The Corporation also has a basic minimum agreement with SAG-AFTRA covering performers appearing on KQED-TV, which expires on December 31, 2024, and was extended for an additional sixty days so the parties may negotiate new terms. Additionally, the Corporation is a signatory to the SAG-AFTRA Public Television Agreement which covers performers who appear on television programs distributed nationally. The PBS and producing stations, including the Corporation, are, by mutual agreement, continuing to operate under the terms of an agreement with SAG-AFTRA which expired on July 22, 2022 while the parties continue negotiations for renewal agreement.

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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

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

New Accounting Pronouncements

The Corporation adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. Financial assets held by the Corporation that are subject to the guidance in ASU 2016-13 includes accounts receivable. The adoption of this ASU was not considered material to the consolidated financial statements.

Subsequent Events

The Corporation evaluated subsequent events from September 30, 2024 through March 11, 2025, the date these consolidated financial statements were available to be issued.

In October 2024, the Corporation extended the terms of two operating leases by an additional five years. The extensions will result in an additional estimated $5 million in lease payments through February 2030.

The Corporation concluded that no other material subsequent events have occurred since September 30, 2024 that require recognition or disclosure in such consolidated financial statements.

NOTE B - AVAILABILITY AND LIQUIDITY

The Corporation has an operating reserve that had a balance of $23.6 million and $22.4 million as of September 30, 2024 and 2023, 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 expenses, 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 consolidated statement of financial position.

(in thousands unless otherwise indicated)

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 consolidated statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2024	2023
Cash and cash equivalents	$ 19,843	$ 22,109
Restricted cash and cash equivalents	3,526	5,842
Receivables	11,914	16,284
Investments	197,731	155,773
Deferred compensation investments	2,809	2,288
Charitable gifts and annuities and trusts	14,227	11,969
Financial assets as of September 30	250,050	214,265
Amounts not due within one year	(874)	(5,578)
Contractual or donor-imposed restrictions:		
Amounts subject to donor restrictions	(5,139)	(8,027)
Donor-restricted endowment funds	(36,421)	(30,519)
Investments held in deferred compensation investments	(2,809)	(2,288)
Investments held in charitable gift annuities and trusts	(14,227)	(11,969)
Board designations:		
Board-designated endowment funds for long term sustainability	(147,793)	(111,782)
Amounts set aside for operating and building reserve	(24,479)	(23,195)
Endowment investments available for general purposes and for distribution in accord with the Corporation spending policy	6,881	6,347
Net assets with purpose restrictions to be met in less than a year	2,703	1,400
Financial assets available to meet cash needs for general expenditures within one year	$ 27,892	$ 28,654

NOTE C - RECEIVABLES

At September 30, 2024, receivables consist of the following:

	Accounts and Contributions Receivable	Grants and Underwriting Receivable	Campaign 21 and Studios Fund Receivable	Total
Amounts due in:				
One year or less	$ 6,944	$ 3,602	$ 530	$ 11,076
Two to four years (net of discount of $44)	107	460	307	874
Less: allowance for credit losses	-	(36)	-	(36)
Total	$ 7,051	$ 4,026	$ 837	$ 11,914

(in thousands unless otherwise indicated)

At September 30, 2023, receivables consist of the following:

	Accounts and Contributions Receivable	Grants and Underwriting Receivable	Campaign 21 Receivable	Total
Amounts due in:				
One year or less	$ 6,661	$ 3,316	$ 910	$ 10,887
Two to four years (net of discount of $217)	4,531	440	607	5,578
Less: allowance for credit losses	-	(181)	-	(181)
Total	$ 11,192	$ 3,575	$ 1,517	$ 16,284

NOTE D - INVESTMENTS

The Corporation's investments were composed of the following at September 30, 2024:

	Operating	Endowment	Board-Designated Endowments	Total
Cash and cash equivalents	$ -	$ 70	$ 444	$ 514
Brokerage certificates of deposit	7,589	-	-	7,589
U.S. Treasury bills and notes	5,928	-	-	5,928
Mutual funds - equity	-	26,116	105,684	131,800
Mutual funds - bonds	-	10,235	41,665	51,900
Total	$ 13,517	$ 36,421	$ 147,793	$ 197,731

The Corporation's investments were composed of the following at September 30, 2023:

	Operating	Endowment	Board-Designated Endowments	Total
Cash and cash equivalents	$ -	$ 62	$ 1,263	$ 1,325
Brokerage certificates of deposit	7,918	-	-	7,918
U.S. Treasury bills and notes	5,554	-	-	5,554
Mutual funds - equity	-	21,786	78,379	100,165
Mutual funds - bonds	-	8,671	32,140	40,811
Total	$ 13,472	$ 30,519	$ 111,782	$ 155,773

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 $95.5 million. Participation in the auction allowed the Corporation to repurpose under-utilized broadcast spectrum, which was 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.

