Financial Statements and Report of Independent Certified Public Accountants

KPBS FM/TV

(A Department of San Diego State University)

June 30, 2021 and 2020

Contents

GRANT THORNTON LLP
4660 La Jolla Village Drive
Suite 100
San Diego, CA 92122

D 1 858 704 8000
F 1 858 704 8099

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Nancy Worlie, Interim General Manager
KPBS FM/TV

We have audited the accompanying financial statements of KPBS FM/TV, a department of San Diego State University (the University), which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 KPBS FM/TV as of June 30, 2021 and 2020, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements of KPBS FM/TV are intended to present the financial position, the changes in net position and cash flows of only that portion of the University that is attributable to the transactions of KPBS FM/TV. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2021 and 2020 and the changes in its net position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 16 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of revenues, expenses, and changes in net position by CPB licensee, direct and indirect support, and revenues and transfers for the year ended June 30, 2021 are presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures. These procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

San Diego, California
December 10, 2021

Management's Discussion and Analysis (unaudited)

This section of the KPBS FM/TV (the Stations) annual financial report includes Management's Discussion and Analysis of the financial performance of the Stations for the fiscal years ended June 30, 2021 and 2020. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

The Stations' financial statements include the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. These statements are supported by notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Stations.

Statements of Net Position: The Statements of Net Position include all assets, deferred outflows and inflows of resources and liabilities. Assets and liabilities are reported on an accrual basis as of the statement date. Long-term investments are reported at fair value as of the statement date. Major categories of restrictions on the net position of the Stations are also identified.

Statements of Revenues, Expenses and Changes in Net Position: The Statements of Revenues, Expenses and Changes in Net Position present the revenues earned and expenses incurred during the years on an accrual basis.

Statements of Cash Flows: The Statements of Cash Flows present the inflows and outflows of cash for the years and are summarized by operating, non-capital and related financing, capital and related financing and investing activities. The statements are prepared using the direct method of cash flows and therefore present gross rather than net amounts for the years' activities.

Financial Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Stations' financial activities as of and for the years ended June 30, 2021 (FY21) and 2020 (FY20). Included is a comparative analysis of current year and prior year activities and balances; a discussion of restrictions of the Stations' net position; and a discussion of capital assets and long-term debt.

Significant Events – Year Ended June 30, 2021

FY21 was defined by the second, and full-year of the COVID-19 pandemic. The March 2020 move to telework continued through June 30, 2021. KPBS continued to follow California, San Diego County and the San Diego State University (SDSU or the University of which KPBS is a department) guidance during this time.

KPBS continued its capital campaign during the fiscal year with an increased goal of $85 million. New gifts and pledge receivables recorded were $8.7 million and $6.2 million for FY21 and FY20, respectively. Cash receipts related to the KPBS capital campaign pledges were $5.7 million and $5.6 million for FY21 and FY20, respectively. Cumulatively, as of June 30, 2021, KPBS raised $47.5 million in realized cash gifts and pledges and $30.4 million in contingent (unrealized) pledges.

Due to the COVID-19 pandemic, the Paycheck Protection Program (PPP) under the Consolidated Appropriations Act 2021 (the Act) signed on December 27, 2020, section 317, expanded PPP forgivable loan eligibility, specifically for public radio and television stations licensed to universities and other institutions. KPBS, through the San Diego State University Research Foundation (SDSURF, an auxiliary of SDSU, for which KPBS has a service agreement), applied and received funding under the PPP program totaling $2.1 million. As required under the program, proceeds were used entirely for staff payroll and related benefits. KPBS, in coordination with SDSURF, plans to apply for loan forgiveness at or prior to mid-January 2022. After submission of the application, the review and decision process is expected to take 90 days or less.

Significant Events – Year Ended June 30, 2020

In December 2019, a novel strain of coronavirus known as COVID-19 was first detected. The virus spread worldwide in March 2020 and was declared a pandemic by the World Health Organization. As part of the response to the pandemic, KPBS as directed by the Chancellor of the California State University (CSU) and the Governor of the State of California, quickly moved to telework mid-March 2020 along with the majority of faculty and staff at the SDSU campus. This necessitated the Stations to purchase and install additional computer equipment and customized broadcast/production solutions, to allow staff to work remotely in an efficient manner in order to continue services to the greater San Diego community.

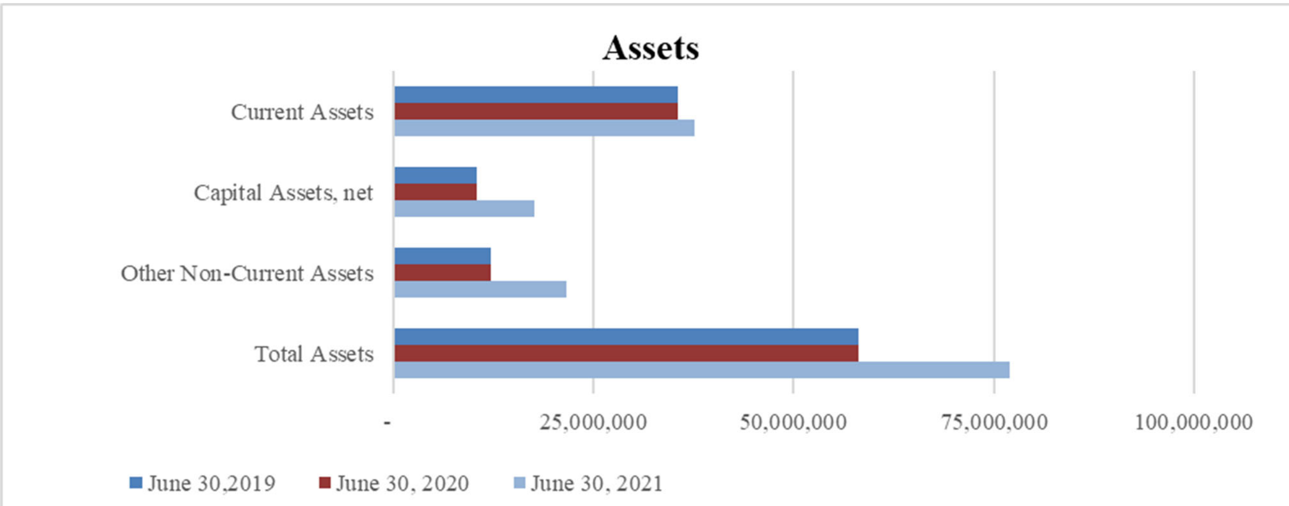
The financial costs of COVID-19 for KPBS totaled approximately $835,000 and include Underwriting and Membership cancellations, operational expense increases and capital equipment expenditures. Such costs were partially offset by a $275,000 unrestricted grant distributed by the Corporation for Public Broadcasting (CPB) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was signed into law on March 27, 2020.

The Stations' condensed summary of net position as of June 30, 2021, 2020 and 2019 is as follows:

	June 30,		
	2021	2020	2019
Assets:			
Current assets	$ 37,638,804	$ 35,523,052	$ 30,946,969
Capital assets, net	17,693,177	10,403,668	8,903,330
Other noncurrent assets	21,663,167	12,137,912	12,989,822
Total assets	76,995,148	58,064,632	52,840,121
Deferred outflows of resources	$ -	$ -	$ -
Liabilities:			
Current liabilities	7,280,057	4,351,707	4,313,843
Noncurrent liabilities	5,762,652	1,163,087	1,632,057
Total liabilities	13,042,709	5,514,794	5,945,900
Deferred inflows of resources	$ 83,802	$ 125,704	$ 190,423
Net position:			
Net investment in capital assets	16,919,923	9,195,385	7,103,246
Restricted - nonexpendable	3,657,773	1,553,474	1,544,657
Restricted - expendable	32,842,223	32,748,102	30,684,511
Unrestricted	10,448,718	8,927,173	7,371,384
Total net position	$ 63,868,637	$ 52,424,134	$ 46,703,798

Assets

Total assets increased $18,931,000 and $5,225,000 in FY21 and FY20, respectively.

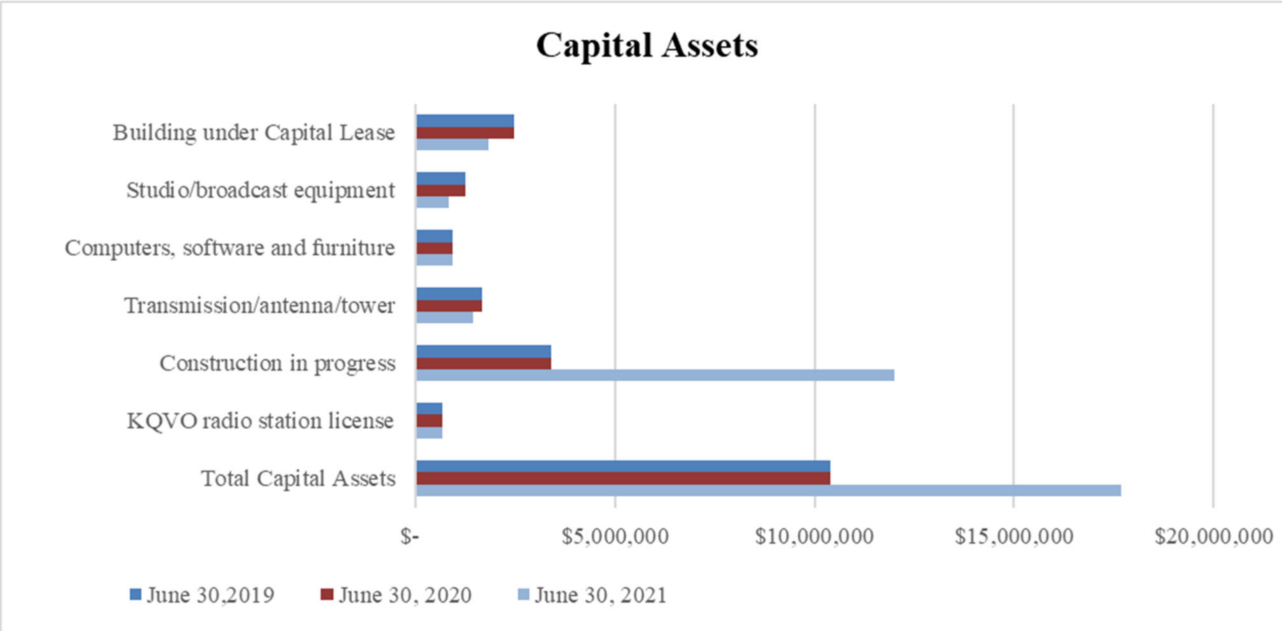


The increase in total assets for FY21 primarily relate to realized gifts and pledges for the ongoing KPBS Capital Campaign totaling $8,710,000, new general operations pledges totaling $3,485,000, a new programming based endowment of $2,000,000, other investments changes and the increase in fair market value of these investments of $2,509,000 and operating earnings and changes in other assets of $2,227,000.

