

Financial Statements and Report of Independent
Certified Public Accountants

KPBS FM/TV

(A Department of San Diego State University)

June 30, 2022 and 2021

Contents

	Page
Report of Independent Certified Public Accountants	1-3
Management's Discussion and Analysis (Unaudited)	4-19
Statements of Net Position	20
Statements of Revenues, Expenses and Changes in Net Position	21
Statements of Cash Flows	22-23
Notes to Financial Statements	24-38
Supplementary Information	
Supplementary Schedule of Direct and Indirect Support	40
Supplementary Schedule of Revenues and Transfers	41
Supplementary Schedule of Revenues, Expenses, and Changes in Net Position by CPB Licensee	42

GRANT THORNTON LLP

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

D 1 858 704 8004

F 1 858 704 8099

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Deanna Mackey, General Manager
KPBS FM/TV

Opinion

We have audited the financial statements of the business-type activities of KPBS FM/TV, a department of San Diego State University (the "University"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of KPBS FM/TV as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the 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 University 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.

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, 2022 and 2021 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. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KPBS FM/TV's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KPBS FM/TV's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KPBS FM/TV'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.

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 19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US

GAAS. These limited procedures 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 that collectively comprise KPBS FM/TV's basic financial statements. 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, 2022 are presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



San Diego, California
November 30, 2022

KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 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, 2022 and 2021. 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.

KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

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, 2022 (FY22) and 2021 (FY21). 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, 2022

FY22 was defined by the partial emergence from the COVID-19 pandemic. KPBS, in conjunction with the SDSU Research Foundation and the San Diego State University, continued to follow California, San Diego County, and the San Diego State University (SDSU) guidance related to COVID protocols. The expectation is that staff will resume in-person work schedules in the first quarter of calendar year 2023, after construction is completed on the KPBS building expansion and renovation project for the Conrad Prebys Media Complex at the Gateway Center.

In April 2022 Deanna Mackey was appointed KPBS general manager by SDSU president Adela de la Torre. Associate general manager Nancy Worlie served as interim general manager after Tom Karlo's retirement until Mackey assumed the role on June 30, 2022. Mackey is a long-time veteran of public media and former KPBS executive with more than 30 years of public media experience, including as president and executive director for the Public Television Major Market Group from August 2015 until late June 2022. Mackey first began working at KPBS in 1985, and from 1990 to 2015 held several roles including associate general manager, station manager and chief operating officer.

KPBS continued its capital campaign during the year with the increased goal of \$85.0 million. New gifts and pledge receivables recorded were \$1.1 million and \$8.7 million for FY22 and FY21, respectively. Cash receipts related to the KPBS capital campaign pledges were \$4.7 million for FY22 and FY21, respectively. Cumulatively, as of June 30, 2022, KPBS raised \$48.4 million in realized cash gifts and pledges and \$32.8 million in contingent (unrealized) pledges.

The Paycheck Protection Program (PPP) \$2.1 million funds received in FY21 continued to be expended entirely for payroll needs including increasing KPBS SDSU Research Foundation employee hours to 40 per week for those individuals previously reduced from full-time to 20 hours per week due to the pandemic. KPBS applied for the loan forgiveness under this program in March 2022 with final approval for forgiveness provided by the U.S. Small Business Administration in July 2022. Due to accounting requirements, this forgiveness will be reflected in the FY 2023 financial statements as the official forgiveness notification did not occur during FY22.

KPBS implemented GASB 87 – *Leases* (GASB 87) in FY22 as required by the Governmental Accounting Standards Board (GASB). GASB 87 increases the usefulness of government and government-related entity financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement created a substantial impact to the financial statements adding \$6.9 million in additional assets and \$7.1 in additional liabilities.

KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

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 \$85.0 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 \$4.7 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 FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

The Stations' condensed summary of net position as of June 30, 2022, 2021 and 2020 is as follows:

	June 30,		
	2022	2021	2020
Assets:			
Current assets	\$ 19,419,060	\$ 37,638,804	\$ 35,523,052
Capital assets, net	51,444,949	17,693,177	10,403,668
Other noncurrent assets	20,521,227	21,663,167	12,137,912
Total assets	<u>91,385,236</u>	<u>76,995,148</u>	<u>58,064,632</u>
Deferred outflows of resources	\$ -	\$ -	\$ -
Liabilities:			
Current liabilities	9,783,048	5,675,868	3,661,083
Noncurrent liabilities	14,055,710	3,366,627	1,163,087
Total liabilities	<u>23,838,758</u>	<u>9,042,495</u>	<u>4,824,170</u>
Deferred inflows of resources	\$ 3,348,834	\$ 4,084,016	\$ 816,328
Net position:			
Net investment in capital assets	36,300,094	16,919,923	9,195,385
Restricted - nonexpendable	4,378,381	3,657,773	1,553,474
Restricted - expendable	10,503,630	32,842,223	32,748,102
Unrestricted	13,015,539	10,448,718	8,927,173
Total net position	<u>\$ 64,197,644</u>	<u>\$ 63,868,637</u>	<u>\$ 52,424,134</u>

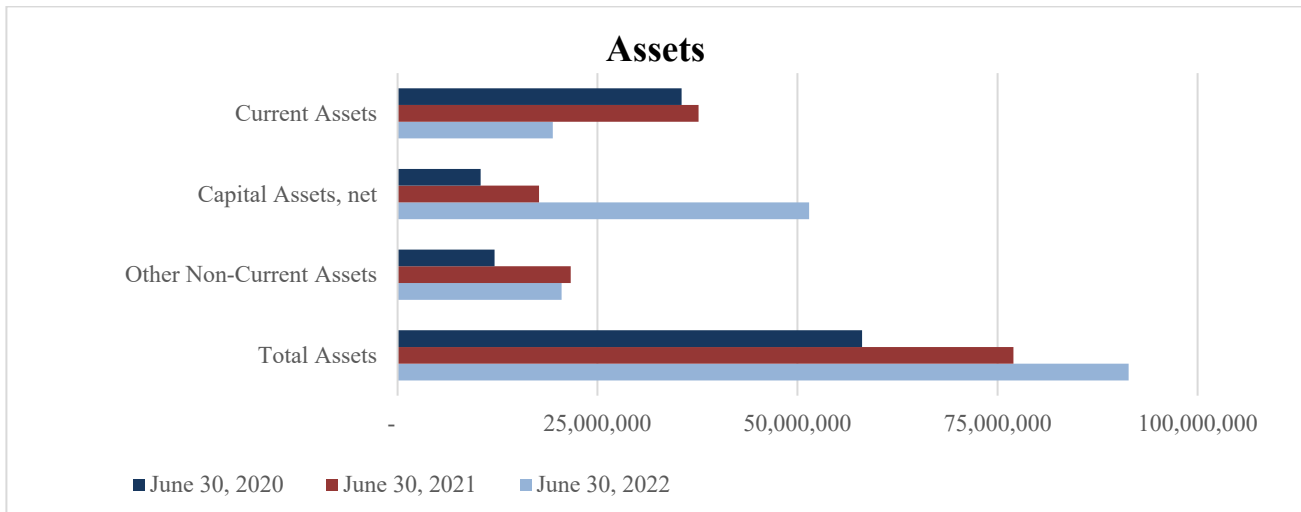
Assets

Total assets increased approximately \$14,390,000 and \$18,931,000 in FY22 and FY21, respectively.

Total assets increased in FY22 mainly due to the implementation of GASB 87 which added approximately \$6,900,000 (net) to Capital assets, with the remainder relative to the building expansion and renovation project consisting of an increase of \$4,500,000 in cash financing and approximately \$2,990,000 related to additional resources for the building construction.

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.

KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021



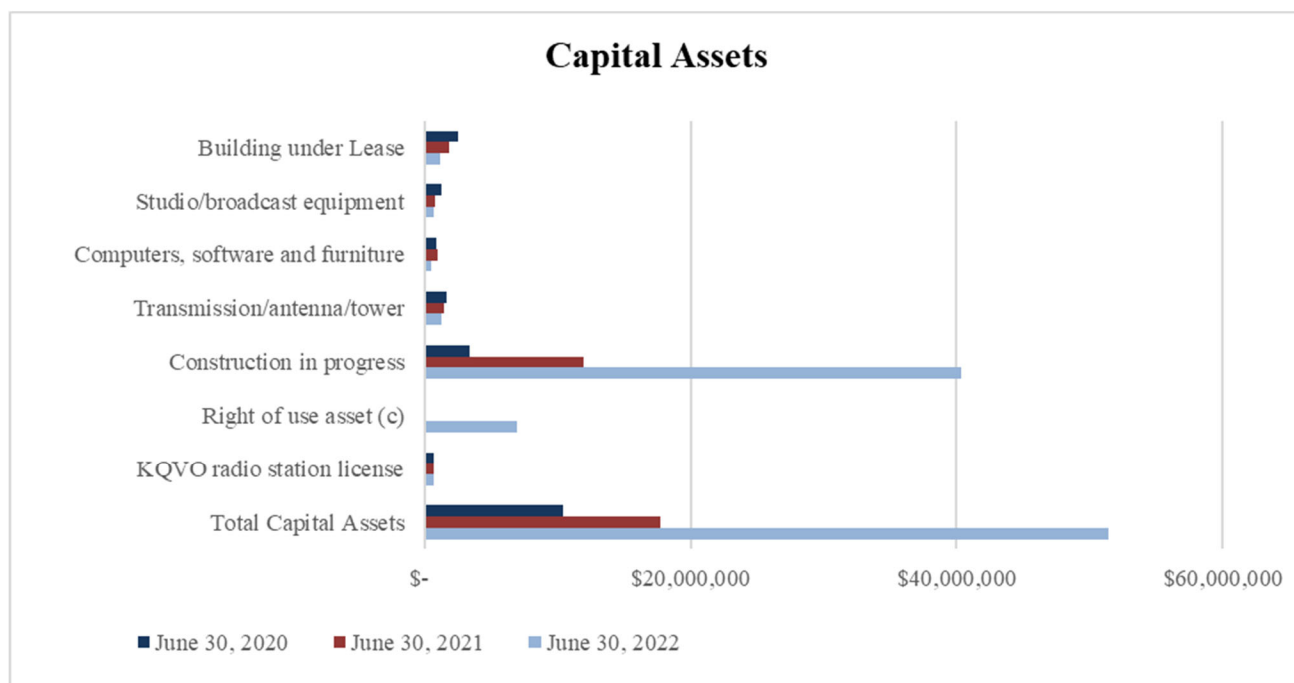
In FY22 current assets decreased by \$18,220,000 from FY21 mainly due to the utilization of cash in the building renovation and expansion project. Cash held by SDSU decreased \$2,719,000, amounts due from SDSURF decreased \$15,268,000 with all other current asset categories decreasing by \$233,000.

Current assets increased by \$2,120,000 in FY21 from FY20 mainly due to pledges on FY21 Capital Campaign gifts. In FY21, Accounts Receivable increased 1,970,000 and other current asset categories increased \$150,000.

KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

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

	June 30,		
	2022	2021	2020
Building under lease	\$ 1,175,645	\$ 1,819,761	\$ 2,463,878
Studio/broadcast equipment	638,897	821,244	1,266,346
Computers, software and furniture	479,861	942,793	918,753
Transmission/antenna/tower	1,228,682	1,448,185	1,670,405
Right of Use Asset	6,909,171	-	-
Construction in progress	40,342,693	11,991,194	3,414,286
KQVO radio station license	670,000	670,000	670,000
Total capital assets, net of accumulated depreciation	<u>\$ 51,444,949</u>	<u>\$ 17,693,177</u>	<u>\$ 10,403,668</u>



In FY22 capital assets increased \$33,752,000 due primarily to construction in progress costs under the building renovation and expansion project of \$22,647,000 and \$5,705,000 in associated equipment, \$7,463,000 (gross) in GASB 87 Right-of-use assets, \$61,000 in other assets acquisitions offset by depreciation of \$2,115,000 and asset disposals of \$9,000.

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 building renovation and expansion project.

KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

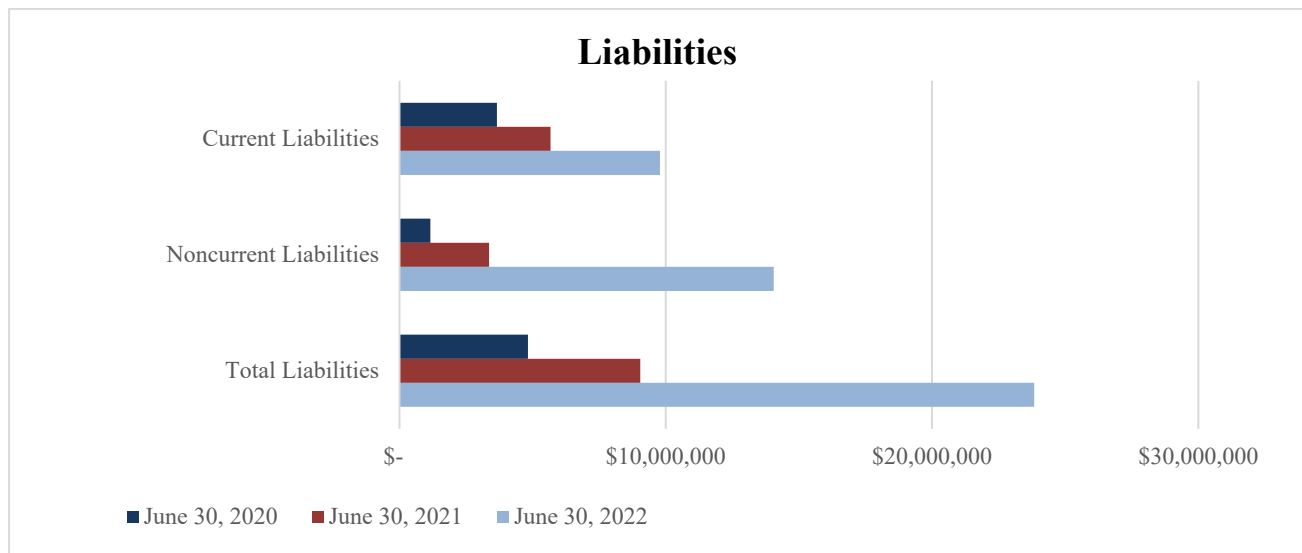
In FY22 other noncurrent assets decreased \$1,142,000 due primarily to a reduction in long term pledges of approximately \$4,261,000, the loss in the fair value of investments of \$1,416,000 offset by contributions of \$4,000,000 and net endowment and other gifts of \$535,000.

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.

Liabilities

Total liabilities increased \$14,796,000 in FY22 primarily due to the implementation of GASB 87, which increased lease obligations by \$7,116,000, a \$4,500,000 term note through SDSURF to provide bridge funding for longer termed pledges related to the capital campaign building renovation and expansion project, an increase in accounts payable and accrued expenses of \$4,150,000 mostly due to building and equipment construction in progress payables, a decrease of \$340,000 in unearned revenue, \$530,000 in debt payments and reductions in other liabilities of \$100,000.

In FY21 total liabilities increased \$4,218,000 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 \$1,841,000 mainly due to grants received in advance, and reductions in other liabilities of \$261,000.



KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

Long-Term Debt Obligations

Debt outstanding at June 30, 2022, 2021 and 2020 is summarized below by type of debt instrument:

	June 30,		
	2022	2021	2020
Lease obligations	\$ 7,399,398	\$ 609,747	\$ 952,143
Notes payable	7,085,681	2,768,763	130,436
Total	14,485,079	3,378,510	1,082,579
Less current portion	(827,435)	(530,565)	(393,126)
Total long-term debt	<u>\$ 13,657,644</u>	<u>\$ 2,847,945</u>	<u>\$ 689,453</u>

Total debt increased in FY22 by \$11,107,000 primarily due to an increase in the lease obligations of \$7,116,000 due to the implementation of GASB 87, \$4,500,000 term note through SDSURF to provide bridge funding for the capital campaign building renovation and expansion project, \$21,000 interest accrual on the PPP loan and the payment of scheduled debt obligations of \$530,000.

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

Deferred Inflows of Resources

Deferred inflows of resources decreased \$735,000 from FY21 to 2022 due primarily to in the reduction in deferred contributions, the amortization of the deferred gain on bond refunding and an increase related to the implementation of GASB 87.