(in thousands unless otherwise indicated)

The Corporation's Board 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
Building fund	20,000
Reserve fund	8,000
	$ 95,459

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, 2024 on a recurring basis.

	2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ -	$ 7,589	$ -	$ 7,589
U.S. Treasury bills and notes	5,928	-	-	5,928
Mutual funds - equity:				
Domestic small company	16,870	-	-	16,870
Domestic large company	48,073	-	-	48,073
International small company	8,388	-	-	8,388
International large company	24,977	-	-	24,977
Emerging markets	10,519	-	-	10,519
Real estate investment trusts:				
Domestic	18,366	-	-	18,366
International	4,607	-	-	4,607
Mutual funds - bonds:				
Domestic	42,523	-	-	42,523
International	9,377	-	-	9,377
Subtotal investments	$ 189,628	$ 7,589	$ -	197,217
Cash and cash equivalents				514
Total				$ 197,731
Deferred compensation investments:				
Mutual funds - equity:				
Domestic small company	$ 35	$ -	$ -	$ 35
Domestic medium company	13	-	-	13
Domestic large company	1,626	-	-	1,626
International large company	59	-	-	59
Real estate investment trusts:				
Domestic	32	-	-	32

(in thousands unless otherwise indicated)

	2024			
	Level 1	Level 2	Level 3	Total
International	2	-	-	2
Mutual funds - bonds:				
Domestic	235	-	-	235
International	9	-	-	9
Exchange traded funds:				
Domestic large company	36	-	-	36
International small company	70	-	-	70
International large company	204	-	-	204
Stocks - domestic	66	-	-	66
Stocks - international	24	-	-	24
Subtotal deferred compensation investments	$ 2,411	$ -	$ -	2,411
Cash and cash equivalents				398
Total				$ 2,809
Charitable gift annuities and trusts:				
Mutual funds - equity:				
Domestic small company	$ 1,043	$ -	$ -	$ 1,043
Domestic large company	3,154	-	-	3,154
International small company	542	-	-	542
International large company	1,734	-	-	1,734
Emerging markets	643	-	-	643
Real estate investment trusts:				
Domestic	1,301	-	-	1,301
International	305	-	-	305
Mutual funds - bonds:				
Domestic	3,466	-	-	3,466
International	797	-	-	797
Split interest investment (non-trustee)	-	-	874	874
Subtotal charitable gift annuities and trusts investments	$ 12,985	$ -	$ 874	13,859
Cash and cash equivalents				368
Total				$ 14,227

(in thousands unless otherwise indicated)

The table below presents the Corporation's assets measured at fair value, by category of risks, at September 30, 2023 on a recurring basis.

	2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ -	$ 7,918	$ -	$ 7,918
U.S. Treasury bills and notes	5,554	-	-	5,554
Mutual funds - equity:				
Domestic small company	11,146	-	-	11,146
Domestic large company	37,493	-	-	37,493
International small company	3,544	-	-	3,544
International large company	19,811	-	-	19,811
Emerging markets	7,826	-	-	7,826
Real estate investment trusts:				
Domestic	13,598	-	-	13,598
International	6,747	-	-	6,747
Mutual funds - bonds:				
Domestic	33,324	-	-	33,324
International	7,487	-	-	7,487
Subtotal investments	$ 146,530	$ 7,918	$ -	154,448
Cash and cash equivalents				1,325
Total				$ 155,773

(in thousands unless otherwise indicated)

	2023			
	Level 1	Level 2	Level 3	Total
Deferred compensation investments:				
Mutual funds - equity:				
Domestic small company	$ 27	$ -	$ -	$ 27
Domestic medium company	10	-	-	10
Domestic large company	1,402	-	-	1,402
International large company	28	-	-	28
Mutual funds - bonds:				
Domestic	201	-	-	201
Exchange traded funds:				
Domestic large company	17	-	-	17
International small company	58	-	-	58
International large company	159	-	-	159
Stocks - domestic	40	-	-	40
Stocks - international	12	-	-	12
Subtotal deferred compensation investments	$ 1,954	$ -	$ -	1,954
Cash and cash equivalents				334
Total				$ 2,288
Charitable gift annuities and trusts:				
Mutual funds - equity:				
Domestic small company	$ 665	$ -	$ -	$ 665
Domestic large company	2,840	-	-	2,840
International small company	232	-	-	232
International large company	1,448	-	-	1,448
Emerging markets	546	-	-	546
Real estate investment trusts:				
Domestic	1,056	-	-	1,056
International	532	-	-	532
Mutual funds - bonds:				
Domestic	3,070	-	-	3,070
International	644	-	-	644
Split interest investment (non-trustee)	-	-	737	737
Subtotal charitable gift annuities and trusts investments	$ 11,033	$ -	$ 737	11,770
Cash and cash equivalents				199
Total				$ 11,969