The increase in total assets in FY20 is primarily related to the KPBS Capital Campaign which raised $6,250,000 in realized gifts and pledges during the fiscal year.

Capital Assets, net of accumulated depreciation, are shown below:

	June 30,		
	2021	**2020**	**2019**
Building under capital lease	$ 1,819,761	$ 2,463,878	$ 3,107,994
Studio/broadcast equipment	821,244	1,266,346	1,380,193
Computers, software and furniture	942,793	918,753	1,520,997
Transmission/antenna/tower	1,448,185	1,670,405	1,997,366
Construction in progress	11,991,194	3,414,286	226,780
KQVO radio station license	670,000	670,000	670,000
Total capital assets, net of accumulated depreciation	$ 17,693,177	$ 10,403,668	$ 8,903,330



Capital Assets increased $7,290,000 in FY21 due primarily to project investments of $9,272,000 offset by depreciation of $1,977,000 and asset disposals of $5,000. The majority of the project investments involve capitalized construction costs for the Gateway Building renovation and expansion project.

Capital Assets increased $1,500,000 in FY20 due primarily to depreciation of $1,996,000 and asset disposals of $240,000, offset by project investments of $3,736,000. The majority of the project investments involve the initial capitalized construction costs for the planning and design phase of the Gateway Building renovation and expansion project.

In FY21, other noncurrent assets increased $9,525,000 due primarily to a $4,508,000 increase in investments primarily due to new programming based endowment of $2,000,000 and the $1,328,000 change in fair market value of these investments, and an increase of $5,017,000 in noncurrent pledge receivables mainly relating to a Capital Campaign pledge for the Gateway building naming rights.

In FY20, other noncurrent assets decreased $852,000 due primarily to the shift of noncurrent Capital Campaign pledge receivables to current.

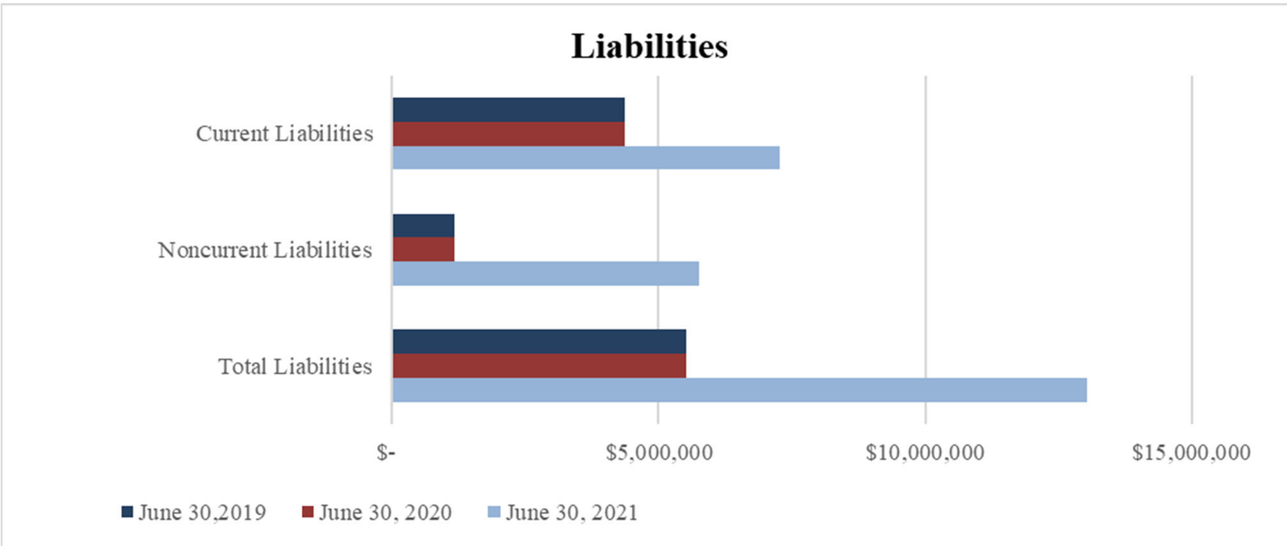
Deferred Outflows of Resources

For FY21 and FY20, there were no Deferred Outflows of Resources.

Liabilities

In FY21, total liabilities increased $7,528,000 primarily due to a $2,638,000 increase in notes payable resulting from both the Paycheck Protection Program Loan and a note payable to SDSURF utilized for computer equipment purchases, an increase in unearned revenue of $5,151,000 mainly due to prepaid grants and unearned operating gifts, and reductions in other liabilities of $261,000

In FY20, total liabilities decreased $431,000 primarily due to increases in accounts payable and accrued expenses offset by payments made against outstanding notes payable and capital lease obligations.



Long-Term Debt Obligations

Debt outstanding at June 30, 2021, 2020 and 2019 is summarized below by type of debt instrument:

	June 30,		
	2021	2020	2019
Capital lease obligations	$ 609,747	$ 952,143	$ 1,430,334
Notes payable	2,768,763	130,436	179,327
Total	3,378,510	1,082,579	1,800,084
Less current portion	(530,565)	(393,126)	(447,644)
Total long-term debt	$ 2,847,945	$ 689,453	$ 1,303,550

In FY21, total debt increased $2,296,000 due to increases in notes payable of $2,638,000 for the Payroll Protection Program Loan and a note payable to SDSURF and the payment of scheduled debt obligations of $342,000.

In FY20, total debt decreased $718,000 due to the payment of scheduled obligations, the reclassification of unamortized gain to deferred inflows of resources, and recognized gain from the refunding of bonds related to capital lease obligations.

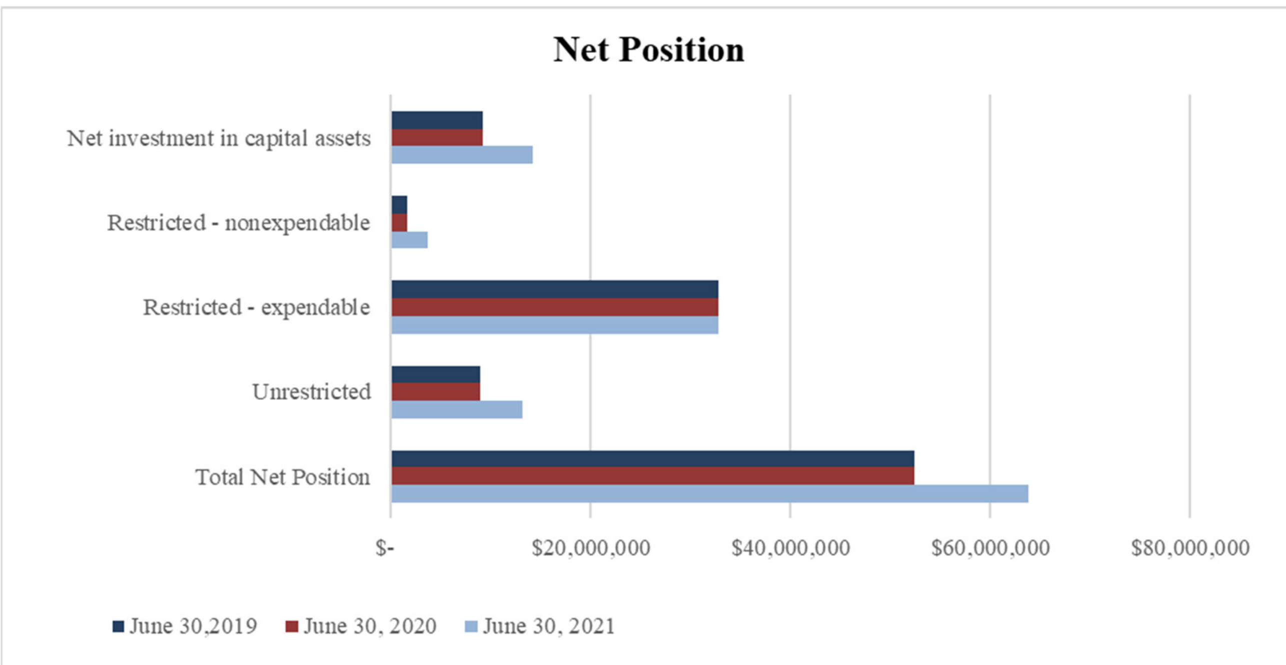
Deferred Inflows of Resources

For FY21 and FY20, the Deferred Inflows of Resources balance represents the unamortized gain on bond refunding, which is being amortized over the bond financing period.

Net Position

Total net position increased $11,445,000 in FY21 primarily due to $8,087,000 of contributions (net of expenses) from the Capital Campaign, a new programming based endowment of $2,000,000, a net increase of $1,328,000 in the fair market value of investments, net interest income of $331,000, a loss on disposal of fixed assets of $5,000 and other net expenses (net of San Diego State University transfers, depreciation and other non-operating revenues and expenses) of $296,000.

Total net position increased $5,720,000 in FY20 primarily due to $5,823,000 of contributions (net of expenses) from the Capital Campaign, a reimbursement from the FCC for television broadcast equipment related to the station repack of $213,000, a net increase of $295,000 in the fair market value of investments, net interest income of $143,000, a loss on disposal of fixed assets of $240,000 and other net expenses (net of San Diego State University transfers, depreciation and other non-operating revenues and expenses) of $601,000.



Restrictions on Net Position

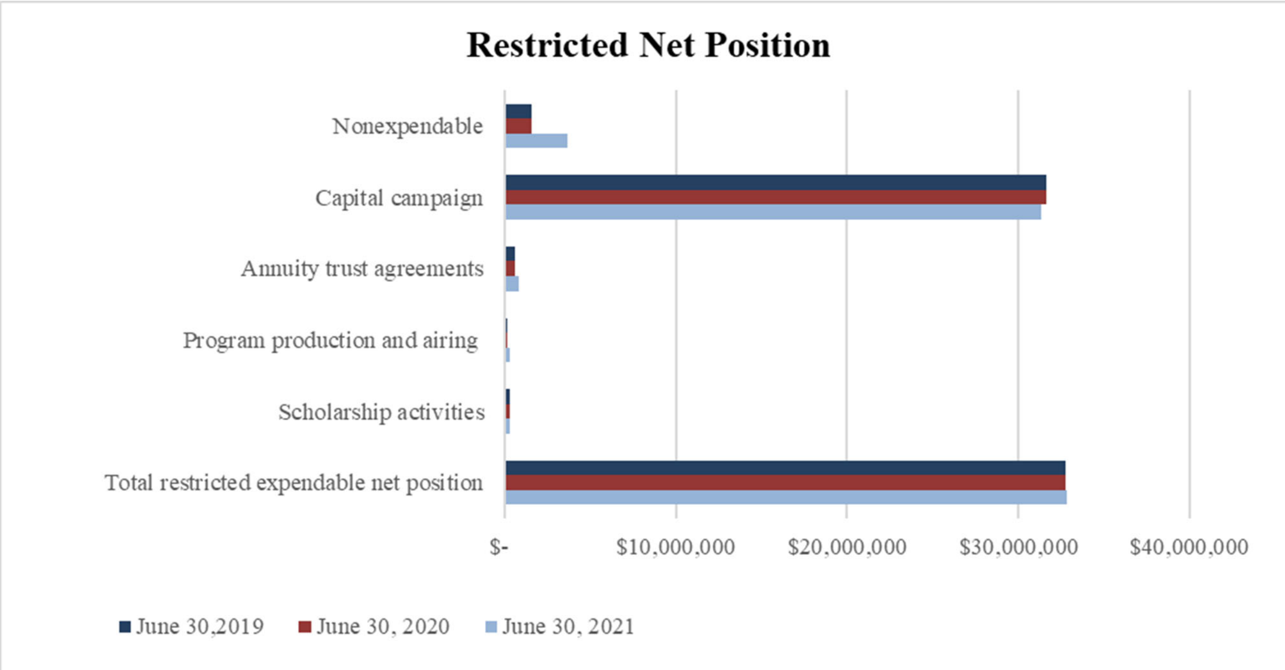
Net position of the Stations includes funds that are restricted by donor or law. The following table summarizes which funds are restricted, the type of restriction and the amount:

	June 30, 2021	June 30, 2020	June 30, 2019
Nonexpendable	$ 3,657,773	$ 1,553,474	$ 1,544,657
Expendable:			
Capital campaign	$ 31,356,527	$ 31,624,456	$ 29,577,150
Annuity trust agreements	804,443	644,827	624,005
Program production and airing	343,091	186,748	208,991
Scholarship activities	338,162	292,071	274,365
Total restricted expendable net position	$ 32,842,223	$ 32,748,102	$ 30,684,511

The Capital Campaign fund represents donations for expenditures specifically for the Gateway Center building renovation and expansion project. The Program production and airing fund represents donations for expenditures specifically for the KPBS Radio Reading Service.

During FY21, the restricted expendable net position increased due primarily to net contributions to the Capital Campaign, net of the construction in progress costs, which were released to net investment in capital assets, and a net increase in the fair value of investments resulting from favorable market conditions for the fiscal year. The increase in nonexpendable net position relates to a new programming endowment.

During FY20, the restricted expendable net position increased due primarily to net contributions to the Capital Campaign, net of the construction in progress costs, which were released to net investment in capital assets, and a net increase in the fair value of investments resulting from favorable period market conditions.


Restricted Net Position
Nonexpendable
Capital campaign
Annuity trust agreements
Program production and airing
Scholarship activities
Total restricted expendable net position
$-
$10,000,000
$20,000,000
$30,000,000
$40,000,000
June 30,2019
June 30, 2020
June 30, 2021

The Stations' condensed summary of revenues, expenses and changes in net position are as follows:

Condensed Summary of Revenues, Expenses and Changes in Net Position

	Year Ended June 30,		
	2021	**2020**	**2019**
Operating revenues:			
Contributions	$ 32,798,083	$ 29,615,309	$ 48,971,350
Corporation for Public Broadcasting grants	3,521,773	3,550,889	2,817,938
Reimbursement from the FCC related to station repack	-	212,583	957,989
Stations-generated support	77,981	71,128	61,994
Total operating revenues	36,397,837	33,449,909	52,809,271
Operating expenses:			
Program services	19,921,400	20,045,582	18,556,677
Support services	14,238,153	15,695,202	15,434,610
Total operating expenses	34,159,553	35,740,784	33,991,287
Operating income (loss)	2,238,284	(2,290,875)	18,817,984
Nonoperating revenues (expenses):			
Interest expense	(15,936)	(46,500)	(60,804)
Interest income, net	346,622	189,472	126,120
Net increase in fair value of investments	1,327,618	295,245	219,540
Other nonoperating revenues	-	7,221	38,887
Other nonoperating expenses	(275,612)	-	(10,000)
Loss on disposal of fixed assets	(5,420)	(240,086)	-
Gain on bond refunding	-	79,360	-
Total nonoperating revenue, net	1,377,272	284,712	313,743
Income (loss) before transfers	3,615,556	(2,006,163)	19,131,727
San Diego State University transfers	7,828,947	7,726,499	7,215,541
Change in net position	11,444,503	5,720,336	26,347,268
Net position, beginning of year	52,424,134	46,703,798	20,356,530
Net position, end of year	$ 63,868,637	$ 52,424,134	$ 46,703,798

Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to the Stations' primary business functions.

Operating Revenues

Contributions increased $3,183,000 in FY21 resulting primarily from year-over-year increases in Capital Campaign contributions of $2,321,000, Endowments $2,072,000, Vehicle Donations $824,000 and Membership $680,000 offset by decreases in Underwriting $1,223,000, Major Gifts $556,000, Planned Gifts 437,000, In-Kind contributions $222,000, Grants $191,000, and $85,000 in other revenue categories.

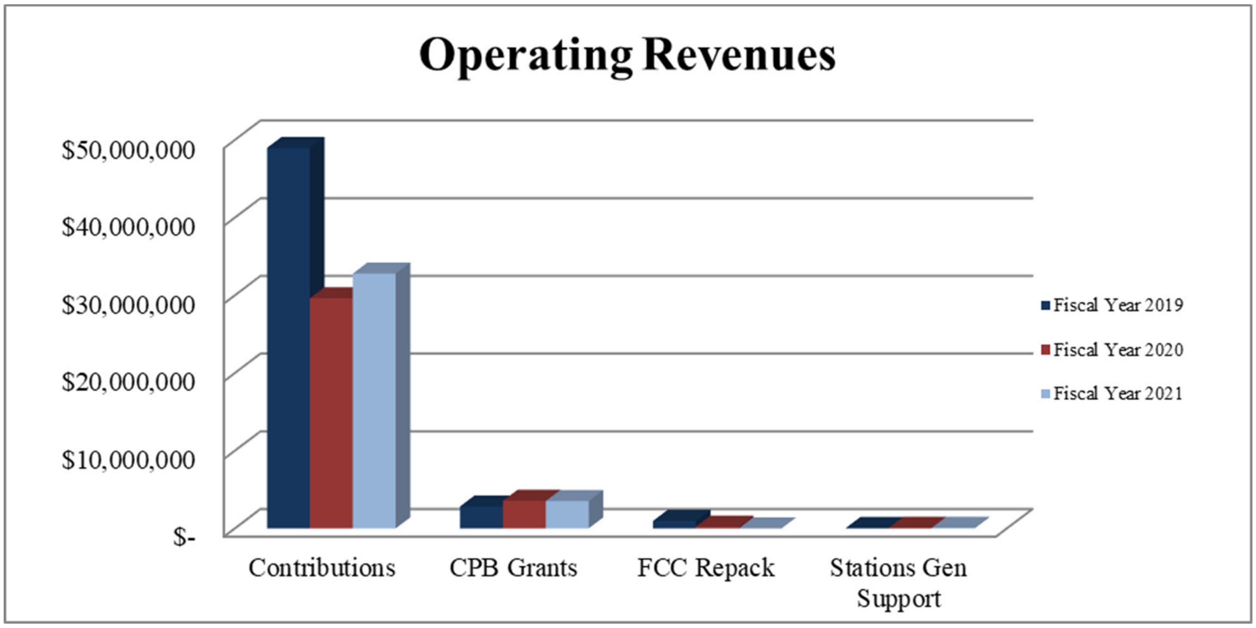
Contributions decreased $19,356,000 in FY20 resulting primarily from year-over-year decreases in Capital Campaign contributions of $20,364,000, In-Kind contributions $492,000 and Underwriting of $646,000 partially offset by increases in Major Gifts $835,000, Membership & Producers' Club of $578,000, Planned Gifts of $465,000, Vehicle Donations $50,000 and $252,000 in other revenue categories.

Funding received from the CPB decreased $29,000 in FY21 and increased $733,000 in FY20. CPB annual grants are determined based on non-federal financial support (NFFS) and an incentive rate of return measured two fiscal years prior to the current period. For example, FY21 CPB grants are based on the FY19 NFFS and incentive rate of return. The incentive rate of return, which fluctuates from year to year, is a function of total FM or TV system NFFS and the respective CPB appropriation.

KPBS received a reimbursement of $0 and $213,000 in FY21 and FY20, respectively, from the FCC for broadcast equipment related to the station repack.

Stations-generated support was $78,000 and $71,000 in FY21 and FY20, respectively, which is primarily web sponsorships.

The following chart presents the proportional share that each category of operating revenues contributed to the totals:

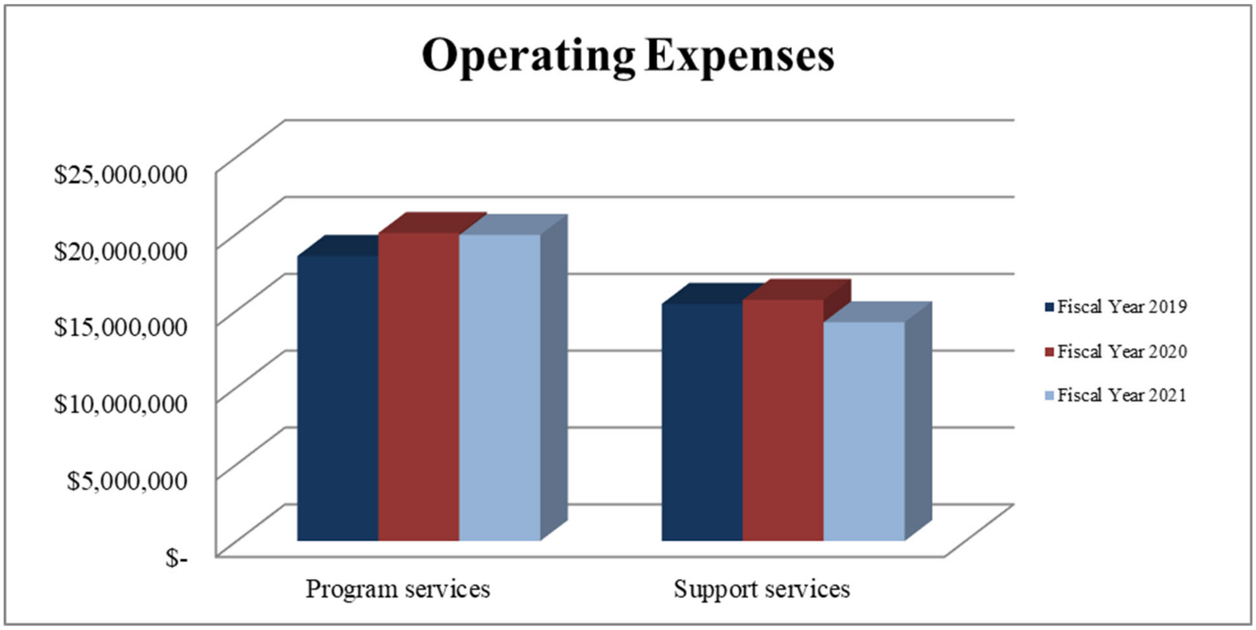


Operating Expenses

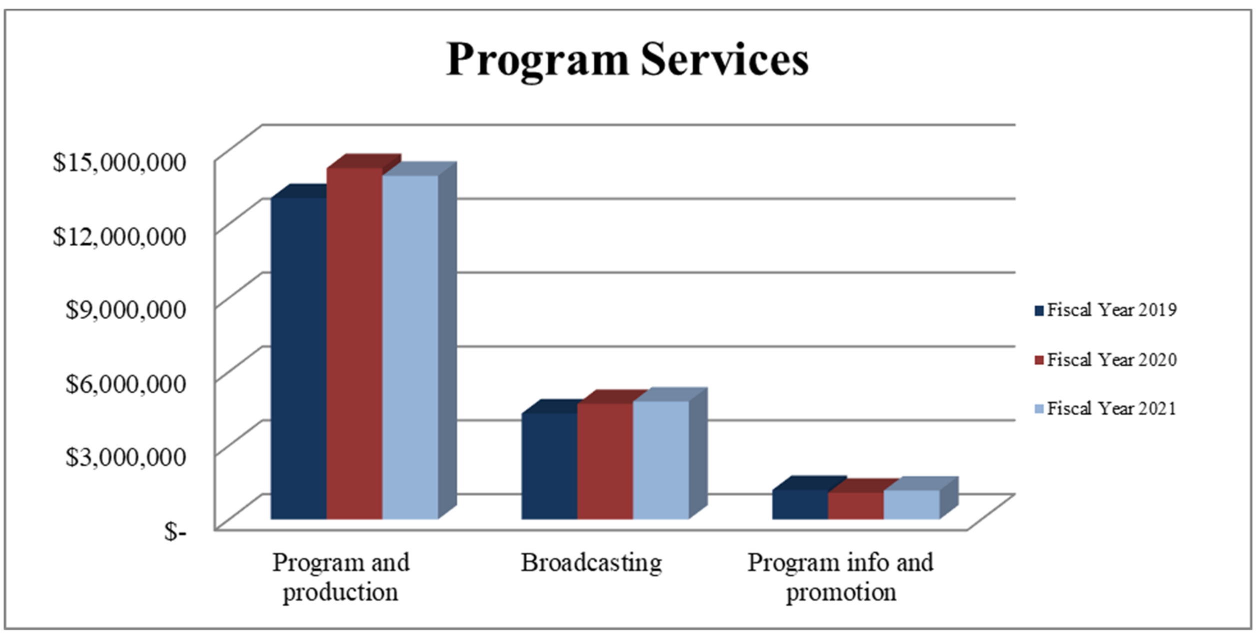
Program services expenses decreased $124,000 in FY21 due to reductions in grant expenditures relating to the one-time Cares Stabilization grants received in FY20. Program services expenses increased $1,489,000 in FY20 due to new programs and initiatives and increased PBS and NPR dues.

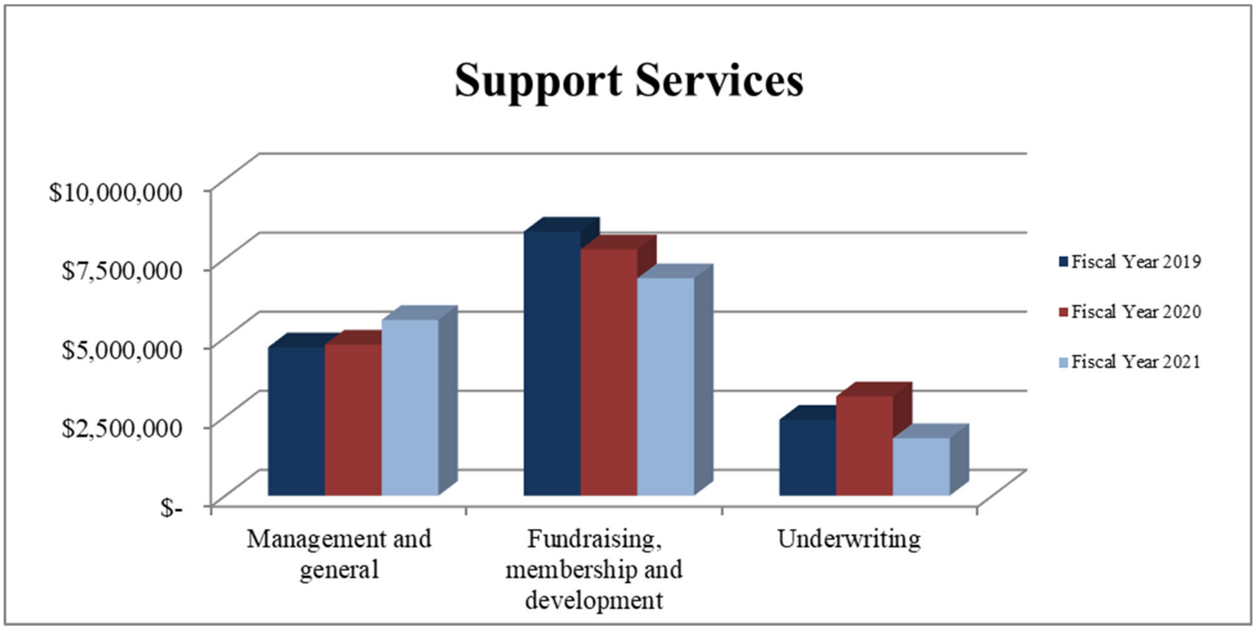
Support services expenses decreased $1,457,000 in FY21 due to staff furloughs reductions, a hiring chill and expenditure reductions undertaken in late FY20 in response to COVID-19 that remained in place for the majority of FY21. Management and General as a support service classification increased over last year primarily as a result of employee transition and related costs. Support services expenses increased $261,000 in FY20 primarily due to Capital Campaign fundraising expenses, professional services and increased depreciation relating to the membership database.

The following chart presents the distribution of resources in support of the Stations:



A further breakdown of the program services and support services is provided as follows:





Non-operating Revenues and Expenses

Non-operating revenues and expenses come from sources that are not part of the Stations' primary business functions. Included in this classification are changes in the fair value of investments, interest revenue and expense, and other nonoperating revenue and expense items.

Non-operating revenues exceeded expenses in FY21 by $1,377,000, which was an increase of $1,093,000 as compared to FY20. This is due to net interest income of $330,000, an increase in the fair value of investments of $1,328,000, a loss on disposal of fixed assets of $5,000 and other nonoperating expenses of $276,000.

Non-operating revenues exceeded expenses in FY20 by $285,000. This is due to net interest income of $143,000, an increase in the fair value of investments of $295,000, a gain on bond refunding of $79,000, a loss on disposal of fixed assets of $240,000 and other operating revenues of $8,000.

San Diego State University Transfers

The direct financial support received from the University increased $79,000 and $91,000 in FY21 and FY20, respectively. Direct support consists primarily of salaries, space rental and utilities. Changes in direct support in both FY21 and FY20 resulted primarily from fluctuations in utility costs. The direct support services were provided at cost and have been allocated to the Stations as shown in the Supplementary Schedule of Direct and Indirect Support (page 40) of this report. The cost of the services is reported as transfers and operating expense in the accompanying financial statements.

Indirect support received from the University increased $24,000 and $420,000 in FY21 and FY20, respectively. During FY21 changes were made in the calculation methodology as required by the Corporation for Public Broadcasting. Indirect support relates to a calculated allocation of campus and Chancellor's office overhead and physical plant costs that benefit the programs of the Stations

KPBS FM/TV

(A Department of San Diego State University)

Statements of Net Position

As of June 30, 2021 and 2020

Assets	**2021**	**2020**
Current assets:		
Cash and Cash Equivalents held by San Diego State University (note 2)	$ 5,911,378	$ 11,921,977
Due from San Diego State University Research Foundation (note 2)	24,027,778	18,089,713
Accounts receivable (notes 2 and 4)	7,180,587	5,208,328
Grants receivable	1,285	222,540
Prepaid expenses	517,776	80,494
Total current assets	37,638,804	35,523,052
Noncurrent assets:		
Accounts receivable (notes 2 and 4)	8,857,675	3,841,004
Long-term investments (note 3)	5,765,083	5,061,297
Restricted investments (note 3)	7,040,409	3,235,611
Capital assets, net (notes 5 and 7)	17,693,177	10,403,668
Total noncurrent assets	39,356,344	22,541,580
Total assets	76,995,148	58,064,632
Deferred outflows of resources	-	-
Liabilities		
Current liabilities:		
Accounts payable	1,100,627	1,111,779
Accrued expenses	1,468,119	1,420,594
Unearned revenue (note 2)	4,180,746	1,426,208
Notes payable, current portion (note 6)	204,068	50,730
Capital lease obligations, current portion (note 7)	326,497	342,396
Total current liabilities	7,280,057	4,351,707
Noncurrent liabilities:		
Notes payable, net of current portion (note 6)	2,564,695	79,706
Capital lease obligations, net of current portion (note 7)	283,250	609,747
Unearned revenue (note 2)	2,396,025	-
Amounts held for others (note 2)	518,682	473,634
Total noncurrent liabilities	5,762,652	1,163,087
Total liabilities	13,042,709	5,514,794
Commitments and contingencies (notes 5, 7, 8, 9 and 10)		
Deferred inflows of resources (note 2 and 7)	83,802	125,704
Net Position		
Net investment in capital assets	16,919,923	9,195,385
Restricted for:		
Nonexpendable - endowments	3,657,773	1,553,474
Expendable:		
Capital campaign	31,356,527	31,624,456
Annuity trust agreements	804,443	644,827
Program production and airing	343,091	186,748
Scholarship activities	338,162	292,071
Unrestricted	10,448,718	8,927,173
Total net position	$ 63,868,637	$ 52,424,134

See accompanying notes to these financial statements.

KPBS FM/TV
(A Department of San Diego State University)
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2021 and 2020

	2021	2020
Operating revenues:		
Contributions	$ 32,798,083	$ 29,615,309
Corporation for Public Broadcasting grants (note 2)	3,521,773	3,550,889
Reimbursement from the FCC related to station repack	-	212,583
Stations-generated support	77,981	71,128
Total operating revenues	36,397,837	33,449,909
Operating expenses (notes 5, 6, 7, 8 and 9):		
Program services:		
Programming and production	13,956,170	14,268,518
Broadcasting	4,792,146	4,693,587
Program information and promotion	1,173,084	1,083,477
Total program services	19,921,400	20,045,582
Support services:		
Management and general	5,552,508	4,774,908
Fundraising, membership and development	6,871,340	7,783,755
Underwriting	1,814,305	3,136,539
Total support services	14,238,153	15,695,202
Total operating expenses	34,159,553	35,740,784
Operating Income/(loss)	2,238,284	(2,290,875)
Nonoperating revenues (expenses):		
Interest expense (notes 6 and 7)	(15,936)	(46,500)
Interest income, net	346,622	189,472
Net increase in fair value of investments	1,327,618	295,245
Other nonoperating revenues	-	7,221
Other nonoperating expenses	(275,612)	-
Loss on disposal of fixed assets	(5,420)	(240,086)
Gain on bond refunding	-	79,360
Total nonoperating revenues, net	1,377,272	284,712
Income/(loss) before transfers	3,615,556	(2,006,163)
San Diego State University transfers (note 2):		
Direct financial support	2,486,354	2,407,711
Indirect financial support	5,342,593	5,318,788
Total San Diego State University transfers	7,828,947	7,726,499
Change in net position	11,444,503	5,720,336
Net position, beginning of year	52,424,134	46,703,798
Net position, end of year	$ 63,868,637	$ 52,424,134

See accompanying notes to these financial statements.