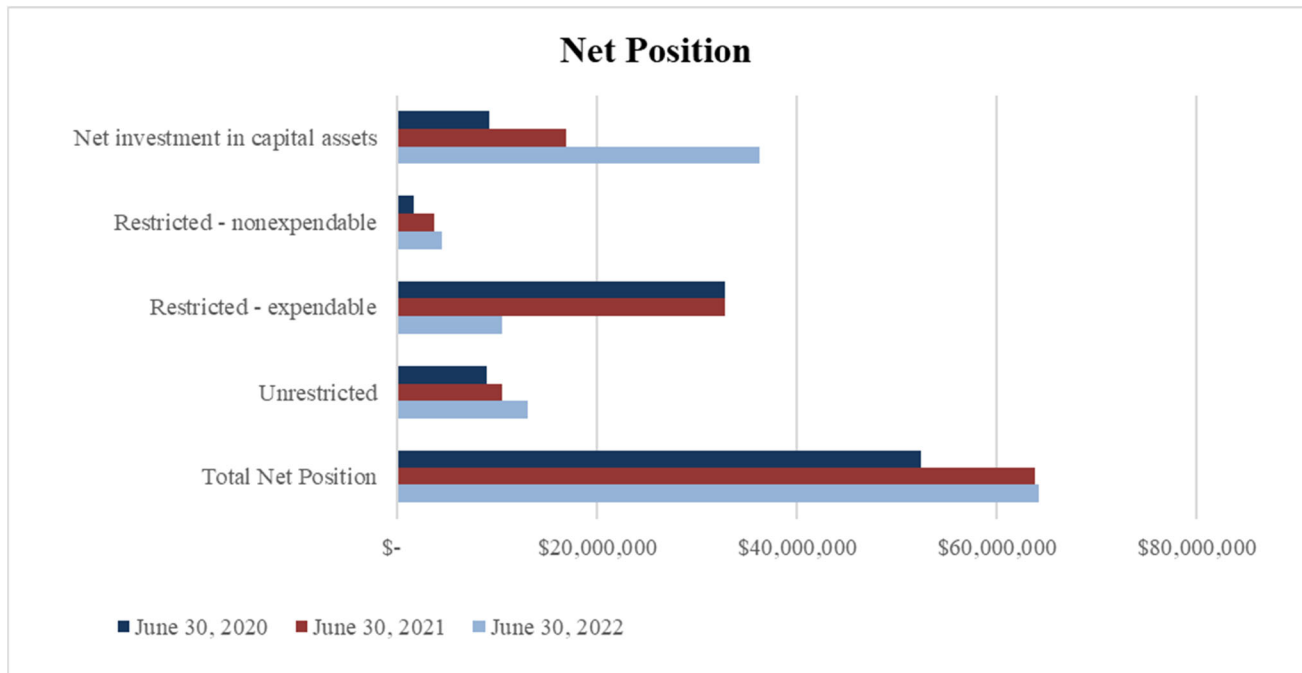
Deferred inflows of resources increased \$3,267,688 from FY 2020 to 2021 due primarily to an increase in deferred contributions and a reduction relating to the amortization of the deferred gain on bond refunding.

KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

Net Position

Total net position increased \$329,000 in FY22 primarily due to contributions of \$728,000 (net of expenses) from the capital campaign, a programming endowment of \$775,000, a net decrease of \$1,416,000 in the fair market value of investments, a loss on disposal of fixed assets of \$9,000 and other net income (net of San Diego State University transfers, depreciation and other net non-operating revenues in excess of expenses) of \$251,000.

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.



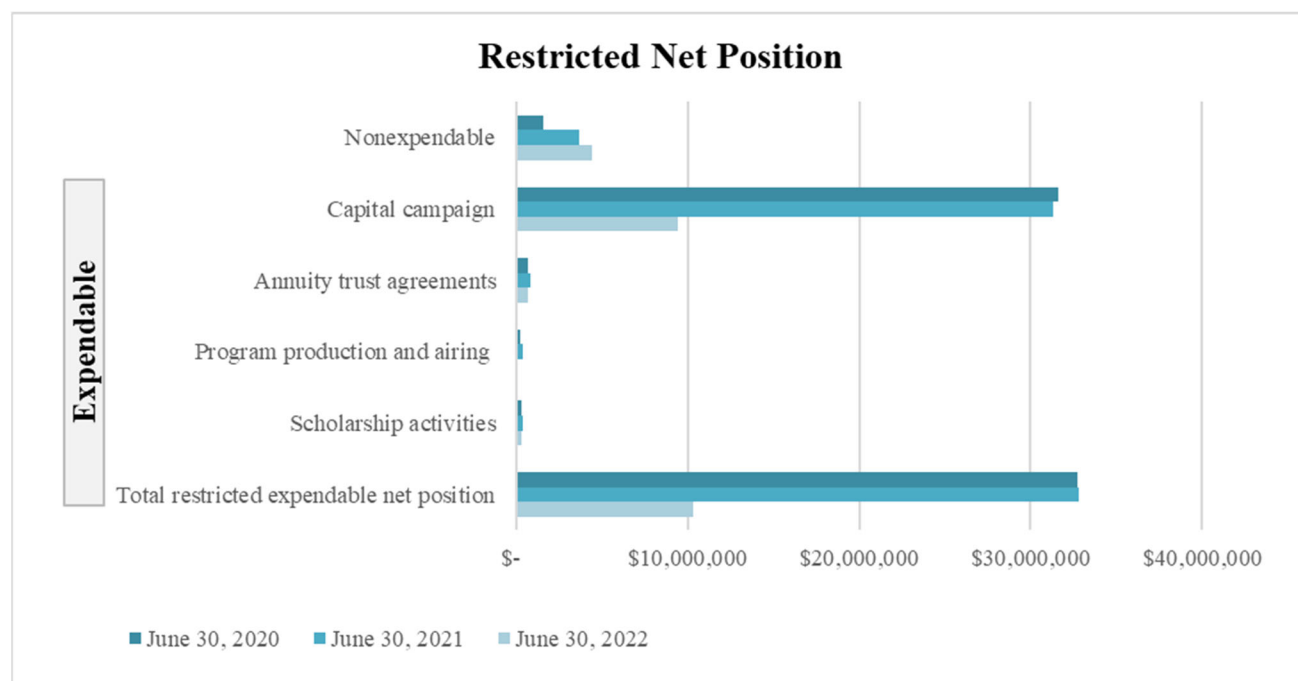
KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

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,		
	2022	2021	2020
Nonexpendable	\$ <u>4,378,381</u>	\$ <u>3,657,773</u>	\$ <u>1,553,474</u>
Expendable:			
Capital campaign	\$ 9,434,605	\$ 31,356,527	\$ 31,624,456
Annuity trust agreements	701,712	804,443	644,827
Program production and airing	102,757	343,091	186,748
Scholarship activities	264,556	338,162	292,071
Total restricted expendable net position	\$ <u>10,503,630</u>	\$ <u>32,842,223</u>	\$ <u>32,748,102</u>

The capital campaign fund represents donations for expenditures specifically for the building renovation and expansion project. The program production and airing fund represents donations for expenditures specifically for the KPBS radio reading service and the programming endowment.



KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

In FY22 the restricted expendable net position decreased primarily due to capital campaign expenditures on building renovation and expansion released to net investment in capital assets, a net decrease in the fair value of investments resulting from unfavorable market conditions for the fiscal year offset by capital campaign contributions.

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.

KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues:			
Contributions	\$ 25,966,550	\$ 32,798,083	\$ 29,615,309
Corporation for Public Broadcasting grants	3,603,256	3,521,773	3,550,889
Reimbursement from the FCC related to station repack	43,390	-	212,583
Stations-generated support	319,953	77,981	71,128
Total operating revenues	<u>29,933,149</u>	<u>36,397,837</u>	<u>33,449,909</u>
Operating expenses:			
Program services	20,620,679	19,921,400	20,045,582
Support services	14,057,839	14,238,153	15,695,202
Total operating expenses	<u>34,678,518</u>	<u>34,159,553</u>	<u>35,740,784</u>
Operating (loss)/income	<u>(4,745,369)</u>	<u>2,238,284</u>	<u>(2,290,875)</u>
Nonoperating (expenses) revenues:			
Interest expense	(259,337)	(15,936)	(46,500)
Interest income, net	200,210	346,622	189,472
Net (decrease) increase in fair value of investments	(1,416,338)	1,327,618	295,245
Other nonoperating revenues	-	-	7,221
Other nonoperating expenses	(899,308)	(275,612)	-
Loss on disposal of fixed assets	(8,638)	(5,420)	(240,086)
Gain on bond refunding	-	-	79,360
Total nonoperating (expenses) revenue, net	<u>(2,383,411)</u>	<u>1,377,272</u>	<u>284,712</u>
(Loss) income before transfers	<u>(7,128,780)</u>	<u>3,615,556</u>	<u>(2,006,163)</u>
San Diego State University transfers	<u>7,457,787</u>	<u>7,828,947</u>	<u>7,726,499</u>
Change in net position	329,007	11,444,503	5,720,336
Net position, beginning of year	<u>63,868,637</u>	<u>52,424,134</u>	<u>46,703,798</u>
Net position, end of year	<u>\$ 64,197,644</u>	<u>\$ 63,868,637</u>	<u>\$ 52,424,134</u>

KPBS FM/TV
 (A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

Operating Revenues and Expenses

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

Operating Revenues

Contributions decreased \$6,832,000 in FY22 resulting primarily from year-over-year decreases in capital campaign contributions of \$7,920,000, endowment gifts \$1,279,000, vehicle donations \$289,000 and other revenue categories \$335,000 partially offset by increases in underwriting \$1,153,000, planned gifts \$484,000, grants \$469,000, major gifts \$441,000, in-kind contributions \$391,000 and membership \$53,000.