(in thousands unless otherwise indicated)

The following is a rollforward of the Level 3 assets:

	Split-Interest Investment (Non-Trustee)
Fair value at September 30, 2022	$ 693
Change in value	44
Fair value at September 30, 2023	737
Change in value	137
Fair value at September 30, 2024	$ 874

Other Financial Instruments

Financial instruments, which are included in the Corporation's consolidated statement of financial position as of September 30, 2024 and 2023 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 - ACQUISITION

On July 1, 2023, the Corporation acquired certain assets and liabilities from a third party, Snap Judgment, LLC, an audio production house based in Oakland, California, dedicated to compelling narratives, creative sound design, killer beats and authentic voices. The Corporation did not acquire an equity interest in Snap Judgment, LLC.

The Corporation acquired the popular award-winning public radio program and podcast series *Snap Judgment* and podcast series *Spooked*. As part of the agreement, the productions of Snap Judgment, LLC became part of Snap. Snap's creative team will produce *Snap Judgment* and *Spooked* independently. These shows will continue to be distributed to public radio and/or across podcast platforms. Snap will continue to develop other existing and new intellectual property.

The aggregate consideration transferred was $1.9 million, of which $1.3 million was paid in cash and $0.6 million was comprised of contingent deferred payments. The contingent deferred payments are conditional upon employment and production of a minimum number of episodes each year. The Corporation's Board approved funding of the acquisition through receipts from wills, trusts or other planned giving instruments, not subject to other endowment or purpose restrictions.

The acquisition was accounted for as a business combination and the total purchase consideration was allocated to the net tangible and intangible assets and liabilities acquired based on their fair values on the acquisition date and the excess was recorded as goodwill.

The following table presents the preliminary purchase consideration allocation recorded in the Corporation's consolidated statement of financial position as of the acquisition date:

	Amount
Accounts receivable	$ 60
Prepaid expenses and other current assets	591
Intangible assets	500
Goodwill	1,097
Deferred liabilities	(904)
Total acquisition consideration	$ 1,344

The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition:

	Amounts (in thousands)	Weighted Average Useful Life (in years)
Podcast intellectual property	$ 200	7.5
Contractual agreement	300	10
Total intangible assets	$ 500	9

Goodwill represents the future economic benefits arising from other assets that could not be individually identified and separately recognized.

The results of Snap operations from the date of acquisition have been included in the Corporation's consolidated financial statements. Pro forma revenue and results of operations have not been presented because the historical results are not material to the Corporation's consolidated financial statements in any period presented.

NOTE G - INTANGIBLE ASSETS

In May 2003, the Corporation acquired the assets of KQEI-FM Radio in North Highlands, California for $3.2 million which included $0.07 million of radio station equipment. The acquisition was accounted for under the purchase method. The purchase price was allocated $3.0 million to the broadcast license and $0.2 million to acquisition costs. The broadcast license and acquisition costs are reflected as intangible assets on the accompanying consolidated statement of financial position and are being amortized over the estimated useful life of 40 years. The accumulated amortization at September 30, 2024 and 2023 was $1.7 million and $1.6 million, respectively. The radio station equipment is included in property and equipment on the accompanying consolidated statement of financial position.

In October 2006, the Corporation acquired the assets of KTEH Foundation in San Jose which included a license fee for $0.3 million, which is being amortized over the estimated useful life of 40 years. The accumulated amortization at both September 30, 2024 and 2023 was $0.2 million.

(in thousands unless otherwise indicated)

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

September 30,		
2025	$	88
2026		88
2027		88
2028		88
2029		88
Thereafter		1,143
Total	$	1,583

In July 2023, the Corporation acquired assets from a third party, which included intellectual property and a contractual agreement. As of September 30, 2023, the acquired intangible assets, net consisted of the following:

	Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount	
Podcast intellectual property	$	200	$	7	$	193
Contractual agreement		300		7		293
Total intangible assets	$	500	$	14	$	486

In September 2024, due to a renegotiation of the contractual agreement and sales performance, an impairment loss of $0.5 million was recognized. As of September 30, 2024, the net carrying amount of the assets was $0.