KPBS FM/TV

(A Department of San Diego State University)

Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Contributions	$ 25,494,764	$ 23,931,603
Stations-generated support	77,981	71,128
Reimbursement from the FCC related to station repack	-	212,583
Payments to suppliers	(15,814,728)	(16,042,599)
Payments to employees	(10,614,256)	(11,329,876)
Administrative fees paid to San Diego State University Research Foundation	(812,366)	(794,490)
Corporation for Public Broadcasting grants	3,521,773	3,550,889
Net cash provided by (used in) operating activities	1,853,168	(400,762)
Cash flows from noncapital and related financing activities:		
Transfers from San Diego State University	2,486,354	2,407,711
Increase in amounts due from San Diego State University Research Foundation	(6,213,677)	(6,175,234)
Net cash (used in) noncapital and related financing activities	(3,727,323)	(3,767,523)
Cash flows from capital and related financing activities:		
Payments on long-term debt and capital leases	(384,298)	(490,398)
Additions to long-term debt and capital leases	2,638,326	-
Interest Paid	(15,937)	(147,902)
Purchase of capital assets	(9,271,447)	(3,736,013)
Proceeds from capital campaign	5,731,255	7,927,777
Net cash (used in) provided by capital and related financing activities	(1,302,101)	3,553,464
Cash flows from investing activities:		
Interest Income, net	346,622	189,472
Purchase of investments	(3,180,966)	(239,634)
Net cash (used in) investing activities	(2,834,344)	(50,162)
Net (decrease) in cash	(6,010,600)	(664,982)
Cash and cash equivalents held by San Diego State University		
Beginning of year	11,921,978	12,586,960
End of year	$ 5,911,378	$ 11,921,978

See accompanying notes to these financial statements.

KPBS FM/TV

(A Department of San Diego State University)

Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of operating income (loss) to net cash		
provided by (used in)operating activities:		
Operating income (loss)	$ 2,238,284	$ (2,290,875)
Adjustments to reconcile operating income (loss) to net cash		
provided by (used in) operating activities:		
Allocated San Diego State University expenses	5,342,593	5,318,788
Depreciation and amortization	1,976,518	1,995,588
Capital campaign	(5,731,255)	(7,927,777)
(Increase) decrease in assets:		
Accounts receivable	(6,988,930)	2,364,460
Grants receivable	221,255	4,388
Prepaid expenses	(437,282)	38,690
Increase (decrease) in liabilities:		
Accounts payable	(11,152)	116,192
Accrued expenses	47,526	104,562
Amounts held for others	45,048	(45,296)
Unearned revenue	5,150,563	(79,481)
Net cash provided by (used in) operating activities	$ 1,853,168	$ (400,761)
Supplemental disclosure of noncash investing and capital activity:		
Increase in fair value of investments	$ 1,327,618	$ 295,244

See accompanying notes to these financial statements.

NOTE 1 – DESCRIPTION OF ORGANIZATION

KPBS FM/TV (KPBS or the Stations) is engaged in the production, broadcast and distribution of content via public television, radio and the internet. KPBS FM and TV are licensed to the Board of Trustees of the California State University (CSU) for San Diego State University (SDSU or the University). KQVO FM is licensed to the State of California on behalf of the University. San Diego State University Research Foundation (SDSU Research Foundation), a not-for-profit California corporation, is an auxiliary organization of the CSU, which under a service agreement provides financial accounting and administrative support to the Stations and includes all of the Stations' accounts, except for certain capital assets, university cash, notes payable and related interest and expenses related to certain state employees in its financial statements. KPBS is a department of San Diego State University. Administrative fees paid to SDSU Research Foundation were $812,366 and $794,490, respectively, for the fiscal years ended June 30, 2021 and 2020. The accompanying financial statements include only the activities and balances associated with KPBS and are not intended to present the financial position, changes in financial position or cash flows of SDSU Research Foundation or the University.

Affiliated Organizations

The Stations are related to auxiliaries of the University, including SDSU Research Foundation, Associated Students of San Diego State University, Aztec Shops, Ltd. and The Campanile Foundation (TCF). The auxiliaries and the University periodically provide various services for one another and collaborate on projects.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies utilized by KPBS follows:

Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Classification of Current and Noncurrent Assets and Liabilities

KPBS considers assets to be current that can be reasonably expected, as a part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that can be reasonably expected, as part of normal operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

Cash and Cash Equivalents

Cash includes funds held by the University. The Stations consider all highly liquid investments with original maturity dates of three months or less to be cash equivalents. As of June 30, 2021 and June 30, 2020, there was cash held by the University of approximately $5,911,000 and $11,922,000, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Due from SDSU Research Foundation

The amount of cash held and administered by the SDSU Research Foundation on behalf of the Stations is reported as due from SDSU Research Foundation on the statements of net position.

Accounts and Pledges Receivable

Accounts receivable consist of underwriter and other receivables and are recorded at the actual amounts expected to be collected and include both billed and unbilled amounts. It is the policy of management to review outstanding receivables at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts of uncollectible amounts.

Pledges receivable due from donors are recorded at net present value.

Investments

All investments are reported at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Investments represent the Stations' share of the internal investment portfolio of the SDSU Research Foundation held by TCF and others. Change in fair value of investments is included in the statements of revenues, expenses and changes in net position as non-operating revenues (expenses).

Capital Assets and Intangible Assets

Capital assets in excess of $5,000 are recorded at cost, if purchased, or at estimated fair value, if donated. Certain equipment acquired through grants is subject to restrictions on use and disposition subsequent to the conclusion of the related grants.

Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets:

Asset Description	Asset Life-Years
Buildings	30
Studio/broadcast equipment	3 to 7
Furniture and fixtures	5
Transmission/antenna tower	3 to 15

Buildings represent the portion of the Gateway Center that houses the main operating offices for radio, TV and studios for the Stations. It has been recorded as a capital lease (Notes 5 and 7) and the asset is being depreciated over the life of the lease.

Intangible assets are recorded at the lower of cost or fair value. Intangible assets consist of the broadcast license associated with the acquisition of the KQVO radio station. The broadcast license is renewable every eight years at a nominal fee to the Stations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Compensated Absences

The Stations accrue vacation benefits for eligible employees at various rates depending upon length of service. Eligible full-time employees accrue sick leave at the rate of four hours per pay period. Employees are typically not paid for unused sick leave at the end of employment. However, for certain employees, a portion of accumulated sick leave is paid upon retirement. Liabilities for compensated absences of approximately $983,000 and $896,000 as of June 30, 2021 and 2020, respectively, are included in accrued expenses. Liabilities for compensated absences are $217,000 and $236,000 at June 30, 2021 and 2020, respectively, relating to certain KPBS employees funded by the University through direct financial support.

Contributions and Revenue Recognition

Revenue from contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Contributions received prior to satisfaction of eligibility requirements are recognized as unearned revenue. The Stations received approximately 90% and 89% of their operating revenue from contributions in each of the years ended June 30, 2021 and 2020, respectively.

Underwriting revenue is recognized as contributions at the time of the pledge, when the underwriting agreement is signed. The underwriting agreement states that the funds are in the form of an unrestricted operating grant.

Management determines bad debts by regularly evaluating individual contributions receivable and considers a donor's financial condition and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of contributions of receivables previously written off are recorded as revenue when received.

University Support

Direct financial support received from the University for the years ended June 30, 2021 and 2020 was approximately $2,486,000 and $2,408,000, respectively, and consisted primarily of salaries for management, space rental and utilities.

Indirect support received from the University for the years ended June 30, 2021 and 2020 was approximately $5,343,000 and $5,319,000, respectively. A portion of the University's general overhead costs relates to and benefits the Stations. Such costs are allocated primarily based on the proportion of KPBS' expenses to certain costs of the University, which are then applied to certain administration, maintenance and repair costs of the University. These university services, provided without cost, have been allocated to the Stations and are reported as transfers and operating expense in the accompanying financial statements.

Corporation for Public Broadcasting Grants

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

According to the Communications Act, funds may be used at the discretion of recipients for purposes related primarily to the production or acquisition of programming. In addition, the grant may be used to sustain activities that began with the CSGs awarded in prior years. The grants are reported in the financial statements as operating revenue. Certain guidelines set by the CPB must be satisfied in connection with the application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financing reporting and licensee status with the Federal Communications Commission. Revenue on these grants is recognized as the funds are received, and management's policy is to expend the money in the year received. The Stations received and recorded approximately $3,522,000 and $3,551,000 in grant revenue from the CPB in the years ended June 30, 2021 and 2020, respectively.

Unearned Revenue

Contributions from private grants and other program sponsorships are recognized as support in the fiscal year in which all eligibility requirements have been satisfied. Amounts received prior to satisfaction of eligibility requirements and incurring the related expenses are reflected as unearned revenue in the accompanying statements of net position.

Net Position

The Stations' net position is classified into the following net position categories:

Net investment in capital assets

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted non-expendable

Assets, net of related liabilities, that are subject to externally imposed conditions that the Stations retain in perpetuity. Assets in this category consist of endowments invested in TCF endowment pool.

Restricted expendable

Assets, net of related liabilities, that are subject to externally imposed conditions that can be fulfilled by the actions of the Stations or by the passage of time. Assets in this category consist of certain donations from the Capital Campaign, gift annuities held at TCF and earnings distributions from the endowment.

Unrestricted

All other categories of net position. In addition, unrestricted assets may be designated for specific purposes by the management of the Stations.

Restricted resources are used in accordance with the Stations' policies and the donors' restrictions. Unrestricted resources are used at the Stations' discretion. When both restricted and unrestricted resources are available for use, it is the Stations' policy to determine on a case-by-case basis when to use restricted or unrestricted resources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Classification of Revenues and Expenses

The Stations consider operating revenues and expenses in the statements of revenues, expenses and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Stations' primary functions. Certain other transactions are reported as non-operating revenues and expenses, including interest expense, investment income, tower rental revenue, changes in the fair value of investments and gains (losses) from the disposal of capital assets.

Functional Expense Allocations

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or support service. Expenses applicable to more than one activity, such as personnel and certain grouped amounts, are allocated among the related program or support service based upon an evaluation from management.

Interfund Eliminations

According to KPBS policy, all interfund transactions have been eliminated in the accompanying financial statements.