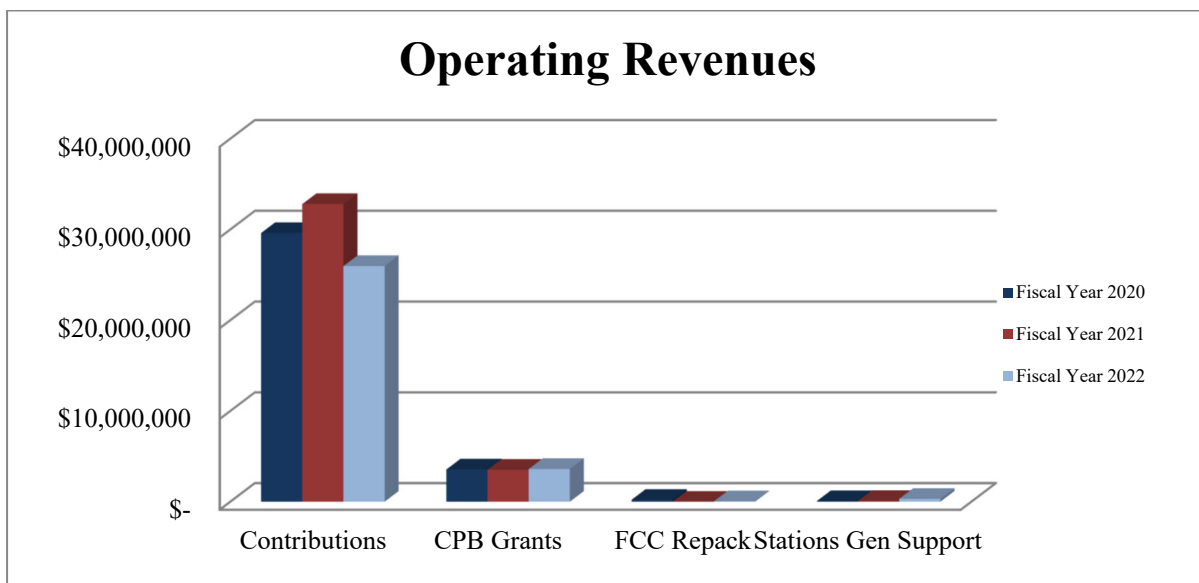
Contributions increased \$3,183,000 in FY21 resulting primarily from year-over-year increases in capital campaign contributions of \$2,321,000, endowments \$2,072,000, vehicle donations \$824,000 and membership \$680,000 offset by decreases in underwriting \$1,223,000, major gifts \$556,000, planned gifts 437,000, in-kind contributions \$222,000, grants \$191,000, and \$85,000 in other revenue categories.

Funding received from the CPB increased \$81,000 in FY22 and decreased \$29,000 in FY21. 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, FY22 CPB grants are based on the FY20 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 \$43,000 and \$0 in FY22 and FY21, respectively, from the FCC for broadcast equipment and expenses related to the station repack.

Stations-generated support was \$320,000 and \$78,000 in FY22 and FY21, respectively, which is primarily web based sponsorships.

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

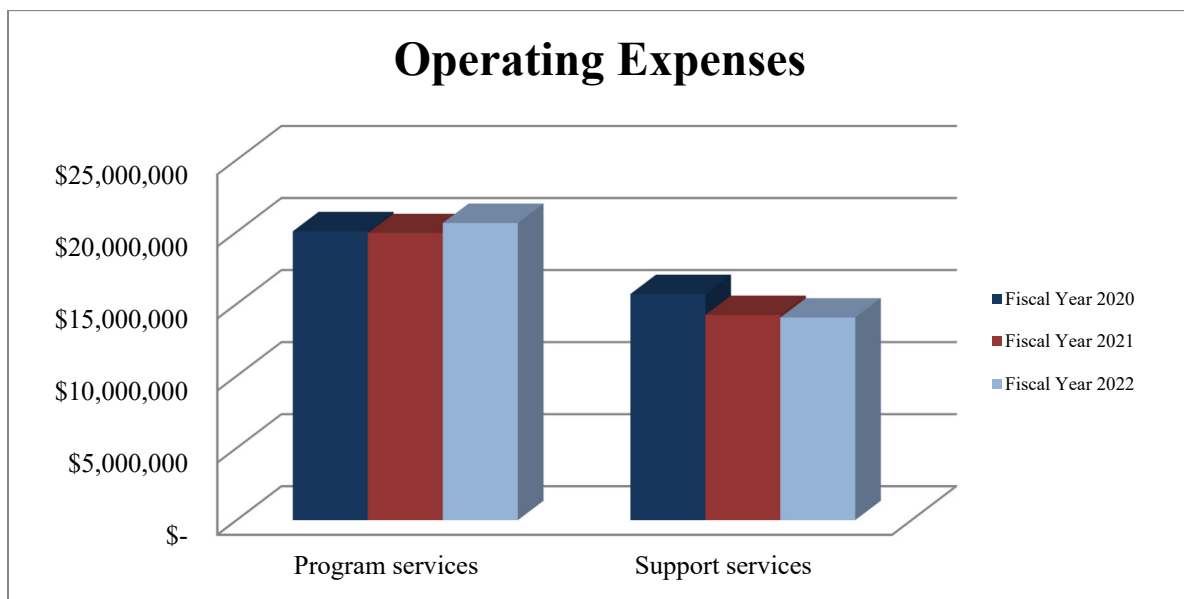


KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

Operating Expenses

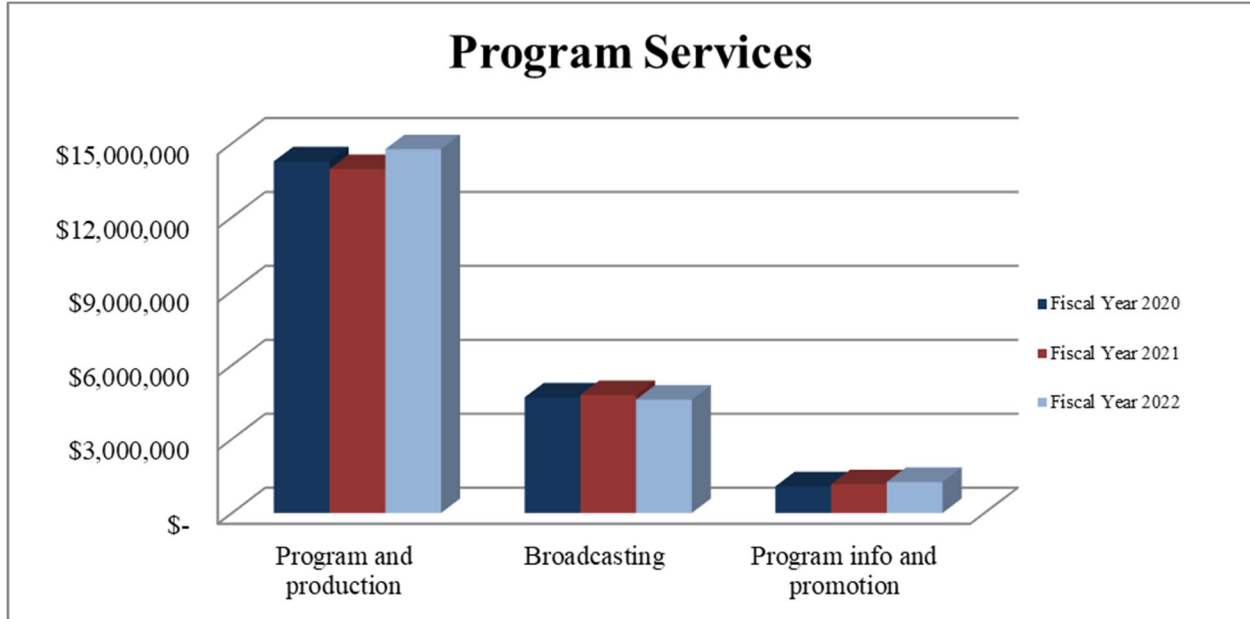
Program services expenses increased \$699,000 in FY22 due mainly to increases in grant related expenditures and the impact of GASB 87 with respect to the long term transmitter leases. Program services expenses decreased \$124,000 in FY21 due to reductions in grant expenditures.

Support services expenses decreased \$180,000 in FY22 primarily due a reduction in depreciation relating to the membership database and reductions in SDSU direct support and management and general expenses. 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.