NOTE H - GOODWILL

As part of the annual goodwill impairment test, management concluded the entire goodwill associated with the assets acquired from Snap Judgment, LLC, had been impaired based on actual revenue performance and future projections. As such, an impairment of $1.1 million was recorded during the fiscal year ending September 30, 2024.

Changes in the carrying amount of goodwill were as follows:

	Amounts	
Balance at September 30, 2023	$	1,097
Impairment loss		(1,097)
Balance at September 30, 2024	$	-

(in thousands unless otherwise indicated)

NOTE I - PROPERTY AND EQUIPMENT

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

	2024	2023
Land	$ 1,270	$ 1,270
Building and improvements	91,184	91,871
Furniture, fixtures, office equipment and vehicles	16,486	17,316
TV station equipment	27,834	28,142
Radio station equipment	10,479	10,135
Multiplatform equipment	3,219	2,965
Less: accumulated depreciation	(50,831)	(45,660)
Property and equipment, net	$ 99,641	$ 106,039

Depreciation expense was $8.1 million and $6.9 million for the years ended September 30, 2024 and 2023, respectively.

NOTE J - NET ASSETS

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

	2024	2023
Undesignated	$ 106,684	$ 123,792
Board-designated		
Board-designated endowment	90,290	62,836
Spectrum endowment	57,503	48,946
Reserve fund	23,636	22,352
Building fund	843	843
Total Board-designated	172,272	134,977
Total net assets without donor restrictions	$ 278,956	$ 258,769

(in thousands unless otherwise indicated)

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

	2024	2023
Campaign 21 (restricted for purpose and time)	$ 617	$ 6,771
Studios fund (restricted for purpose and time)	306	-
Planned gifts (restricted for time)	7,535	5,870
Endowment planned gifts (restricted for time and purpose)	465	384
Endowment receivables (restricted for time)	-	324
Specific productions or areas of programming (restricted for purpose and time)	6,593	2,538
Investment in perpetuity (including amounts above original gift amount of $20,592 and $20,083 as of September 30, 2024 and 2023, respectively), which, once appropriated, is expendable to support:		
Arts	3,298	2,807
Education	132	112
Science	1,162	989
General production of content	2,632	2,241
General operations	29,197	24,370
Total net assets with donor restrictions	$ 51,937	$ 46,406

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:

	2024	2023
Campaign 21 program and building	$ 6,215	$ 2,405
Underwrite specific productions or areas of programming	5,914	4,940
Endowment earnings appropriated	1,685	1,675
Planned gifts	105	346
Total	$ 13,919	$ 9,366

NOTE K - ENDOWMENTS

The Corporation's endowments consist of donor-restricted endowment funds and funds designated by the Board 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 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 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, 2024 and 2023.

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 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, the Corporation may spend additional amounts from the Board-Designated endowment up to the entire principal balance in the Board-Designated endowment.

(in thousands unless otherwise indicated)

Endowment funds as of September 30, are as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 36,421	$ 36,421
Board-designated endowment	90,290	-	90,290
Spectrum auction endowment	57,503	-	57,503
Total endowment funds	$ 147,793	$ 36,421	$ 184,214

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 30,519	$ 30,519
Board-designated endowment	62,836	-	62,836
Spectrum auction endowment	48,946	-	48,946
Total endowment funds	$ 111,782	$ 30,519	$ 142,301

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 charitable gift annuities and trusts and receivables of $0.5 million and $0.7 million as of September 30, 2024 and 2023, respectively.

Endowment activity by net asset classification as of September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 111,782	$ 30,519	$ 142,301
Investment return:			
Interest and dividends	3,842	1,003	4,845
Realized and unrealized net gain	23,548	6,151	29,699
Service fees	(291)	(76)	(367)
Total investment gain (see Note D)	27,099	7,078	34,177
Contributions	13,661	509	14,170
Assets designated by the Board for acquisition of business	(87)	-	(87)
Appropriation of endowment assets for expenditure	(4,662)	(1,685)	(6,347)
Endowment net assets, end of year	$ 147,793	$ 36,421	$ 184,214

(in thousands unless otherwise indicated)

Endowment activity by net asset classification as of September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 84,645	$ 28,764	$ 113,409
Investment return:			
Interest and dividends	2,855	885	3,740
Realized and unrealized net gain	7,437	2,619	10,056
Service fees	(231)	(74)	(305)
Total investment gain (see Note D)	10,061	3,430	13,491
Contributions	23,840	-	23,840
Assets designated by the Board for acquisition of business	(1,858)	-	(1,858)
Appropriation of endowment assets for expenditure	(4,906)	(1,675)	(6,581)
Endowment net assets, end of year	$ 111,782	$ 30,519	$ 142,301