Income Taxes

The Stations are a department of the University, yet the Stations' accounts are included within SDSU Research Foundation. The University is a campus of the California State University system, which is an agency of the State of California and is treated as a governmental entity for tax purposes, and is generally not subject to federal or state income taxes. SDSU Research Foundation is generally exempt from income taxes under Sections 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701d of the California Revenue and Taxation Code. However, both the University and SDSU Research Foundation are subject to tax on trade or business income earned from an activity that is not in furtherance of their tax-exempt purposes. The Stations are engaged in activities that produce unrelated business income, such as the sales or license of certain products and services and web advertising. The Stations had no tax liability for the years ended June 30, 2021 and 2020.

Use of Estimates

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

Liabilities for Amounts Held for Others

KPBS serves as trustee and administrator for a trust arrangement whereby the beneficial interest is shared with other parties. The arrangement generally requires payment of annual trust income to the income beneficiary over the term of the trust with the remainder portion of the assets reverting to KPBS. The liability for amounts held for others on the statements of net position represents the present value of the estimated future payments to be distributed to these beneficiaries.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Stations have no amounts that qualify as deferred outflows of resources at June 30, 2021 or June 30, 2020.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Stations have approximately $84,000 and $126,000 amounts that qualify as deferred inflows of resources at June 30, 2021 or June 30, 2020, respectively, relating to a deferred gain on bond refunding (see note 5).

Reclassifications

Certain reclassifications have been made to the June 30, 2020 financial statements to conform to the presentation as of June 30, 2021. These reclassifications were not material and had no effect on operations.

Pronouncements Issued

For the year ended June 30, 2021, KPBS implemented GASB Statement 84 (GASBS 84), Fiduciary Activities, which establishes specific criteria for identifying fiduciary activities and the requirements for financial statement reporting. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Statement No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. In addition, recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred which compels the government to disburse fiduciary resources, should also be reported. The implementation of this pronouncement had no effect on these financial statements.

For the year ended June 30, 2020, KPBS implemented GASB Statement No. 95 (GASB 95), Postponement of the Effective Dates of Certain Authoritative Guidance, which addresses the impact of the COVID-19 pandemic and provides relief to governments by postponing implementation and application of certain GASB Statements by a year, and by up to 18 months for other statements. In accordance with this Standard, KPBS postponed the implementation of any previously applicable standards until their new required implementation dates.

The GASB has issued the following statements:

- GASB Statement No. 87, Leases (effective for the year ending June 30, 2022)
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (effective for the year ending June 30, 2022)
- GASB Statement No. 90, Majority Equity Interests (effective for the year ending June 30, 2022)
- GASB Statement No. 91, Conduit Debt Obligations (effective for the year ending June 30, 2023)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- GASB Statement No. 92, Omnibus 2020 (effective for the year ending June 30, 2022)
- GASB Statement No. 93, Replacement of Interbank Offered (effective for the year ending June 30, 2022)
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (effective for the year ending June 30, 2023)
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements (effective for the year ending June 30, 2023)
- GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 (effective for the year ending June 30, 2022).

The effective dates of statements reflect implementation of GASBS 95. Management has not determined what, if any, impact implementation may have on the financial statements of KPBS.

NOTE 3 – INVESTMENTS

The primary objective of the investment policy of KPBS is to protect the underlying assets so that the funds are available when needed by projects and programs. A secondary objective is to maximize investment income on available investments. Policies have been adopted to meet these objectives at the same time. Specific references are included below under various risk categories.

KPBS' investments are included in the investment portfolios managed and held by TCF, the San Diego Foundation and US Bank and are governed by their respective investment policies.

Investments as of June 30 were as follows:

	2021	2020
Long-term investments	$ 5,765,083	$ 5,061,297
Restricted assets, investments	7,040,409	3,235,611
	$ 12,805,492	$ 8,296,908

The Stations categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following levels indicate the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 - Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 - Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.

Level 3 - Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

NOTE 3 – INVESTMENTS – Continued

The following tables summarize KPBS' investments within the fair value hierarchy at June 30, 2021 and 2020, respectively:

June 30, 2021	Fair Value	Level 1	Level 2	Level 3
Deferred Gift	$ 1,964,446	$ 1,964,446	$ -	$ -
TCF Endowment Pool	10,700,551	-	-	10,700,551
Amounts Held by Others	140,495	-	-	140,495
	$ 12,805,492	$ 1,964,446	$ -	$ 10,841,046

June 30, 2020	Fair Value	Level 1	Level 2	Level 3
Deferred Gift	$ 1,681,274	$ 1,681,274	$ -	$ -
TCF Endowment Pool	6,503,018	-	-	6,503,018
Amounts Held by Others	112,616	-	-	112,616
	$ 8,296,908	$ 1,681,274	$ -	$ 6,615,634

The following is a description of the valuation methodologies used for assets measured at fair value:

Level 1 Measurements

Deferred Gift – based on quoted prices available in an active market. The deferred gift is invested by a manager at US Bank in a portfolio of cash, equity securities, fixed income securities, and real estate funds designed to provide a moderate amount of current income with moderate growth of capital.

Level 3 Measurements

TCF Endowment Pool – KPBS invests in the TCF Endowment Pool, a unitized pool managed by TCF. The fair value is calculated as KPBS's share of the pool as of the measurement date, which is based on the fair value of the underlying assets owned by the fund divided by the number of units outstanding.

Amounts Held by Others – KPBS is the beneficiary of certain trusts held in an endowment portfolio managed by the San Diego Foundation. The fair value is calculated based on the fair value of the underlying assets owned by the fund.

The TCF Endowment Pool has significant investments in various mutual funds and third-party investment pools. These investments are managed by an Outside Chief Investment Officer (OCIO) based upon the Investment Policy Statement (IPS) as approved by the TCF Board of Directors. The TCF Finance and Investment Committee meets regularly with the OCIO to review the investments and their performance and the compliance with the IPS.

The investment category allocations and IPS targets as of June 30 are as follows:

	2021	2020	IPS Target
Growth Assets	46.10%	43.80%	50.00%
Credit	7.50%	4.60%	8.00%
Inflation Hedges	12.60%	10.00%	14.00%
Risk Mitigation	33.80%	41.60%	28.00%
Total	100.00%	100.00%	100.00%

NOTE 3 – INVESTMENTS – Continued

The TCF Endowment Pool is subject to concentrations of credit risk and the investments of the TCF Endowment Pool are exposed to both interest rate and market risk. Economic conditions can impact these risks, and resulting market values can be either positively or adversely affected. If the level of risk increases in the near term, it is possible that the investment balances, and thus KPBS' portion of those investments, could be materially affected. Although the market value of the investment in the TCF Endowment Pool is subject to fluctuations on a year-to-year basis, management believes the investment policies of TCF are prudent for the long-term welfare of KPBS.

In accordance with the Uniform Prudent Management of Institutional Funds Act, KPBS through San Diego State University Research Foundation (SDSURF) has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to KPBS programs and operations supported by its endowment while also seeking to maintain the long-term purchasing power of the endowment assets.

Endowment distributions are provided in accordance with the investment policy statement. For the fiscal years ended June 30, 2021 and 2020, the distribution rate was 4% of the endowment principal market value using a three-year moving average.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of a fixed income investment. Investments in the TCF Endowment Pool are exposed to interest rate risk.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to repay the debt security when due. KPBS' investment policy requires that fixed-income investments must be rated as "Investment Grade," which is BBB or higher. Credit ratings by nationally recognized institutions are used to assess the creditworthiness of specific investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. KPBS' investment policy contains no limitations as to how much can be invested with any one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that KPBS will not be able to recover its deposits in the event of a failure of a depository institution. In the ordinary course of KPBS's operations, deposit balances in checking accounts, held by SDSURF, can exceed the Federal Deposit Insurance Corporation (FDIC) insured limits.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to an investment transaction, KPBS would not be able to recover its investment. Custodial credit risk does not apply to indirect investment in securities through the use of mutual fund and government investment pools. As of June 30, 2021 and 2020, KPBS does not hold any direct investments in marketable securities.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, consisted of the following:

	2021		
	Current	Noncurrent	Total
Underwriter receivables	$ 1,972,212	$ 49,709	$ 2,021,921
Pledge Receivables	5,409,805	8,749,386	14,159,191
Other receivables	78,570	58,580	137,150
Allowance for doubtful accounts	(280,000)	-	(280,000)
	$ 7,180,587	$ 8,857,675	$ 16,038,262

	2020		
	Current	Noncurrent	Total
Underwriter receivables	$ 2,628,615	$ 32,244	$ 2,660,859
Pledge Receivables	2,687,652	3,697,529	6,385,181
Other receivables	392,061	111,231	503,292
Allowance for doubtful accounts	(500,000)	-	(500,000)
	$ 5,208,328	$ 3,841,004	$ 9,049,332

It is the policy of management to review outstanding receivables at year-end for collectability and establish an allowance for doubtful accounts.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the years ended June 30, consisted of the following:

	Balance June 30, 2020	Additions	Retirements/ Transfers	Balance June 30, 2021
Nondepreciable capital assets:				
Construction in progress [b]	$ 3,414,286	$ 8,576,908	$ -	$ 11,991,194
KQVO radio station license	670,000	-	-	670,000
Total nondepreciable capital assets	4,084,286	8,576,908	-	12,661,194
Depreciable capital assets:				
Building under capital lease [a]	13,567,117	-	(8,656)	13,558,461
Studio/broadcast equipment	13,066,232	-	(879,120)	12,187,112
Computers, software and furniture	3,569,836	694,539	(7,178)	4,257,197
Transmission/antenna/tower	4,650,118	-	-	4,650,118
Total depreciable capital assets	34,853,303	694,539	(894,954)	34,652,888
Less accumulated depreciation:				
Building under capital lease	11,103,239	644,117	(8,656)	11,738,700
Studio/broadcast equipment	11,799,886	442,853	(876,871)	11,365,868
Computers, software and furniture	2,651,083	667,328	(4,007)	3,314,404
Transmission/antenna/tower	2,979,713	222,220	-	3,201,933
Total accumulated depreciation	28,533,921	1,976,518	(889,534)	29,620,905
Total net depreciable assets	6,319,382	(1,281,979)	(5,420)	5,031,983
Net capital assets	$ 10,403,668	$ 7,294,929	$ (5,420)	$ 17,693,177

NOTE 5 – CAPITAL ASSETS – Continued

	Balance June 30, 2019	Additions	Retirements/ Transfers	Balance June 30, 2020
Nondepreciable capital assets:				
Construction in progress [b]	$ 226,780	$ 3,213,236	$ (25,730)	$ 3,414,286
KQVO radio station license	670,000	-	-	670,000
Total nondepreciable capital assets	896,780	3,213,236	(25,730)	4,084,286
Depreciable capital assets:				
Building under capital lease [a]	13,567,117	-	-	13,567,117
Studio/broadcast equipment	12,721,060	403,228	(58,056)	13,066,232
Computers, software and furniture	3,551,535	25,730	(7,429)	3,569,836
Transmission/antenna/tower	4,933,506	119,548	(402,936)	4,650,118
Total depreciable capital assets	34,773,218	548,506	(468,421)	34,853,303
Less accumulated depreciation:				
Building under capital lease	10,459,123	644,116	-	11,103,239
Studio/broadcast equipment	11,340,867	497,724	(38,705)	11,799,886
Computers, software and furniture	2,030,538	627,974	(7,429)	2,651,083
Transmission/antenna/tower	2,936,140	225,774	(182,201)	2,979,713
Total accumulated depreciation	26,766,668	1,995,588	(228,335)	28,533,921
Total net depreciable assets	8,006,550	(1,447,082)	(240,086)	6,319,382
Net capital assets	$ 8,903,330	$ 1,766,154	$ (265,816)	$ 10,403,668

[a] The building under capital lease represents the Stations-occupied portion of the Gateway Center and is pledged as collateral for debt issued to SDSU Research Foundation. The Stations' portion of this outstanding debt balance at June 30, 2021 and 2020 was approximately $555,000 and $814,000, respectively.