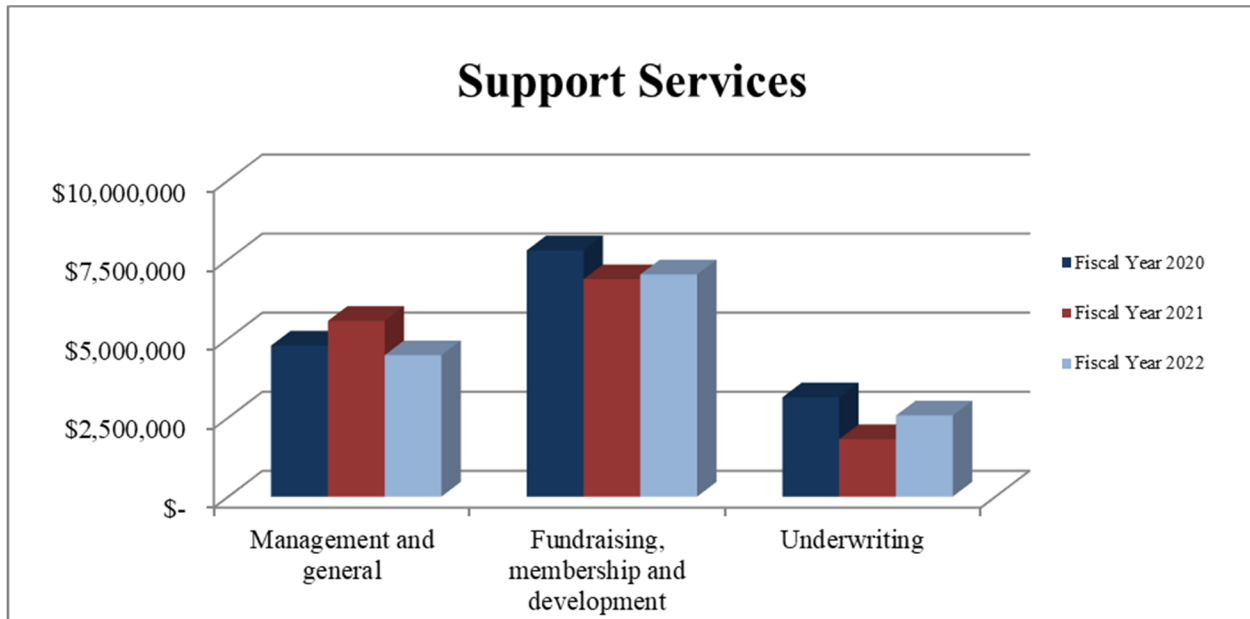


KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

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:



KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2022 and 2021

Nonoperating Revenues and Expenses

Nonoperating 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.

Nonoperating expenses exceed revenue in FY22 by \$2,383,000. This was due to a net decrease in the fair value of investments of \$1,416,000, other non-operating expenses of \$899,000 relating to non-capitalized building construction costs, \$59,000 in net interest expense and a loss on the disposal of fixed assets of \$9,000.

Nonoperating revenues exceeded expenses in FY21 by \$1,377,000. 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.

San Diego State University Transfers

The direct financial support received from the University decreased \$455,000 in FY22 and increased \$79,000 in FY21. Direct support consists primarily of salaries, space rental and utilities that are 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.

The reduction in direct support in FY22 is mainly the result of certain KPBS SDSU staff retirements and resulting University funding decreases. The increase in direct support in FY21 resulted primarily from fluctuations in utility costs.

Indirect support received from the University increased \$84,000 and \$24,000 in FY22 and FY21, 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 California State University 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, 2022 and 2021

Assets	2022	2021
Current assets:		
Cash and Cash Equivalents held by San Diego State University (note 2) \$	3,192,549	\$ 5,911,378
Due from San Diego State University Research Foundation (note 2)	8,759,605	24,027,778
Accounts receivable (notes 2 and 4)	7,056,936	7,180,587
Grants receivable	10,493	1,285
Prepaid expenses	399,477	517,776
Total current assets	<u>19,419,060</u>	<u>37,638,804</u>
Noncurrent assets:		
Accounts receivable (notes 2 and 4)	4,597,161	8,857,675
Long-term investments (note 3)	10,122,905	5,765,083
Restricted investments (note 3)	5,801,161	7,040,409
Capital assets, net (notes 5 and 7)	51,444,949	17,693,177
Total noncurrent assets	<u>71,966,176</u>	<u>39,356,344</u>
Total assets	<u><u>91,385,236</u></u>	<u><u>76,995,148</u></u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Liabilities		
Current liabilities:		
Accounts payable	4,654,737	1,100,627
Accrued expenses	2,064,371	1,468,119
Unearned Revenue (note 2)	2,236,505	2,576,557
Notes payable, current portion (note 6)	182,285	204,068
Lease obligations, current portion (note 7)	645,150	326,497
Total current liabilities	<u>9,783,048</u>	<u>5,675,868</u>
Noncurrent liabilities:		
Notes payable, net of current portion (note 6)	6,903,396	2,564,695
Lease obligations, net of current portion (note 7)	6,754,248	283,250
Amounts held for others (note 2)	398,066	518,682
Total noncurrent liabilities	<u>14,055,710</u>	<u>3,366,627</u>
Total liabilities	<u><u>23,838,758</u></u>	<u><u>9,042,495</u></u>
Commitments and contingencies (notes 5, 7, 8, 9 and 10)		
Deferred inflows of resources (notes 2 and 9)	<u>3,348,834</u>	<u>4,084,016</u>
Net Position		
Net investment in capital assets	36,300,094	16,919,923
Restricted for:		
Nonexpendable - endowments	4,378,381	3,657,773
Expendable:		
Capital campaign	9,434,605	31,356,527
Annuity trust agreements	701,712	804,443
Program production and airing	102,757	343,091
Scholarship activities	264,556	338,162
Unrestricted	13,015,539	10,448,718
Total net position	<u><u>\$ 64,197,644</u></u>	<u><u>\$ 63,868,637</u></u>

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Contributions	\$ 25,966,550	\$ 32,798,083
Corporation for Public Broadcasting grants (note 2)	3,603,256	3,521,773
Reimbursement from the FCC related to station repack	43,390	-
Stations-generated support	319,953	77,981
Total operating revenues	<u>29,933,149</u>	<u>36,397,837</u>
Operating expenses (notes 5, 6, 7, 8 and 9):		
Program services:		
Programming and production	14,762,873	13,956,170
Broadcasting	4,598,172	4,792,146
Program information and promotion	1,259,634	1,173,084
Total program services	<u>20,620,679</u>	<u>19,921,400</u>
Support services:		
Management and general	4,468,310	5,552,508
Fundraising, membership and development	7,024,963	6,871,340
Underwriting	2,564,566	1,814,305
Total support services	<u>14,057,839</u>	<u>14,238,153</u>
Total operating expenses	<u>34,678,518</u>	<u>34,159,553</u>
Operating (Loss)/income	<u>(4,745,369)</u>	<u>2,238,284</u>
Nonoperating (expenses) revenues:		
Interest expense (notes 6, 7 and 9)	(259,337)	(15,936)
Interest income, net	200,210	346,622
Net (decrease) increase in fair value of investments	(1,416,338)	1,327,618
Other nonoperating expenses	(899,308)	(275,612)
Loss on disposal of fixed assets	(8,638)	(5,420)
Total nonoperating (expenses) revenues, net	<u>(2,383,411)</u>	<u>1,377,272</u>
(Loss) income before transfers	<u>(7,128,780)</u>	<u>3,615,556</u>
San Diego State University transfers (note 2):		
Direct financial support	2,031,046	2,486,354
Indirect financial support	5,426,741	5,342,593
Total San Diego State University transfers	<u>7,457,787</u>	<u>7,828,947</u>
Change in net position	329,007	11,444,503
Net position, beginning of year	<u>63,868,637</u>	<u>52,424,134</u>
Net position, end of year	<u>\$ 64,197,644</u>	<u>\$ 63,868,637</u>

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Contributions	24,491,939	25,494,764
Stations-generated support	319,953	77,981
Reimbursement from the FCC related to station repack	43,390	-
Payments to suppliers	(14,923,304)	(15,814,728)
Payments to employees	(11,319,929)	(10,614,256)
Administrative fees paid to San Diego State University Research Foundation	(830,644)	(812,366)
Corporation for Public Broadcasting grants	3,603,256	3,521,773
Net cash provided by operating activities	<u>1,384,661</u>	<u>1,853,168</u>
Cash flows from noncapital and related financing activities:		
Transfers from San Diego State University	2,031,046	2,486,354
Increase (decrease) in amounts due from SDSURF	<u>15,668,222</u>	<u>(6,213,677)</u>
Net cash provided by (used in) noncapital and related financing activities	<u>17,699,268</u>	<u>(3,727,323)</u>
Cash flows from capital and related financing activities:		
Payments on long-term debt	(882,544)	(384,298)
Additions to long-term debt	4,500,000	2,638,326
Interest Paid	(196,471)	(15,937)
Purchase of capital assets	(24,353,063)	(9,271,447)
Proceeds from capital campaign	4,653,717	6,636,821
Capital campaign purchases	<u>(1,189,696)</u>	<u>(905,566)</u>
Net cash (used in) capital and related financing activities	<u>(17,468,057)</u>	<u>(1,302,101)</u>
Cash flows from investing activities:		
Interest Income, net	200,210	346,622
Net Purchase of investments	<u>(4,534,911)</u>	<u>(3,180,966)</u>
Net cash (used in) investing activities	<u>(4,334,701)</u>	<u>(2,834,344)</u>
Net (decrease) in cash	<u>(2,718,829)</u>	<u>(6,010,600)</u>
Cash and cash equivalents held by San Diego State University		
Beginning of year	5,911,378	11,921,978
End of year	<u>\$ 3,192,549</u>	<u>\$ 5,911,378</u>