NOTE L - CAMPAIGN 21

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

	2024	2023
Restricted cash	$ -	$ 4,945
Property and equipment, net	-	309
Receivables, net	617	1,517
Total Campaign 21 assets	$ 617	$ 6,771

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

	2024	2023
Multiplatform content	$ 1,480	$ 925
Education	220	363
Innovation lab	679	605
Total Campaign 21 program services expense	$ 2,379	$ 1,893

(in thousands unless otherwise indicated)

NOTE M - COMMITMENTS AND CONTINGENCIES

Leases

The Corporation evaluated current contracts to determine which met the criteria of a lease. The ROU assets represents the Corporation's right to use underlying assets for the lease term, and the lease liabilities represent the Corporation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Corporation has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities as of September 30, 2024 was 2.07%.

The Corporation's operating leases consist primarily of real estate leases in connection with its operation of noncommercial public television and radio stations.

For the year ended September 30, 2024, total operating lease expense was $1.8 million, and total short-term lease expense was approximately $0.1 million. As of September 30, 2024, the weighted-average remaining lease term for the Corporation's operating leases was approximately nine years. Cash paid for operating leases for the year ended September 30, 2024 was $1.8 million.

Future maturities of lease liabilities are presented in the following table, for the fiscal years ending September 30:

September 30,	
2025	$ 813
2026	495
2027	100
2028	103
2029	106
Thereafter	763
Total lease payments	2,380
Less: present value discount	(211)
Total lease obligations	$ 2,169

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 $1.8 million and $1.9 million for the years ended September 30, 2024 and 2023, respectively.

(in thousands unless otherwise indicated)

In October 2024, the Corporation extended the lease terms of two operating leases by an additional five years. The following table summarizes the Corporations aggregate future minimum lease payments for the two extensions:

September 30,		
2025	$	663
2026		961
2027		990
2028		1,020
2029		1,050
Thereafter		313
Total lease payments	$	4,997

Other Commitments and Contingencies

The federal funding that supports public broadcasting may decline in the future as part of on-going deficit reduction efforts of Congress. It is not possible to estimate the probability of funding cuts, the amount or the timing of any federal funding cuts, or the effect that any cuts might have on the Corporation. The total of funding from the Corporation for Public Broadcasting (CPB) which receives a direct Congressional appropriation, was $7.6M and $6.8M for the years ended September 30, 2024 and 2023, respectively.

As of September 30, 2024, the Corporation has remaining contractual commitments of approximately $4.7 million related to system licenses, services, and hardware maintenance contracts.

The Corporation is currently defending a putative wage and hour class action lawsuit, which is in preliminary stages, along with other employment-related matters. In consultation with legal counsel, the Corporation has recorded an accrual related to these matters reflecting its best estimate of the probable liabilities.

The Corporation is involved in other 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.

NOTE N - CONDITIONAL PROMISES TO GIVE

The Corporation received grants from multiple funders, which have been determined to be conditional grants based on meeting specific program deliverables. Total cumulative grants awarded to the Corporation as of September 30, 2024 was $1.8 million. For the year ended September 30, 2024, the Corporation has recognized $0.4 million. As of September 30, 2024, $1.4 million remains conditional. The conditions are expected to be met next year.

The Corporation receives cash payments in advance from donors to be used as challenge grants. For the years ended September 30, 2024 and 2023, the amount of payments for which conditions have not been met was $0.07 million. The conditions are expected to be met in the next fiscal year.

NOTE O - RETIREMENT PLANS

The 403(b) tax-sheltered annuity plan is funded by employee contributions and the employer’s matching share amount. Effective November 1, 2023, the employer matching share amount was reduced from 5.5%

to 3%. The Contribution costs, funded currently, were $1.3 million and $1.9 million for the years ended September 30, 2024 and 2023, respectively.

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, 2024 and 2023, approximately $0.08 million and $0.05 million, 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 consolidated statement of financial position at September 30, 2024 and 2023 were approximately $2.8 million and $2.3 million, respectively.

NOTE P - RELATED PARTY TRANSACTIONS

The Corporation has transactions, where directors make contributions or recommend contributions to the Corporation through a donor advised fund. For the years ended September 30, 2024 and 2023, those contributions were approximately $0.5 million and $0.7 million, respectively. As of September 30, 2024 and 2023, the balance due from related parties was approximately $0.3 million.