[b] Construction in progress at June 30, 2021 and 2020 is primarily the initial design work on the Gateway Building renovation project related to the KPBS Capital Campaign.

Depreciation expense totaled approximately $1,977,000 and $1,996,000 for the years ended June 30, 2021 and 2020, respectively, and was allocated among expenses in the accompanying statements of revenues, expenses and changes in net assets, as follows:

	2021	2020
Program Services	$ 665,074	$ 723,497
Support Services	1,311,444	1,272,091
Total depreciation	$ 1,976,518	$ 1,995,588

NOTE 6 – NOTES PAYABLE

Notes payable for the years ended June 30, 2021 and 2020 was:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Notes payable	$ 130,436	$ 2,745,580	$ (107,253)	$ 2,768,763	$ 204,068

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Notes payable	$ 179,327	$ -	$ (48,891)	$ 130,436	$ 50,730

In April 2015, KPBS entered into a financing agreement with the University that provided internal financing for KPBS to purchase audio board equipment in the amount of $357,792. Annual principal and interest payments are required each April and October through 2022. Payments are secured by KPBS operating fund allocations provided by the University. The note payable bears interest at a fixed rate of 3.7%.

Aggregate annual payments under this financing agreement are as follows:

Years Ending June 30:	Principal	Interest	Total
2022	52,640	2,486	55,126
2023	27,066	504	27,570
Total	$ 79,706	$ 2,990	$ 82,696

Interest incurred on the note payable amounted to $4,395 and $6,235 for the years ended June 30, 2021 and June 30, 2020, respectively.

As a response to the coronavirus disease (COVID-19) outbreak, the U.S. government has responded with relief legislation. Certain legislation called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), authorized emergency loans to businesses by establishing, and providing funding for, forgivable bridge loans under the Paycheck Protection Program (PPP). In March 2021, KPBS, received $2,095,580 under the PPP. The entire balance plus accrued interest of $5,741 is outstanding as of June 30, 2021. Under the PPP, the Small Business Administration (SBA) will forgive the proceeds received if eligibility and other criteria are met related to use of the funds, at which time KPBS will recognize the forgiven amount as income. Once the SBA reviews and approves the forgiveness amount, the SBA will have the right to audit the KPBS' compliance with the PPP for a period of up to six years. The portion of the proceeds received that is not forgiven, if any, is converted to an unsecured term note payable in full, including accrued interest at 1%, March 2026.

NOTE 6 – NOTES PAYABLE – Continued

In March 2021, KPBS entered into a loan agreement with SDSURF totaling $625,000. Quarterly principal and interest payments of $41,170 are required beginning June 2021 through March 2025. The loan bears interest at a fixed rate of 2.5%. Aggregate annual payments under this financing agreement are as follows:

Years Ending June 30:	Principal	Interest	Total
2022	$ 151,398	$ 13,282	$ 164,680
2023	155,220	9,460	164,680
2024	159,136	5,544	164,680
2025	121,982	1,528	123,510
Total	$ 587,736	$ 29,814	$ 617,550

NOTE 7 – CAPITAL LEASES

Gateway Center

During the year ended June 30, 1995, SDSU Research Foundation completed construction on the Gateway Center, a 160,000 square-foot building built on land leased from the University. The land lease expires in June 2023, at which time title of the building passes to the University. The main operating office, radio studios and television studio for the Stations are housed in a portion of the Gateway Center. Under the terms of the lease agreement with SDSU Research Foundation, the Stations were allocated approximately $8,345,000 of the construction costs of the building, of which $2,860,000 was paid during construction and $5,485,000 was to be paid through the term of the capital lease.

Capital lease obligations recorded were based on an allocation of the KPBS portion of the debt service of SDSU Research Foundation's 1999 Revenue Refunding Bonds. On April 5, 2010, the California State University system issued system-wide bonds (SRB 2010A) to replace the 1999 Revenue Refunding Bonds. The SRB 2010A bonds sold at amounts greater than par, resulting in a bond premium. As a result of the refunding and new issuance, the debt service schedule that was the basis for the capital lease changed, resulting in a gain on refunding of $666,480 which is being amortized over the remaining life of the capital lease.

In February 2020, the CSU System issued system wide revenue bonds (SR2020A). Part of this reissuance ($1,465,000) was allocated to SDSU Research Foundation to replace the SRB 2010A bonds, previously known as the 1998 certificates of participation and the 1999 insured revenue refunding bonds. The SRB 2020A bonds bear an interest rate of 5.0% and are due in semi-annual principal and interest payments consistent with the terms of the original bonds. The bonds mature in 2022 and payments are secured by pledged revenues, including F&A cost recovery payments.

The SRB 2020A bonds sold at amounts greater than par. The resulting bond premium of $53,433 is classified as deferred gain and included as a deferred inflow of resources. The gain is being amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The amortization was $17,811 for both of the years ended June 30, 2021 and 2020.

NOTE 7 – CAPITAL LEASES – Continued

Capitalized Licensed Software

During the year ended June 30, 2012, KPBS, through the University, purchased a software package under a five-year lease for KPBS broadcasting and radio needs. Payments were due annually through 2017 for the use of the software. As of June 30, 2017, KPBS renewed this lease for an additional five-year period with payments due annually through 2022. In June of 2018, this agreement was renegotiated providing for an early termination at December 31, 2020, with no early termination penalties or fees.

Capital lease obligation activity for the years ended June 30, 2021 and 2020 was:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Capital lease obligation	$ 952,143	$ -	$ (342,396)	$ 609,747	$ 326,497

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Capital lease obligation	$ 1,430,334	$ -	$ (478,191)	$ 952,143	$ 342,396

The following is a schedule of the future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2021:

Years Ending June 30:	Principal	Interest	Total
2022	$ 326,497	$ 22,757	$ 349,254
2023	283,250	7,085	290,335
	$ 609,747	$ 29,842	$ 639,589

NOTE 8 – COMMITMENTS

KPBS leases certain equipment, land, building, and transmitter space under non-cancellable operating leases, which expire on various dates through January 2099. The current monthly rental payments range from approximately $270 to $24,000 and several of the agreements allow for annual increases in the base rent. KPBS incurred rental expense for the years ended June 30, 2021 and 2020 of $512,000 and $510,000, respectively.

The total minimum rental commitment at June 30, 2021 under the leases mentioned above is due as follows:

Years Ending June 30:	
2022	$ 512,414
2023	324,882
2024	339,306
2025	277,440
2026	290,934
Thereafter	1,675,373
	$ 3,420,349

NOTE 9 – PENSION AND POSTRETIREMENT BENEFITS

For the Stations' staff employed through SDSU Research Foundation, SDSU Research Foundation provides health insurance benefits for the Stations' retirees who meet certain eligibility requirements under the Health, Vision, Life Insurance/AD&D and Employee Assistance Program of San Diego State University Foundation (the Plan). The Plan was created by SDSU Research Foundation as a fully insured, single-employer benefit plan effective as of August 1, 1982. It also provides for post-retirement medical benefits to certain former regular employees and qualified dependents of the SDSU Research Foundation. On June 24, 1996, SDSU Research Foundation established a voluntary employees' beneficiary association trust (the VEBA) with a registered investment company. The VEBA holds the assets and funds the post-retirement benefit obligation provided under the Plan. The Plan issues stand-alone, publicly available financial reports that include financial statements and required supplementary information. The report may be obtained by contacting the Human Resources Department at SDSU Research Foundation.

There are three groups of eligible retirees, as follows:

Group 1 Retirees – Individuals who were employed as eligible employees on June 30, 1991 and at the time of retirement, had 10 years of service as eligible employees, and retired either (a) under "SDSURF Defined Contribution Retirement Plan" offered through Teachers Insurance and Annuity Association (TIAA) after attaining age 55 (or after attaining age 50 if the individual was employed by SDSU Research Foundation and covered by California Public Employees' Retirement System (CalPERS) on June 30, 1982), or (b) due to permanent and total disability, as approved by TIAA, under the "Group Total Disability Benefits Plan for Regular Salaried Employees of SDSURF."

Group 2 Retirees – Individuals who were employed as eligible employees on or after July 1, 1991 and, at the time of retirement, had 15 years of service as eligible employees, and retired either (a) under "SDSURF Defined Contribution Retirement Plan" offered through TIAA after attaining age 60, or (b) due to permanent total disability, as approved by TIAA, under the "Group Total Disability Benefits Plan for Regular Salaries Employees of SDSURF."

Group 3 Retirees – Individuals who retired prior to July 1, 1991 and, as of July 1, 1991, were receiving benefits under SDSU Research Foundation's "Health Insurance at Retirement" policy, which was approved by SDSU Research Foundation's Board of Directors on May 14, 1984.

For Group 3 retirees, SDSU Research Foundation pays the same percentage of the premium it pays for active employees. Retirees are required to make the same contribution for spousal or domestic partner coverage, if any, that is paid by active employees to cover one dependent. For Group 1 and 2 retirees, SDSU Research Foundation's premium contribution is based upon the cost of the least expensive plan for which the retiree is eligible. The amount of contribution is determined by the years of service the employee has earned on the date of retirement in accordance with the vesting schedule within the policy. The minimum retiree contribution for individual coverage is the amount an active employee pays for individual coverage. The minimum retiree contribution for spousal or domestic partner coverage is the amount paid by active employees to cover one dependent.

NOTE 9 – PENSION AND POSTRETIREMENT BENEFITS - Continued

Only certain regular employees of SDSU Research Foundation are eligible. Regular employees are members of either (a) central staff under the programmatic direction of SDSU Research Foundation's Executive Director, (b) KPBS, (c) SDSU Global Campus, (d) University Relations and Development or (e) SDSU Athletics. A regular employee is appointed to an approved class code, works a regular schedule of 30 hours or more per week, and is not a temporary or leased employee. No contributions to fund the future liability of the Plan are required from employees. Amounts charged to KPBS from SDSU Research Foundation for other postretirement benefits totaled $1,831 and $0 for the years ended June 30, 2021 and 2020, respectively, and are recorded as either program services or support services, depending upon the employee's function, on the accompanying statements of revenues, expenses and changes in net assets.