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of operating income (loss) to net cash		
provided by (used in) operating activities:		
Operating (loss) income	(4,745,369)	2,238,284
Adjustments to reconcile operating income (loss) to net cash		
provided by (used in) operating activities:		
Allocated San Diego State University expenses	5,426,741	5,342,593
Depreciation and amortization	2,114,775	1,976,518
Capital campaign	(944,409)	(5,731,255)
(Increase) decrease in assets:		
Accounts receivable	674,856	(6,988,930)
Grants receivable	(9,208)	221,255
Prepaid expenses	-	(437,282)
Increase (decrease) in liabilities:		
Accounts payable	(491,227)	(11,152)
Accrued expenses	596,252	47,526
Amounts held for others	(120,616)	45,048
Unearned revenue	(1,117,134)	5,150,563
	<u>1,384,661</u>	<u>1,853,168</u>
Net cash provided by operating activities		
Supplemental disclosure of noncash investing and capital activity:		
Decrease (Increase) in fair value of investments	(1,416,338)	1,327,618

See accompanying notes to these financial statements.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

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 (SDSURF), 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 \$830,644 and \$812,366 for the fiscal years ended June 30, 2022 and 2021, respectively. 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 twelve months of the statement of net position date. Liabilities that can be reasonably expected, as part of normal operations, to be liquidated within twelve 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, 2022 and June 30, 2021, there was cash held by the University of approximately \$3,193,000 and \$5,911,000, respectively.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

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.

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 investments held by the SDSU Research Foundation. Investments include amounts 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).

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.

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

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:

<u>Asset Description</u>	<u>Asset Life-Years</u>
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, the Conrad Prebys Media Complex, which houses the main operating offices for radio, TV and studios for the Stations.

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.

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 \$1,090,000 and \$983,000 as of June 30, 2022 and 2021, respectively, are included in accrued expenses.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 reflected as unearned revenue. The Stations received approximately 87% and 90% of their operating revenue from contributions in each of the years ended June 30, 2022 and 2021, 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, 2022 and 2021 was approximately \$2,031,000 and \$2,486,000, respectively, and consisted primarily of salaries for management, space rental and utilities.

Indirect support received from the University for the years ended June 30, 2022 and 2021 was approximately \$5,427,000 and \$5,343,000, 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.

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 \$3,603,000 and \$3,522,000 in grant revenue from the CPB in the years ended June 30, 2022 and 2021, respectively.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources

Contributions received that are applicable to a future reporting periods are presented classified as a deferred inflow of resources.

Losses and gains on bond refundings are deferred and reported as deferred outflows of resources or deferred inflows of resources, respectively. They are amortized on the straight-line method over the life of the refunded bonds.

Deferred inflows of resources have been recorded for leases where KPBS is the lessor on leases that qualify under GASB 87– *Leases* (GASB 87).

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.

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.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

Income Taxes

The Stations are a department of the University, yet the Stations' accounts are included within SDSU Research Foundation.

The San Diego State 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.

The San Diego State University Research Foundation is generally exempt from income taxes under Sections 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) 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, 2022 and 2021.

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.

Reclassifications

Contributions that are applicable to future reporting periods have been reclassified from Current and Noncurrent liabilities to Deferred inflows of resources for consistency with current year presentation. This reclassification had no effect on the reported results of operations.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Pronouncements Issued

For the year ended June 30, 2022, KPBS implemented GASB 87, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASBS 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Both lessor and lessee leases have been incorporated into the June 30, 2022 financial statements. However, it was not feasible to restate the June 30, 2021 financial statements to comply with this new standard. The California State University (CSU) system office provided the lease accounting software to all 23 campuses and its auxiliaries so that the consolidated CSU financial statements would be consistently presented. As part of the lease accounting implementation, the CSU requested that all campuses and auxiliaries to implement the new standard as of July 1, 2021 for the year ended June 30, 2022 and to not implement for the year ended June 30, 2021. The impact of the adoption of this standard was an increase of approximately \$6,900,000 in Right-of-use assets, an increase in Lease obligations and other liabilities of approximately \$7,100,000 and net increase in interest and depreciation and amortization expense of approximately \$200,000.

The GASB has issued the following statements:

- GASB Statement No. 91, Conduit Debt Obligations (effective for the year ending June 30, 2023)
- 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. 99, Omnibus 2022 (effective for the year ending June 30, 2023)
- GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62 (effective for the year ending June 30, 2024)
- GASB Statement No. 101, Compensated Absences (effective for the year ending June 30, 2025)

Management has not determined what, if any, impact implementation may have on the financial statements of KPBS.

NOTE 3 – INVESTMENTS

Investment Policy

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 FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 3 – INVESTMENTS – Continued

KPBS' invests in the TCF Endowment pool, a unitized pool managed by TCF. Other investments are held in the investment portfolios managed by the San Diego Foundation and US Bank. These investments are governed by their respective investment policies of these organizations.

Investments as of June 30 were as follows:

	<u>2022</u>	<u>2021</u>
Long-term investments	\$ 10,122,905	\$ 5,765,083
Restricted assets, investments	<u>5,801,161</u>	<u>7,040,409</u>
	<u>\$ 15,924,066</u>	<u>\$ 12,805,492</u>

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.

The following tables summarize KPBS' investments within the fair value hierarchy at June 30, 2022 and 2021, respectively:

<u>June 30, 2022</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Deferred Gift	\$ 1,739,155	\$ 1,739,155	\$ -	\$ -
TCF Endowment Pool	14,046,625	-	-	14,046,625
Amounts Held by Others	138,286	-	-	138,286
	<u>\$ 15,924,066</u>	<u>\$ 1,739,155</u>	<u>\$ -</u>	<u>\$ 14,184,911</u>

<u>June 30, 2021</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
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
	<u>\$ 12,805,492</u>	<u>\$ 1,964,446</u>	<u>\$ -</u>	<u>\$ 10,841,046</u>

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.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 3 – INVESTMENTS – Continued

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:

	<u>2022</u>	<u>2021</u>	<u>IPS Target</u>
Growth Assets	54.7%	44.3%	60.0%
Credit	6.4%	8.8%	8.0%
Inflation Hedges	12.6%	10.1%	13.0%
Risk Mitigation	26.3%	36.8%	19.0%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

KPBS recognized net unrealized loss of approximately \$1,416,000 and a net unrealized gain of approximately \$1,328,000 for the years ended June 30, 2022 and 2021, respectively, from its investments.

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, 2022 and 2021, 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.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 3 – INVESTMENTS – Continued

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.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, consisted of the following:

2022			
	Current	Noncurrent	Total
Underwriter receivables	\$ 2,386,146	\$ 13,421	\$ 2,399,567
Pledge Receivables	4,636,938	4,499,881	9,136,819
Other receivables	203,852	83,859	287,711
Allowance for doubtful accounts	(170,000)	-	(170,000)
	\$ 7,056,936	\$ 4,597,161	\$ 11,654,097
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

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

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 5 – CAPITAL ASSETS

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

	Balance June 30, 2021	Adoption of GASB 87	Additions	Retirements/ Transfers	Balance June 30, 2022
Nondepreciable capital assets:					
Construction in progress ^(a)	\$ 11,991,194	\$ -	\$ 28,351,499	\$ -	\$ 40,342,693
KQVO radio station license	670,000	-	-	-	670,000
Total nondepreciable capital assets	<u>12,661,194</u>	<u>-</u>	<u>28,351,499</u>	<u>-</u>	<u>41,012,693</u>
Depreciable capital assets:					
Building under lease ^(b)	13,558,461	-	-	(33,010)	13,525,451
Studio/broadcast equipment	12,187,112	-	60,630	(313,235)	11,934,507
Computers, software and furniture	4,257,197	-	-	(212,777)	4,044,420
Transmission/antenna/tower	4,650,118	-	-	(35,599)	4,614,519
Right of use asset ^(c)	-	7,463,056	-	-	7,463,056
Total depreciable capital assets	<u>34,652,888</u>	<u>7,463,056</u>	<u>60,630</u>	<u>(594,621)</u>	<u>41,581,953</u>
Less accumulated depreciation:					-
Building under lease	11,738,700	-	644,116	(33,010)	12,349,806
Studio/broadcast equipment	11,365,868	-	242,977	(313,235)	11,295,610
Computers, software and furniture	3,314,404	-	454,294	(204,139)	3,564,559
Transmission/antenna/tower	3,201,933	-	219,503	(35,599)	3,385,837
Right of use asset	-	-	553,885	-	553,885
Total accumulated depreciation	<u>29,620,905</u>	<u>-</u>	<u>2,114,775</u>	<u>(585,983)</u>	<u>31,149,697</u>
Total net depreciable assets	<u>5,031,983</u>	<u>7,463,056</u>	<u>(2,054,145)</u>	<u>(8,638)</u>	<u>10,432,256</u>
Net capital assets	<u>\$ 17,693,177</u>	<u>\$ 7,463,056</u>	<u>\$ 26,297,354</u>	<u>\$ (8,638)</u>	<u>\$ 51,444,949</u>
	Balance June 30, 2020		Additions	Retirements/ Transfers	Balance June 30, 2021
Nondepreciable capital assets:					
Construction in progress ^(a)	\$ 3,414,286		8,576,908	\$ -	\$ 11,991,194
KQVO radio station license	670,000		-	-	670,000
Total nondepreciable capital assets	<u>4,084,286</u>		<u>8,576,908</u>	<u>-</u>	<u>12,661,194</u>
Depreciable capital assets:					
Building under lease ^(b)	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	<u>34,853,303</u>		<u>694,539</u>	<u>(894,954)</u>	<u>34,652,888</u>
Less accumulated depreciation:					
Building under 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	<u>28,533,921</u>		<u>1,976,518</u>	<u>(889,534)</u>	<u>29,620,905</u>
Total net depreciable assets	<u>6,319,382</u>		<u>(1,281,979)</u>	<u>(5,420)</u>	<u>5,031,983</u>
Net capital assets	<u>\$ 10,403,668</u>		<u>\$ 7,294,929</u>	<u>\$ (5,420)</u>	<u>\$ 17,693,177</u>