For the Stations' staff employed through the University, the University, as an agency of the State of California, contributes to the CalPERS on behalf of certain employees of the Stations. The State's plan with CalPERS is an agent multiple-employer defined benefit plan that provides a defined benefit pension and postretirement benefit program for substantially all eligible University employees. CalPERS functions as an investment and administrative agent for its members. The Plan also provides survivor, death and disability benefits. Eligible employees are covered by the Public Employees' Medical and Hospital Act for medical benefits.

The Stations' University-employed personnel are required to contribute 5% of their monthly earnings in excess of $513 to CalPERS. The University is required to contribute at an actuarially determined rate. The contribution requirements of the Plan members are established and may be amended by CalPERS.

Amounts charged to KPBS for its annual required contribution from the University totaled $404,540 and $518,722 for the years ended June 30, 2021 and 2020, respectively, and are recorded as direct support and program services or support services expense, depending upon the employee's function. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

NOTE 10 – CONTINGENCIES

From time to time, the Stations are subject to claims and legal suits in the normal course of business. Management believes there will be no material adverse results on their net position as a result of these matters.

NOTE 11 – RISK MANAGEMENT

The Stations are exposed to risks related to general and commercial liability and workers' compensation. The Stations are covered by insurance through the SDSU Research Foundation and the University to mitigate those risks. Insurance policies provide varying levels of coverage with varying deductibles. The University and SDSU Research Foundation participate in the CSU risk management pool for most of its insurance needs. However, SDSU Research Foundation is partially self-insured for its unemployment and workers' compensation plans. Using insurance policies with commercial carriers to cover these risks of loss, SDSU Research Foundation maintains excess unemployment insurance coverage in the aggregate of $1,500,000 and excess workers' compensation coverage for claims in excess of $250,000 per occurrence.

Insurance through the University is included in the University indirect support and allocated to program and support services on the statements of revenues, expenses and changes in net assets. Premiums to SDSU Research Foundation on these insurance policies totaled approximately $96,903 and $83,968 for the years ended June 30, 2021 and 2020, respectively.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated events from July 1, 2021 through the date these financial statements were issued and determined that there were no subsequent events that required disclosure.

SUPPLEMENTARY INFORMATION

KPBS FM/TV

(A Department of San Diego State University)

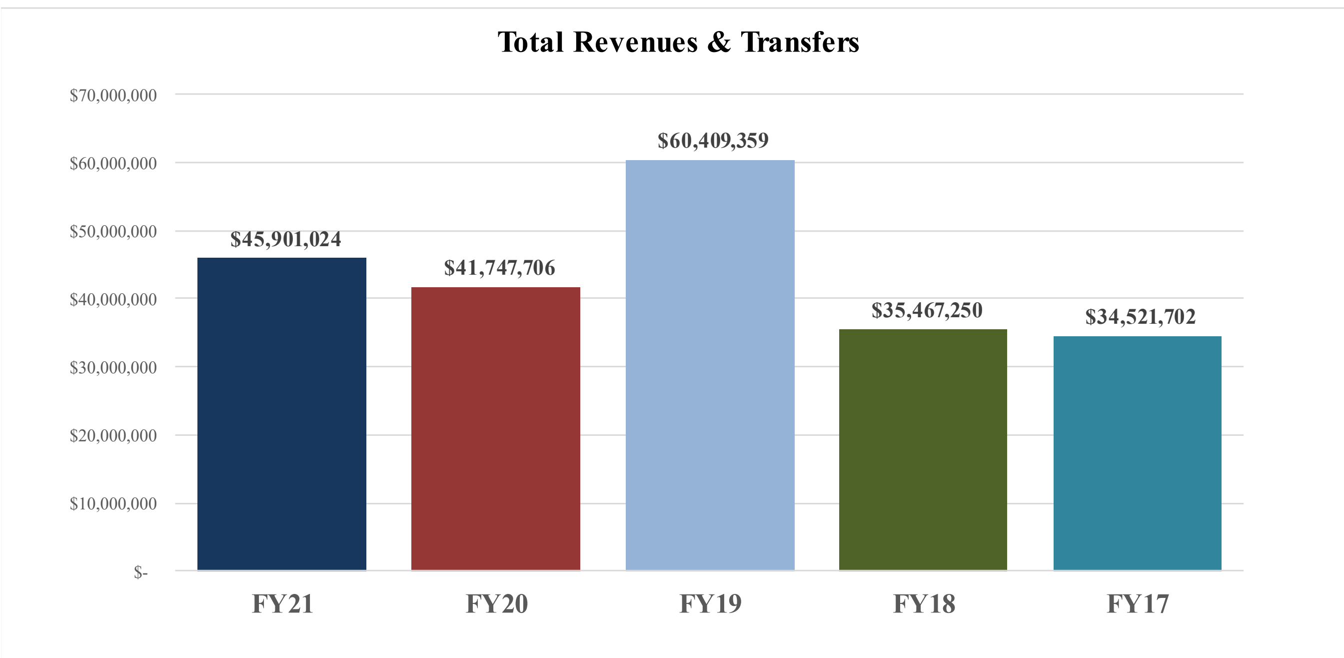
Supplementary Schedule of Direct and Indirect Support

For the year ended June 30, 2021

	KPBS Excluding Direct and Indirect Transfers	SDSU Transfers Direct	SDSU Transfers Indirect	KPBS Combined
Operating revenues:				
Contributions	$ 32,798,083	$ -	$ -	$ 32,798,083
Corporation for Public Broadcasting grants	3,521,773	-	-	3,521,773
Stations-generated support	77,981	-	-	77,981
Total operating revenues	36,397,837	-	-	36,397,837
Operating expenses:				
Program services:				
Programming and production	11,444,016	-	2,512,154	13,956,170
Broadcasting	3,215,242	1,007,515	569,389	4,792,146
Program information and promotion	854,400	130,017	188,667	1,173,084
Total program services	15,513,658	1,137,532	3,270,210	19,921,400
Support services:				
Management and general	3,870,637	1,158,734	523,137	5,552,508
Fundraising, membership and development	5,519,876	190,088	1,161,376	6,871,340
Underwriting	1,426,435	-	387,870	1,814,305
Total support services	10,816,948	1,348,822	2,072,383	14,238,153
Total operating expenses	26,330,606	2,486,354	5,342,593	34,159,553
Operating income (loss)	10,067,231	(2,486,354)	(5,342,593)	2,238,284
Nonoperating revenues (expenses):				
Interest expense	(15,936)	-	-	(15,936)
Interest income, net	346,622	-	-	346,622
Net increase in fair value of investments	1,327,618	-	-	1,327,618
Other nonoperating expenses	(275,612)	-	-	(275,612)
Loss on disposal of fixed assets	(5,420)			(5,420)
Total nonoperating revenues, net	1,377,272	-	-	1,377,272
Income (loss) before transfers	11,444,503	(2,486,354)	(5,342,593)	3,615,556
San Diego State University transfers:				
Direct financial support	-	2,486,354	-	2,486,354
Indirect financial support	-	-	5,342,593	5,342,593
Total San Diego State University transfers	-	2,486,354	5,342,593	7,828,947
Change in net position	$ 11,444,503	$ -	$ -	$ 11,444,503
Net position, beginning of year				52,424,134
Net position, end of year				$ 63,868,637

KPBS FM/TV
(A Department of San Diego State University)
Supplementary Schedule of Revenues and Transfers
For the years ended June 30,

	FY21	FY20	FY19	FY18	FY17
Operating revenues:					
Contributions	$ 32,798,083	$ 29,615,309	$ 48,971,350	$ 24,463,205	$ 21,491,038
Corporation for Public Broadcasting grants	3,521,773	3,550,889	2,817,938	3,175,772	3,285,201
Reimbursement from the FCC related to station repack	-	212,583	957,989	-	-
Stations-generated support	77,981	71,128	61,994	248,750	369,097
Total operating revenues	36,397,837	33,449,909	52,809,271	27,887,727	25,145,336
Nonoperating revenues and transfers:					
San Diego State University transfers:					
Direct financial support	2,486,354	2,407,711	2,316,475	2,339,013	2,348,439
Indirect financial support	5,342,593	5,318,788	4,899,066	4,805,067	4,757,514
Total San Diego State University transfers	7,828,947	7,726,499	7,215,541	7,144,080	7,105,953
Nonoperating revenues					
Interest income, net	346,622	189,472	126,120	95,891	154,849
Net increase (decrease) in fair value of investments	1,327,618	295,245	219,540	297,324	637,430
Gain on sale of donated property	-	-	-	-	1,234,339
Other nonoperating revenues	-	7,221	38,887	42,228	243,795
Gain on bond refunding	-	79,360	-	-	-
Total nonoperating revenues	1,674,240	571,298	384,547	435,443	2,270,413
Total revenues and transfers	**$ 45,901,024**	**$ 41,747,706**	**$ 60,409,359**	**$ 35,467,250**	**$ 34,521,702**



KPBS FM/TV

(A Department of San Diego State University)

Supplementary Schedule of Revenues, Expenses, and Changes in Net Position by CPB Licensee

For the year ended June 30, 2021

	TV	FM	KPBS Combined
Operating revenues:			
Contributions	$ 22,787,166	$ 10,010,917	$ 32,798,083
Corporation for Public Broadcasting grants	2,653,879	867,894	3,521,773
Stations-generated support	58,485	19,496	77,981
Total operating revenues	25,499,530	10,898,307	36,397,837
Operating expenses:			
Program services:			
Programming and production	10,055,932	3,900,238	13,956,170
Broadcasting	3,761,196	1,030,950	4,792,146
Program information and promotion	872,371	300,713	1,173,084
Total program services	14,689,499	5,231,901	19,921,400
Support services:			
Management and general	4,201,578	1,350,930	5,552,508
Fundraising, membership and development	5,114,598	1,756,742	6,871,340
Underwriting	1,064,743	749,562	1,814,305
Total support services	10,380,919	3,857,234	14,238,153
Total operating expenses	25,070,418	9,089,135	34,159,553
Operating income (loss)	429,112	1,809,172	2,238,284
Nonoperating revenues (expenses):			
Interest expense	(11,952)	(3,984)	(15,936)
Interest income, net	259,967	86,655	346,622
Net increase in fair value of investments	926,674	400,944	1,327,618
Other nonoperating expenses	(206,709)	(68,903)	(275,612)
Loss on disposal of fixed assets	(4,065)	(1,355)	(5,420)
Total nonoperating revenues, net	963,915	413,357	1,377,272
Income (loss) before transfers	1,393,027	2,222,529	3,615,556
San Diego State University transfers:			
Direct financial support	1,714,527	771,827	2,486,354
Indirect financial support	3,996,563	1,346,030	5,342,593
Total San Diego State University transfers	5,711,090	2,117,857	7,828,947
Change in net position	$ 7,104,117	$ 4,340,386	$ 11,444,503