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 5 – CAPITAL ASSETS – Continued

(a) Construction in progress at June 30, 2022 and 2021 is construction and equipment related costs on the Conrad Prebys Media Complex renovation project related to the KPBS Capital Campaign.

(b) The building under lease represents the Stations-occupied portion of the Gateway Center, the Conrad Prebys Media Complex, which houses the main operating offices for radio, TV and studios for the Stations is pledged as collateral for debt issued to SDSU Research Foundation. The Stations' portion of this outstanding debt balance at June 30, 2022 and 2021 was approximately \$283,000 and \$555,000, respectively. As this lease expires within twelve months, the GASB 87 Short-term lease exemption was applicable for reporting purposes.

(c) Right of use assets represent GASB 87 lease capitalization predominantly with regard to the Stations' transmitters and other facility leases.

Depreciation and amortization expense totaled approximately \$2,115,000 and \$1,977,000 for the years ended June 30, 2022 and 2021, respectively, and was allocated among expenses in the accompanying statements of revenues, expenses and changes in net assets, as follows:

	2022	2021
Program Services	\$ 938,394	\$ 665,074
Support Services	1,176,381	1,311,444
Total depreciation	<u>\$ 2,114,775</u>	<u>\$ 1,976,518</u>

NOTE 6 – NOTES PAYABLE

Notes payable for the years ended June 30, 2022 and 2021 was:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Notes payable	\$ <u>2,768,763</u>	\$ <u>4,520,956</u>	\$ <u>(204,038)</u>	\$ <u>7,085,681</u>	\$ <u>182,285</u>

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

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
2023	\$ 27,066	\$ 504	\$ 27,570

Interest incurred on the note payable amounted to \$2,486 and \$4,395 for the years ended June 30, 2022 and June 30, 2021, respectively.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 6 – NOTES PAYABLE – Continued

In March 2021, KPBS, received \$2,095,580 under the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The entire balance plus accrued interest of \$26,697 is outstanding as of June 30, 2022. On July 5, 2022, KPBS received confirmation from the U.S. Small Business Administration that the note of \$2,095,580 and accrued interest of \$26,927 had been forgiven. This transaction will be reflected in the FY23 financial statements. The SBA will have the right to audit the KPBS' compliance with the PPP for a period of up to six years.

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
2023	\$ 155,220	\$ 9,460	\$ 164,680
2024	159,136	5,544	164,680
2025	121,982	1,528	123,510
Total	\$ 436,338	\$ 16,532	\$ 452,870

In January 2022, KPBS entered into a loan agreement with SDSURF totaling \$4,500,000. Quarterly interest only payments of approximately \$22,500 are required beginning April 2022 with the entire principal balance due June 2024. The loan bears interest at a fixed rate of 2.0%. Aggregate annual payments under this financing agreement are as follows:

Years Ending June 30:	Principal	Interest	Total
2023	\$ -	\$ 90,000	\$ 90,000
2024	4,500,000	90,000	4,590,000
Total	\$ 4,500,000	\$ 180,000	\$ 4,680,000

NOTE 7 – LEASES OBLIGATIONS

Conrad Prebys Media Complex (the KPBS portion of the 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 this facility. 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 lease. As this lease expires within twelve months, the GASB 87 Short-term lease exemption was utilized for reporting purposes.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 7 – LEASES OBLIGATIONS – Continued

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 lease changed, resulting in a gain on refunding of \$666,480 which is being amortized over the remaining life of the 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, 2022 and 2021.

Leasing Arrangements-GASB 87

On July 1, 2021, KPBS implemented GASB 87. This Statement increases the usefulness of governments' and government related entities financial statements by requiring recognition of the certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or out flows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

All leases were tracked through an internal online software. Leases that were entered into the software had an agreement that conveyed the right to use the asset, whether it be a building, land, vehicle, or equipment. These leases were crossed checked to determine if it qualified under GASB 87. Leases that qualified were at least over a 12-month period and valued over our threshold of \$10,000.

Lessee Leases

The lease liability balance as of June 30, 2022 totals approximately \$7,339,000 mainly relating to land, building, and transmitter space under non-cancellable leases, which expire on various dates through January 2099. The current monthly rental payments range from approximately \$270 to \$22,000 and several of the agreements allow for annual increases in the base lease.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 7 – LEASES OBLIGATIONS – Continued

Future principal and interest payments on lease obligations are as follows:

<u>Years Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 645,150	\$ 160,659	\$ 805,809
2024	313,084	147,204	460,288
2025	332,822	140,531	473,353
2026	353,836	133,399	487,235
2027	381,850	125,692	507,542
Thereafter	5,372,656	761,726	6,134,382
	<u>\$ 7,399,398</u>	<u>\$ 1,469,211</u>	<u>\$ 8,868,609</u>

NOTE 8 – 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.

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 \$325,430 and \$404,540 for the years ended June 30, 2022 and 2021, 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.

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 9 – DEFERRED INFLOWS OF RESOURCES

As of June 30, 2022 and 2021, KPBS reported deferred inflows of resources in connection with the contributions, unamortized gain on bond refunding and lessor leases, as presented in the table below:

	<u>2022</u>	<u>2021</u>
Contributions	\$ 3,261,249	\$ 4,000,214
Unamortized gain on bond refunding	41,901	83,802
Lessor Leases	45,684	-
	<u>\$ 3,348,834</u>	<u>\$ 4,084,016</u>

NOTE 10 – CONTINGENCIES AND RISK MANAGEMENT

KPBS is involved in various legal proceedings arising in the normal course of business. Management believes that the final outcomes of these proceedings will not have a material adverse effect on the Stations' of operations or financial position.

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 the SDSU Research Foundation on these insurance policies totaled approximately \$133,222 and \$96,903 for the years ended June 30, 2022 and 2021, respectively.

NOTE 11 – SUBSEQUENT EVENTS

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, for which KPBS has a service agreement, applied and received funding under the PPP program totaling \$2.1 million in March 2021. As required under the program, proceeds were used entirely for staff payroll and related benefits.

On July 5, 2022, KPBS received confirmation from the U.S. Small Business Administration that the note of \$2,095,580 and accrued interest of \$26,927 had been forgiven. This transaction will be reflected in the FY 2023 financial statements.

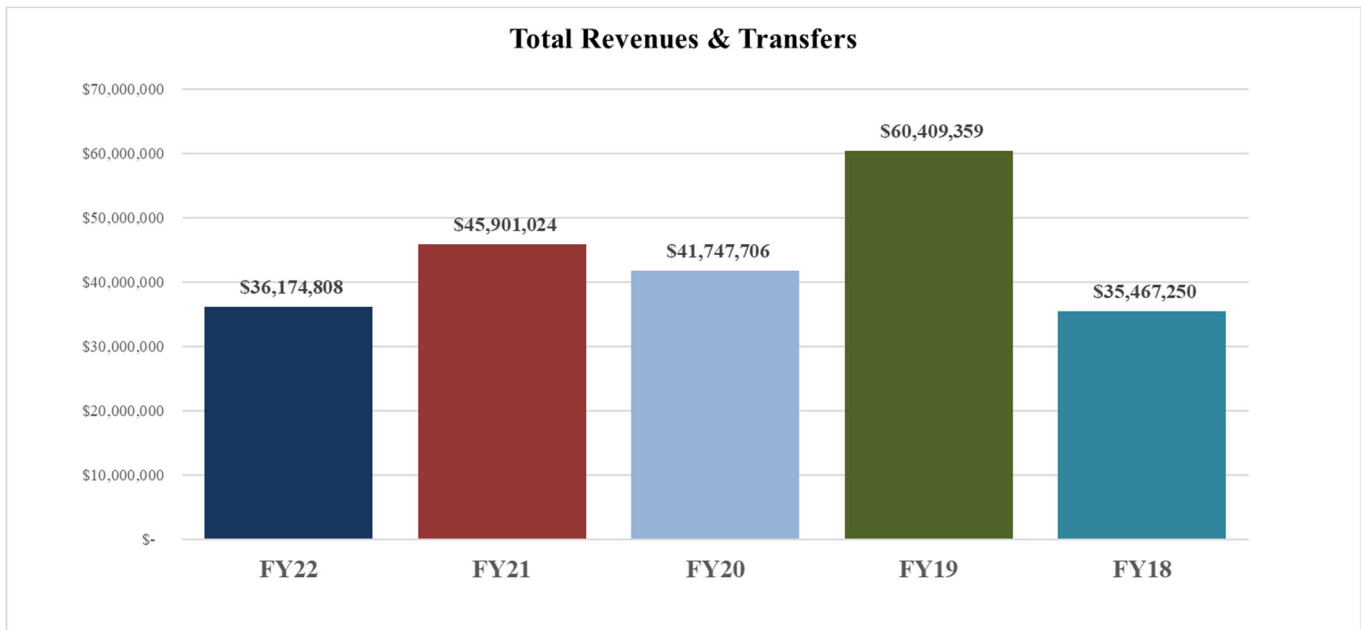
SUPPLEMENTARY INFORMATION

KPBS FM/TV
(A Department of San Diego State University)
Supplementary Schedule of Direct and Indirect Support
For the year ended June 30, 2022

	KPBS Excluding Direct and Indirect Transfers	SDSU Transfers Direct	SDSU Transfers Indirect	KPBS Combined
Operating revenues:				
Contributions	\$ 25,966,550	\$ -	\$ -	\$ 25,966,550
Corporation for Public Broadcasting grants	3,603,256	-	-	3,603,256
Reimbursement from the FCC related to station repack	43,390	-	-	43,390
Stations-generated support	319,953	-	-	319,953
Total operating revenues	<u>29,933,149</u>	<u>-</u>	<u>-</u>	<u>29,933,149</u>
Operating expenses:				
Program services:				
Programming and production	12,165,130	-	2,597,743	14,762,873
Broadcasting	3,086,671	1,053,411	458,090	4,598,172
Program information and promotion	900,998	166,250	192,386	1,259,634
Total program services	<u>16,152,799</u>	<u>1,219,661</u>	<u>3,248,219</u>	<u>20,620,679</u>
Support services:				
Management and general	3,092,023	811,385	564,902	4,468,310
Fundraising, membership and development	5,923,221	-	1,101,742	7,024,963
Underwriting	2,052,688	-	511,878	2,564,566
Total support services	<u>11,067,932</u>	<u>811,385</u>	<u>2,178,522</u>	<u>14,057,839</u>
Total operating expenses	<u>27,220,731</u>	<u>2,031,046</u>	<u>5,426,741</u>	<u>34,678,518</u>
Operating income/(loss)	<u>2,712,418</u>	<u>(2,031,046)</u>	<u>(5,426,741)</u>	<u>(4,745,369)</u>
Nonoperating (expenses) revenues:				
Interest expense	(259,337)	-	-	(259,337)
Interest income, net	200,210	-	-	200,210
Net (decrease) in fair value of investments	(1,416,338)	-	-	(1,416,338)
Other nonoperating expenses	(899,308)	-	-	(899,308)
Loss on disposal of fixed assets	(8,638)	-	-	(8,638)
Total nonoperating (expenses), net	<u>(2,383,411)</u>	<u>-</u>	<u>-</u>	<u>(2,383,411)</u>
(Loss) income before transfers	<u>329,007</u>	<u>(2,031,046)</u>	<u>(5,426,741)</u>	<u>(7,128,780)</u>
San Diego State University transfers:				
Direct financial support	-	2,031,046	-	2,031,046
Indirect financial support	-	-	5,426,741	5,426,741
Total San Diego State University transfers	<u>-</u>	<u>2,031,046</u>	<u>5,426,741</u>	<u>7,457,787</u>
Change in net position	<u>\$ 329,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,007</u>
Net position, beginning of year				<u>63,868,637</u>
Net position, end of year				<u>\$ 64,197,644</u>

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

	<u>FY22</u>	<u>FY21</u>	<u>FY20</u>	<u>FY19</u>	<u>FY18</u>
Operating revenues:					
Contributions	\$ 25,966,550	\$ 32,798,083	\$ 29,615,309	\$ 48,971,350	\$ 24,463,205
Corporation for Public Broadcasting grants	3,603,256	3,521,773	3,550,889	2,817,938	3,175,772
Reimbursement from the FCC related to station repack	43,390	-	212,583	957,989	-
Stations-generated support	319,953	77,981	71,128	61,994	248,750
Total operating revenues	<u>29,933,149</u>	<u>36,397,837</u>	<u>33,449,909</u>	<u>52,809,271</u>	<u>27,887,727</u>
Nonoperating revenues and transfers:					
San Diego State University transfers:					
Direct financial support	2,031,046	2,486,354	2,407,711	2,316,475	2,339,013
Indirect financial support	5,426,741	5,342,593	5,318,788	4,899,066	4,805,067
Total San Diego State University transfers	<u>7,457,787</u>	<u>7,828,947</u>	<u>7,726,499</u>	<u>7,215,541</u>	<u>7,144,080</u>
Nonoperating revenues					
Interest income, net	200,210	346,622	189,472	126,120	95,891
Net (decrease) increase in fair value of investments	(1,416,338)	1,327,618	295,245	219,540	297,324
Gain on sale of donated property	-	-	-	-	-
Other nonoperating revenues	-	-	7,221	38,887	42,228
Gain on bond refunding	-	-	79,360	-	-
Total nonoperating revenues, net	<u>(1,216,128)</u>	<u>1,674,240</u>	<u>571,298</u>	<u>384,547</u>	<u>435,443</u>
Total revenues and transfers	<u>\$ 36,174,808</u>	<u>\$ 45,901,024</u>	<u>\$ 41,747,706</u>	<u>\$ 60,409,359</u>	<u>\$ 35,467,250</u>



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, 2022

	<u>TV</u>	<u>FM</u>	<u>KPBS Combined</u>
Operating revenues:			
Contributions	\$ 16,605,822	\$ 9,360,728	\$ 25,966,550
Corporation for Public Broadcasting grants	2,960,259	642,997	3,603,256
Reimbursement from the FCC related to station repack	43,390	-	43,390
Stations-generated support	283,354	36,599	319,953
Total operating revenues	<u>19,892,825</u>	<u>10,040,324</u>	<u>29,933,149</u>
Operating expenses:			
Program services:			
Programming and production	10,868,678	3,894,195	14,762,873
Broadcasting	3,692,314	905,858	4,598,172
Program information and promotion	944,490	315,144	1,259,634
Total program services	<u>15,505,482</u>	<u>5,115,197</u>	<u>20,620,679</u>
Support services:			
Management and general	3,363,080	1,105,230	4,468,310
Fundraising, membership and development	4,878,433	2,146,530	7,024,963
Underwriting	1,441,479	1,123,087	2,564,566
Total support services	<u>9,682,992</u>	<u>4,374,847</u>	<u>14,057,839</u>
Total operating expenses	<u>25,188,474</u>	<u>9,490,044</u>	<u>34,678,518</u>
Operating (loss)/income	<u>(5,295,649)</u>	<u>550,280</u>	<u>(4,745,369)</u>
Nonoperating (expenses) revenues:			
Interest expense	(194,503)	(64,834)	(259,337)
Interest income, net	150,158	50,052	200,210
Net (decrease) in fair value of investments	(1,024,738)	(391,600)	(1,416,338)
Other nonoperating expenses	(674,481)	(224,827)	(899,308)
Loss on disposal of fixed assets	(6,479)	(2,159)	(8,638)
Total nonoperating (expenses), net	<u>(1,750,043)</u>	<u>(633,368)</u>	<u>(2,383,411)</u>
(Loss) before transfers	<u>(7,045,692)</u>	<u>(83,088)</u>	<u>(7,128,780)</u>
San Diego State University transfers:			
Direct financial support	1,511,698	519,348	2,031,046
Indirect financial support	4,004,008	1,422,733	5,426,741
Total San Diego State University transfers	<u>5,515,707</u>	<u>1,942,080</u>	<u>7,457,787</u>
Change in net position	<u>\$ (1,529,985)</u>	<u>\$ 1,858,992</u>	<u>\$ 329,007</u>